



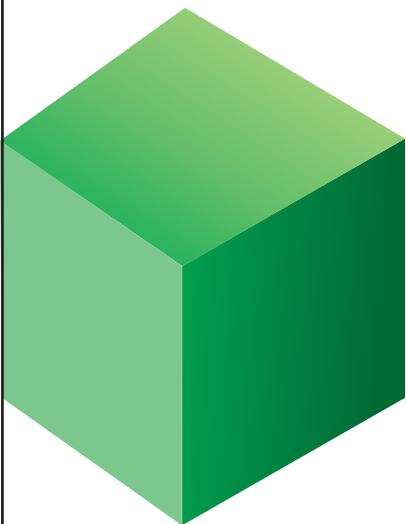
Annual Report

2008-2009



SQUARE
PHARMACEUTICALS LTD.
BANGLADESH





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SQUARE PHARMACEUTICALS LTD.
TRANSMITTAL LETTER

The
Shareholders
Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

Sub : Annual Report for the year ended March 31, 2009

Dear Sir(s)

We are pleased to enclose a copy of the Annual Report together with the Audited Accounts including Balance Sheet as at March 31, 2009, Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended March 31, 2009 along with notes thereon and all related consolidated financial statements for your record/necessary measures.

Yours sincerely



Khandaker Habibuzzaman
Company Secretary

Dated: 17th August, 2009

SQUARE PHARMACEUTICALS LTD.
NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 43rd ANNUAL GENERAL MEETING of the shareholders of Square Pharmaceuticals Ltd. will be held on **Monday the 7th September, 2009 at 11:00 a.m.** at the **Factory Premises**, Board Ghar Bazar, Kaliakoir, Gazipur to transact the following business:

Agenda -1: To receive, consider and adopt the Accounts for the year ended March 31, 2009 together with the Report of the Directors and the Auditors thereon.

Agenda -2: To declare dividend for the year ended March 31, 2009.

Agenda -3: To elect Directors in terms of the relevant provision of Articles of Association.

Agenda -4: To appoint Auditors and to fix their remuneration.

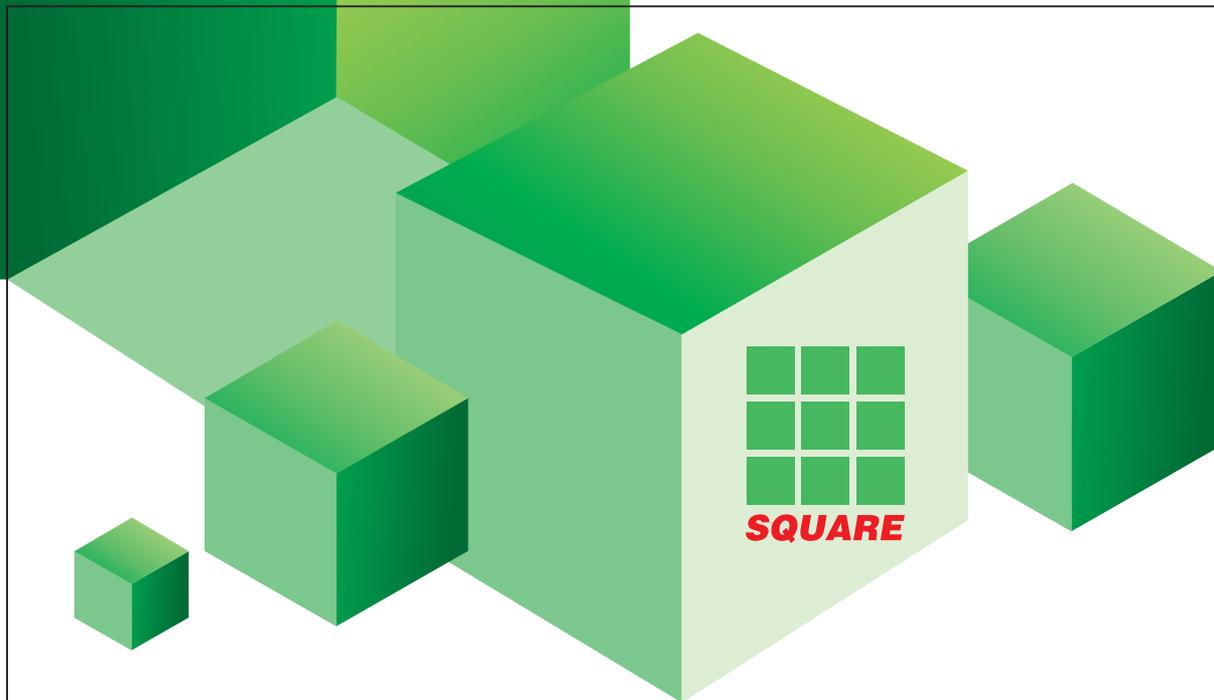
By order of the Board



Khandaker Habibuzzaman
Company Secretary

Dated: 17th August, 2009

Notes: The proxy form must be affixed with requisite revenue stamp and be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.



Vision

We view business as a means to the material and social wellbeing of the investors, employees and the society at large, leading to accretion of wealth through financial and moral gains as a part of the process of the human civilization.

Mission

Our Mission is to produce and provide quality & innovative healthcare relief for people, maintain stringently ethical standard in business operation also ensuring benefit to the shareholders, stakeholders and the society at large.

Objectives

Our objectives are to conduct transparent business operation based on market mechanism within the legal & social frame work with aims to attain the mission reflected by our vision.

Corporate Focus

Our vision, our mission and our objectives are to emphasise on the quality of product, process and services leading to growth of the company imbued with good governance practices.



The Ten Principles of Global Compact (UN) :

The ten principles of Global Compact initiated by the UN Secretary General as have been adopted by Square Pharmaceuticals Ltd. are as follows :

Human Rights:

- (1) Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
- (2) Make sure that they are not complicit in human rights abuses.

Labour Standards:

- (3) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- (4) The elimination of all forms of forced and compulsory labour;
- (5) The effective abolition of child labour and
- (6) Eliminate discrimination in respect of employment and occupation.

Environment:

- (7) Business should support a precautionary approach to environmental challenges;
- (8) Undertake initiatives to promote greater environmental responsibility; and
- (9) Encourage the development and diffusion of environmentally friendly technologies.

Ethical Standards:

- (10) Business should work against corruption in all its forms, including extortion and bribery.

WE STRIVE FOR

- We in SQUARE, strive, above all, for top quality health care products at the least cost reaching the lowest rungs of the economic class of people in the country. We value our social obligations.
- We owe our shareholders and strive for protection of their capital as well as ensure highest return and growth of their assets.
- We strive for best compensation to all the employees who constitute the back-bone of the management and operational strength of the company through a pay-package composing salary/wages, allowances, bonuses, profit participation, leave salary and superannuation & retirement benefits.
- We strive for the best co-operation of the creditors & debtors the banks & financial Institutions who provide financial support when we need them, the suppliers of raw materials & suppliers who offer them at the best prices at the opportune moments, the providers of utilities-power, gas & water etc. and the customers who buy our products & services by redeeming their claim in time by making prompt payment and by distributing proper product on due dates to our customers.
- We strive for fulfillment of our responsibility to the government through payment of entire range of due taxes, duties and claims by various public agencies like municipalities etc.
- We strive, as responsible citizen, for a social order devoid of malpractices, anti-environmental behaviours, unethical and immoral activities and corruptive dealings.
- We strive for practicing good-governance in every sphere of activities covering inter alia not being limited to, disclosure & reporting to shareholders, holding AGM in time, distribution of dividends and other benefits to shareholders, reporting/dissemination of price sensitive information, acquisition of shares by insiders, recruitment & promotion of staff, procurement & supplies, sale of assets etc. all that directly and indirectly affect the interest of concerned groups - the shareholders, the creditors, suppliers, employees, government and the public in general.
- We strive for equality between sexes, races, religions and regions in all spheres of our operation without any discriminatory treatment.
- We strive for an environment free from pollution and poisoning.
- We strive for the achievement of millennium development goals for the human civilization

CORPORATE GOVERNANCE:

Corporate Governance involves decision making processes for any corporate body as a going concern for the benefit of all concerned, present and future. These decisions may be categorised as policy & strategic, operational and executing, performance & evaluation and sharing of the accretional assets between present & future cohorts. The involvement of the entrepreneur in all these areas invokes decision making governance on a continuous basis, the degree of involvement being variable with the extent of delegation of authority top down and reporting for accountability bottom up of the Management echelon. These aspects of governance are shared by the Board of Directors, Executive Management, operational participants and workers and others in fulfillment of the common goals that converge in increasing the benefits of all stakeholders. To this end entire corporate governance efforts are blended with "good governance practices" as ethically and morally acceptable standards under a given socio politico environmental phenomenon of our society in which we work, live and exist.

The organisms through which the corporate governance functions are carried out are:

BOARD OF DIRECTORS:

(a) Constitution:

The Board of Directors, the top Management echelon, consisting of the founding entrepreneurs/ successors and an Independent Director, provides the policy and strategic support and direction for the entire range of the corporate activities. The Board of Directors consist of nine (9) members including the Independent Director with varied education and experience which provides a balancing character in decision making process. The Board is re-constituted every year at each Annual General Meeting when one-third of the members retire and seek re-election. A director is liable to be removed if the conditions of the Articles of Association and the provisions of the Companies Act 1994 are not fulfilled.

(b) Role & Responsibilities:

The main role of the Board of Directors, which is the highest level of authority, is to provide general superintendence, oversee the operations and control the affairs of the company through appropriate delegation and accountability processes via the lines of command. However the Board of Directors hold the ultimate responsibility & accountability with due delligence for conducting the activities of the company as per provisions of law in the interest of the shareholders, the stakeholders, the state and the society. The Board of Directors, in fulfillment of its responsibility hold periodic meetings, at least once a quarter and provide appropriate decisions/directions to the Executive Management. Such meetings usually consider operational performance, financial results, review of budgets, capital expenditure proposals for BMRE or new projects/divisions/product lines, procurement of funds by issue of shares or borrowing, procurement of raw materials, plant & machinery, pricing of products/discounts, recruitment, training and promotion of officers, approval of audited accounts and distribution of dividends and other interest of the stakeholders including the employees and workers. The Board of Directors take special care in designing and articulating productivity and compensation plans of employees and workers and rewarding them appropriately on the basis of quality and quantity of performance as an incentive. Board also remains responsible for removal of operational hazards to life and health of workers, friendly environmental work condition and social relationship as demanded of good citizen in a country.



(c) Relationship with Shareholders & Public:

The shareholders as owners, are required to be provided with material information on the company's operation half-yearly and annually, the latter at the AGM. They are also provided routine services by the Company Secretary in matters of transfer of shares, replacement in case of loss or damage of shares, payment of dividends etc. The Board is however responsible to the public for publication of any price sensitive information as per SEC regulation. A qualified Chartered Secretary is in charge for all these responsibilities as Company Secretary.

(d) Relationship with Government:

In its role on accountability to the government, the Board of Directors ensure payment of all dues to government in the form of import duty, custom duty and port charges, VAT, Corporate Taxes and other levies as and when they become due on the basis of actual operations and make sure to avoid corruption. This has enabled the company to enhance its contribution to the National Exchequer on a progressive rate year after year.

(e) Relationship with Financers/Bankers:

The Board oversees the financial transactions and ensures to meet company's commitments to the lenders without default. This has resulted in securing lower interest rates from them.

(f) Relationship with Suppliers:

As the company has to import plant and machinery and almost all the raw materials from abroad, it maintains cordial and mutually beneficial interest with its international as well as local suppliers. This has enabled the company to avoid any legal disputes in international/local courts and enhanced the company's image as a good customer.

(g) Corporate Social Responsibilities (CSR):

The Board of Directors is also awoken of the Corporate Social Responsibilities (CSR) especially in the areas of gender equality, race-religion-regional equality, non-employment of child labour, human rights, environmental pollution, social-marketing, social activities (promotion of sports & culture, health care and population control programs, elimination of corruption programs, participation in charitable activities etc. in non-partisan manner) right to form and participate in Union under ILO convention, employment of disableds etc.

AUDIT COMMITTEE OF BOARD

The Board of Directors has constituted an Audit Committee of the Board consisting of three Directors. The Audit Committee is headed by the Independent Director, Mr. M. Sekander Ali, an MBA and a Senior Development and Investment Banker of the country. Other members are Mr. Samuel S. Chowdhury, Director and Mr. Kazi Iqbal Harun, Director. The Audit Committee carries out its responsibilities as per the provisions of law and submits its report to the Board of Directors from time to time. The Audit Committee shall also coordinate with the Internal and external Auditors as and when required. The Audit Committee ensures that adequate internal checks & balances supported by adequate MIS are in place for detection of errors frauds and other deficiencies. The other responsibilities include inter alia, not being limited to, the prevention of conflict of interest between the company and its Directors officials, customers, suppliers, government and any other interest groups and detect or remove any scope of insider trading in the company's stock. The Audit Committee also ensures compliance of requirements of SEC and other agencies.

EXECUTIVE MANAGEMENT

The Executive Management is led by the Managing Director (CEO) who is appointed by the Board of Directors for a term of 5 years (renewable) with the approval of shareholders in the Annual General Meeting. The Managing Director is supported by professional, well educated, trained and experienced team consisting of Executive Directors, Directors, General Managers and a host of Senior Executives in the hierarchy of management. The Board has approved an organogram with modern features ensuring clear lines of delegation of authority and reporting for accountability for effective decision making evaluation of performance on merit for both rewarding and disciplinary action. The Executive Management is responsible for preparation of budgetary segment plans/sub-segment plans for every cost/profit centres and are held accountable for performance therefor. The Executive Management is aided by committee(s)/sub-committee(s) in carrying out its functions.

OTHER GOVERNANCE APPARATUS

The Company, in its efforts for Corporate Good Governance Practices, uses a series of top ranking professional service providers including Legal experts, Bankers, Insurers and Technical experts who continuously assist the Board of Directors and the Executive Management in properly discharging their duties to all the shareholders, stakeholders, the Government and the public as highlighted below:

(1) Independent Director:

In compliance of the SEC Regulations on Good Governance, the Board of Directors as empowered by the Regulations, appointed Mr. M Sekander Ali, one of the Senior Development/Investment Bankers of the country, former Managing Director of Bangladesh Shilpa Bank/Bangladesh Shilpa Rin Sangstha/Investment Corporation of Bangladesh and Senior Adviser, the Securities and Exchange Commission, as the non-shareholder Independent Director. It is expected that his expertise would help contribute to the further disclosure and protect the interest of all investors in general and smaller investors in particular.

(2) Legal Advisers:

In order to avail the best legal services for Good Corporate Governance, the company has empanelled the following top ranking legal professionals:

Mr. Rafiqul-ul Huq, Bar-at-Law

Mr. Rokonuddin Mahmud, Bar-at-Law

Mr. M. Moniruzzaman Khan, Bar-at-Law

Ms. Nihad Kabir, Bar-at-Law

The expertise of the above named professionals have had long term fundamental support to the company's Good Governance efforts.



(3) Bankers:

The degree of efficient business operation largely depends on the quality of efficiency of banking services received by the company. Efficient banking service brings down cost of operations. On the other hand, cost of financial services and interest on the lending by the banks are also required to be the minimum. With this end of view, the company has established long term business relationship with the following banks who provide most efficient service at minimum cost/interest that benefit the shareholders:

Janata Bank Ltd.
Citibank N. A
Standard Chartered Bank
Eastern Bank Ltd.
Commercial Bank of Ceylon Ltd.
Mercantile Bank Ltd.
Bank Alfalah Ltd.
Shahjalal Islami Bank Ltd.
Trust Bank Ltd.
Bank Asia Ltd.

The company has neither ever defaulted in any commitment with its Bankers nor did get entangled in legal dispute at any court premises.

(4) Insurer:

Insurance services cover certain operational risks which are required by law/business practices to be covered by legitimate insurance service providers for protection of the interest of the company, nay, the investors. To this end, the company has to select insurer with the most efficient, reputed and financially sound history so that claims, if any, are settled promptly and the premium rates are market competitive. The company, based on these considerations, is maintaining insurance business relationships with the following highly reputed and publicly listed companies:

Pragati Insurance Ltd.
Pioneer Insurance Co. Ltd.

The company has not yet faced any dispute over any claims and the company enjoys special premium rates which protects the interest of the investors.

(5) Auditors:

The role of the auditors in certification of the financial statement is the most significant aspect of Corporate Governance and protection of interest of investors. As evident from the Annual Reports, the company rigidly follows the code of International Accounting Standards (IAS) and International Standard of Auditing (ISA) with legally required disclosures of Accounts and Financial Statements. This has been possible due to the high level capability and integrity of M/s. Chowdhury Bhattacharjee & Co, Chartered Accountants whose unchallenging performance has played a very trustworthy role in the protection of interest of the investors for which the Regulatory Authority has allowed their continuation as Auditors.

DIVIDEND POLICY

Ethics is an ingredient of Good Governance and involves a determination of what is right and what is wrong and deals with things to be sought and things to be avoided with way of life and the end of life. Ethics invokes the management of the environment within which we function from a perspective broader than, but obviously inclusive of, the current cohort. Since the corporate environment is in theory an infinitely lived entity owned by finitely lived shareholders, a governance ethic must represent a system that serves the needs of the current ownership while preserving the ability of the corporation to sustain itself and benefit future cohorts. The corporate ethic must necessarily promote efficiency in co-existing with the environment to generate the quality of life for a current cohort and yet also provide an equity that does not disadvantage a future cohort by the decisions of a current cohort. As an environmental ethic analogy, those living today naturally believe in dividend payouts today with less regard for the consequence tomorrow and those living tomorrow would prefer dividend payouts tomorrow without regard for the sacrifices we make today to allow their greater consumption tomorrow.

Based on the above concept, the company is committed to show a stable policy of distribution (cash outlay) of the accretional wealth (profits) between the current and the future generation of shareholders. This would enable the company to enhance its capital wealth and sustain for perpetuity of existence, benefiting both the present cohorts and the progeny.

SHAREHOLDERS' RELATIONSHIP

Corporate Governance issues include how major policy decisions are made in business corporations, how various stakeholders can influence the process, who is held accountable for performance and what performance standards are applied. In a nutshell power and influence are crucial in corporate governance. As shareholders belong to the most important stakeholders, ownership structure has an impact on the balance of power among shareholders. Though sponsors usually hold majority shares required for ordinary resolutions, public shareholders have a definite role and influence in the passing of special resolutions required for changes in the business object, sale of business/productive assets, merger and amalgamation, winding up or dissolution and amendments to Memorandum and Articles of Association for protection of minority interest up to 49.9% of the shareholdings. The position of shareholders as on 31-03-2009 indicates that the sponsors of the company do not hold the required shareholdings (75%) for passing special resolutions. This allows the public shareholders (individuals & institutions) to play an effective role in protecting their legal corporate rights.

The Company holds regularly as per law the Annual General Meeting with adequate notice and disclosures in the Directors' Report and the Auditors' Report on Accounts/Notes and resolutions are passed with consensus and unanimity. All reasonable and practicable suggestions are implemented with good grace. Special Resolutions are passed in General Meeting with due notices.

All enquiries are attended by the Company Secretary. Where necessary, Internal Audit Committee investigates matters of significant merit for consideration by the Management Committee/Managing Director/Audit Committee of Board/Board of Directors as the case may be.



CORPORATE SOCIALISATION

In order to play a model role for Good Governance characteristics in the corporate sector, the company has become members of country's leading chamber - Metropolitan Chamber of Commerce & Industries (MCCI), Bangladesh Association of Publicly Listed Companies (BAPLC), Central Depository Bangladesh Limited (CDBL), Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE). These memberships have provided scope to the company for improvement of Governance Practices for the benefit of the shareholders /stakeholders.

RESEARCH AND NEW PRODUCTS DEVELOPMENT

As a part of Corporate Social Responsibility for Good Governance the company maintains a team of scientific pharmaceutical experts who continuously conduct research & development programs for improving quality of products, reduction of cost, adoption of products that are free of intellectual property rights and innovative products. These efforts have enabled the company to add new products to its product lines every year to the benefit of the common men of the country and the shareholders. The success in this field has secured the leading position for the company in the pharmaceutical sector.

BEYOND THE BORDER

Corporate social responsibility, an element of Good Corporate Governance, extend to the society to the government and beyond the borders of the country for social good as well as for contribution of Foreign Exchange Resources to the National Exchequer. To this end, the company is making entry into foreign markets and making efforts in registering its products in USA/EU countries for which is has already set up a modern state-of-art production facilities at Kaliakoir, Gazipur. The company has already secured permission for marketing its products in UK/EU countries.

SEGMENT REPORT

The company's chief operating decision makers review the profit and loss of the company on an aggregate basis and manage the operations of the company as a single operating segment. Accordingly, the company operates in one segment, which is the business of developing, manufacturing and marketing of drugs for health care for all live species.

RISK PERCEPTION

Company management perceives investment risks within the national and international economic situation in relation to legal requirements involving intellectual property rights, scientific invention, WTO regulations and monetary & fiscal investment policies and has prepared its production & marketing strategy to meet the challenges from these risks.





CORPORATE REVIEW



MANAGEMENT APPARATUS

BOARD OF DIRECTORS

| | |
|-------------------------|----------------------|
| Mr. Samson H. Chowdhury | Chairman |
| Mr. Samuel S. Chowdhury | Vice Chairman |
| Mr. Tapan Chowdhury | Managing Director |
| Dr. Kazi Harunar Rashid | Director |
| Mr. M. Sekander Ali | Independent Director |
| Ms. Ratna Patra | Director |
| Mr. Anjan Chowdhury | Director |
| Mr. Kazi Iqbal Harun | Director |
| Mr. K. M Saiful Islam | Director |

AUDIT COMMITTEE

| | |
|-------------------------|----------|
| Mr. M. Sekander Ali | Chairman |
| Mr. Samuel S. Chowdhury | Member |
| Mr. Kazi Iqbal Harun | Member |

MANAGEMENT COMMITTEE

| | |
|--------------------------------|----------|
| Mr. Tapan Chowdhury | Chairman |
| Mr. K M Saiful Islam | Member |
| Mr. Parvez Hashim | Member |
| Mr. M. Ashiqul Hoque Chawdhury | Member |
| Mr. Muhammadul Haque | Member |
| Mr. Md. Kabir Reza, FCMA | Member |



MANAGEMENT APPARATUS



SENIOR CORPORATE OFFICIALS

Mr. Md. Kabir Reza, FCMA
Mr. Khandaker Habibuzzaman, MBA, ACS
Mr. Md. Majibur Rahman Bhuiyan, M.Com

Chief Financial Officer
Company Secretary
Head of Internal Audit

COMPANY SECRETARY

Mr. Khandaker Habibuzzaman, MBA, ACS

AUDITORS

M/s. Chowdhury Bhattacharjee & Co.
Chartered Accountants
47/2, Indira Road
Dhaka-1215, Bangladesh

LEGAL ADVISORS

Mr. Rafique-ul Huq, Bar-at-Law
47/1, Purana Paltan, Dhaka

Mr. Rokanuddin Mahmud, Bar-at-Law
Walsow Tower
21-23, Kazi Nazrul Islam Avenue, Dhaka

Mr. M. Moniruzzaman Khan, Bar-at-Law
City Heart
67, Naya Paltan, V.I.P Road, Dhaka

Ms. Nihad Kabir, Bar-at-Law
House No. 62, Road No. 11A
Dhanmondi, Dhaka

BANKERS

Janata Bank Ltd.
1, Dilkusha C.A, Dhaka

Citibank N.A
109, Gulshan Avenue, Gulshan, Dhaka

Standard Chartered Bank
67, Gulshan Avenue, Gulshan, Dhaka

Commercial Bank of Ceylon Ltd.
2, Dilkusha, C.A, Dhaka

Eastern Bank Ltd.
31, North C.A, Gulshan Circle-2, Dhaka

Mercantile Bank Ltd.
61, Dilkusha C.A, Dhaka

Bank Alfalah Ltd.
5, Rajuk Avenue, Motijheel, Dhaka

Shahjalal Islami Bank Ltd.
House-6, Road-32, Gulshan Avenue, Dhaka

Trust Bank Ltd.
110, Gulshan Avenue, Dhaka

Bank Asia Ltd.
82, Mohakhali C.A, Dhaka

INSURERS

Pioneer Insurance Co. Ltd.
10, Dilkusha C.A, Dhaka

Pragati Insurance Co. Ltd.
20-21, Kawran Bazar, Dhaka

LISTING

Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

REGISTERED OFFICE

"Square Centre"
48, Mohakhali C.A
Dhaka-1212, Bangladesh
Phone: 8833047-56, 8859007
www.squarepharma.com.bd

FACTORIES

- Square Road, Salgaria, Pabna, Bangladesh
- Board Ghar Bazar
Kaliakoir, Gazipur, Bangladesh



CORPORATE HISTORY:

- Year of Establishment (Initially as a Partnership) : 1958
- Incorporated as a Private Limited Company : 1964
- Technical Collaboration Agreement with Janssen Pharmaceuticals of Belgium (a subsidiary of Johnson & Johnson International Ltd.) : 1975
- Technical Collaboration Agreement with F. Hoffman-La Roche & Co. Ltd. : 1984
- Converted into Public Limited Company : 1991
- Initially Public Offering (IPO) : 1994
- Stock Exchange Listings : 1995
- Agreement with M/s. Bovis Tanvec Ltd. of UK for implementation of Dhaka Plant : 1996
- Awarded ISO-9001 Certificate : 1998
- Awarded UK-MHRA Certificate : 2007
- Business Lines : Manufacturing and Marketing of Pharmaceutical Finished Products, Basic Chemicals, AgroVet Products and Pesticide Products

- Authorized Capital : Tk. 5,000 million
- Paid-up Capital : Tk. 1,207.22 million
- Number of Employees : 3,811
- Subsidiary Company
 - Square Spinnings Ltd.
 - Square Cephalosporins Ltd.
 - Square Biotechs Ltd.
 - Square Multi Fabrics Ltd.

- Associate Company
 - Square Textiles Ltd.
 - Square Knit Fabrics Ltd.
 - Square Fashions Ltd.
 - Square Hospitals Ltd.



CORPORATE OPERATIONAL RESULTS:

(Figures in thousand)

| | 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 |
|-----------------------------------|------------|------------|------------|-----------|-----------|
| Turnover (Gross) | 11,366,598 | 9,565,716 | 8,711,035 | 7,085,553 | 6,199,135 |
| Value Added Tax | 1,545,801 | 1,307,872 | 1,210,223 | 995,648 | 867,088 |
| Turnover (Net) | 9,820,797 | 8,257,844 | 7,500,811 | 6,089,905 | 5,332,047 |
| Gross Profit | 4,148,231 | 3,401,782 | 3,232,364 | 2,564,503 | 2,172,593 |
| Net Profit before Tax | 2,511,259 | 1,868,634 | 1,722,906 | 1,533,043 | 1,513,019 |
| Net Profit after Tax | 1,890,053 | 1,381,863 | 1,303,243 | 1,165,865 | 1,255,848 |
| Net Assets Value (NAV) | 9,949,398 | 8,417,041 | 7,333,258 | 6,402,015 | 5,568,790 |
| Total Assets | 13,251,243 | 12,703,127 | 10,486,940 | 9,298,987 | 7,907,933 |
| Total Bank Borrowings | 2,279,694 | 3,569,280 | 2,536,524 | 2,334,925 | 1,902,331 |
| Total Current Assets | 3,843,513 | 4,411,836 | 3,682,511 | 4,031,685 | 3,242,502 |
| Total Current Liabilities | 2,640,869 | 3,500,845 | 2,555,566 | 2,260,755 | 1,949,949 |
| Current Ratio | 1.46 | 1.26 | 1.44 | 1.78 | 1.66 |
| No. of Share Outstanding | 12,072,240 | 8,942,400 | 5,961,600 | 4,968,000 | 4,320,000 |
| Dividend per Share (Cash) | 40 | 40 | 50 | 75 | 77 |
| Dividend per Share (Stock) | 25% | 35% | 50% | 20% | 15% |
| Net Assets Value per Share (NAV) | 824 | 697 | 607 | 530 | 461 |
| Net Operating Cash Flow per Share | 206.08 | 107.75 | 120.02 | 98.50 | 76.07 |
| Earning per Share (SPL) | 156.56 | 114.47 | 107.95 | 96.57 | 104.03 |
| Earning per Share (Consolidated) | 170.51 | 126.37 | 120.79 | 112.20 | 108.62 |
| EPS at Original Capital at IPO | 944.03 | 690.93 | 651.62 | 582.93 | 627.92 |
| Quoted Price per Share - DSE | 2,935 | 4,110 | 2,447 | 2,276 | 3,768 |
| Quoted Price per Share - CSE | 2,923 | 4,107 | 2,462 | 2,289 | 3,766 |
| Price Earning Ratio-DSE (Time) | 18.75 | 35.90 | 22.67 | 23.50 | 36.22 |
| Number of Shareholders | 47,258 | 31,688 | 13,009 | 13,206 | 10,486 |
| Human Resources: | | | | | |
| Executives | 1,786 | 1,525 | 1,242 | 1,143 | 949 |
| Staff | 1,084 | 1,110 | 913 | 796 | 740 |
| Workers | 941 | 929 | 846 | 764 | 705 |



GOODWILL MESSAGE FROM THE CHAIRMAN

Dear Shareholder, Colleague and Ladies & Gentlemen

We humbly owe in all respect, to the Almighty Magnificent Creator for enabling us to meet at the 43rd Annual General Meeting today. I hope you all have received the Copies of the Annual Report for 2008-09 containing the Directors' Report and Audited Accounts together with Auditors' Report thereon for the year 2008-09 which is being placed for your consideration and approval.

You will have observed that your Company has been steadily growing in turnover, profit, net worth and market capitalisation over the years. Nevertheless it held the peak position. The Company is looking for spreading its wings in the virgin markets of the world. Your investments should bring you rewards in income and capital appreciation. We all owe our countrymen our obligation to serve them through production and supply of medicines at reasonable costs that they can pay for their relief from diseases. We owe our employees, suppliers and providers of various services as much as we owe our Government. Your Company intends to conscientiously fulfill all these obligations with your active support in all respects by strictly following the due process of law and moral orders.

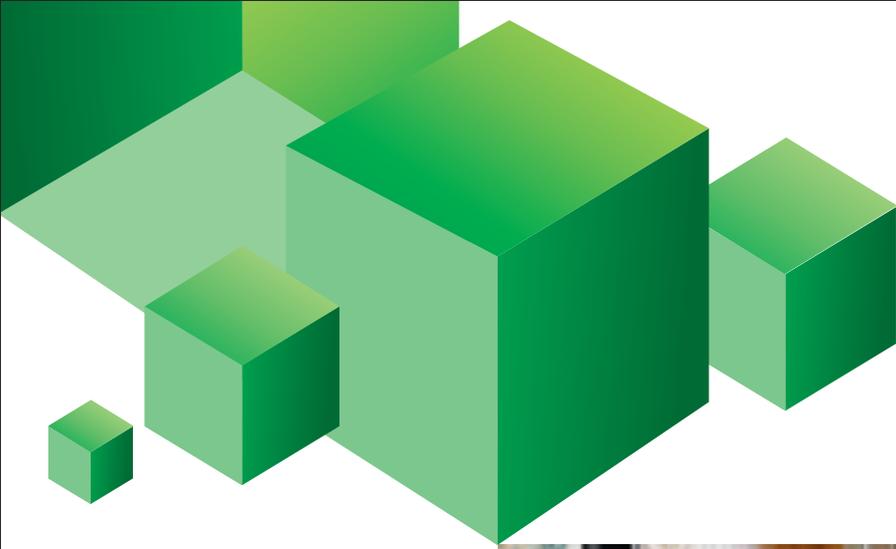
As you all are aware of the Country is passing through crises-ridden economic situation under world-wide recession the impact of which would not leave us unaffected. It is hoped that world wide socio-economic orders would stabilize soon as the economies of the developed and developing countries recover with positive impact on the growth of our income of exports, remittances, and resultant our people.

Looking for better days ahead for all the shareholders.

Sincerely yours



Samson H. Chowdhury
Chairman



ADDRESS OF WELCOME BY THE MANAGING DIRECTOR

Esteemed shareholders, Ladies & Gentlemen

I feel proud to welcome you on behalf of the Board of Directors to the 43rd Annual General Meeting of the shareholders for your consideration and approval of the Annual Report for 2008-09 containing Balance Sheet, Income Statement, Cash Flow Statement and Auditors Report thereon. As the Managing Director and CEO of the Company, I owe you all our obligations for performance as per plans and programs as approved by the Board of Directors from time to time. In this regard I would like to report to you all that I have on behalf of the Management Team always received due directions from the Chairman and Board of Directors in implementing the decisions of the Board for increased output, Sales Revenue, even distribution of products, maintenance of quality, professionalism in performance, humanism in relationship with employees, workers, customers, suppliers, creditors and above all our valued shareholders whose investments are our trusts. We assure you that we can not afford to ignore our obligations to any one of you, any one of our stakeholders.

I welcome you again to our way of working for betterment of our society as a responsible citizen.

Looking forward to further better days.


Tapan Chowdhury
Managing Director



Mr. Samson H. Chowdhury
Chairman

Members of the Board of Directors



Mr. Samuel S. Chowdhury
Vice Chairman



Mr. Tapan Chowdhury
Managing Director



Dr. Kazi Harunar Rashid
Director



Mr. M. Sekander Ali
Independent Director



Mrs. Ratna Patra
Director



Mr. Anjan Chowdhury
Director



Mr. Kazi Iqbal Harun
Director



Mr. K. M Saiful Islam
Director

3. OPERATIONS REVIEW:

(1) PHARMA PLANTS:

The production plants at Pabna and Kaliakoir had continued to improve their operational efficiency both qualitatively and quantitatively by upgrading technological process, research and training. The company made substantive investments in this regard during the year as detailed below:

| | |
|----------------------------|-----------------------------|
| (a) Land | 39,015,862 |
| (b) Building | 295,689,998 |
| (c) Plant & Machinery | 762,882,896 |
| (d) Laboratory Equipments | 46,167,103 |
| (e) Other Equipment/Assets | 40,719,947 |
| Total Tk. | <u>1,184,475,806</u> |

The capital expenditures of Tk. 1,184,475,806 during 2008-09 was higher than Tk. 806,596,234 invested during 2007-08 by 46.85%. The major part of investments were made from internal generation of funds. The overall combined output (Tablets and Capsules) of Pabna and Dhaka plants increased during the year over the previous year as follows:

| Sl. No. | Particulars/ Product | Unit | Capacity | Actual Output | | Capacity Utilisation | |
|---------|----------------------|------|-----------|---------------|-----------|----------------------|---------|
| | | | | 2008-09 | 2007-08 | 2008-09 | 2007-08 |
| 1 | Tablets | Pcs | 3,536,667 | 2,924,947 | 2,645,055 | 83% | 75% |
| 2 | Capsules | Pcs | 531,667 | 667,065 | 599,305 | 125% | 113% |

(2) CHEMICAL PLANT:

The operations of the chemical Plant (at Pabna) during the last five (5) years are presented hereunder:

| Years | No. of Products | Production (M. Tons) | Own Use (M. Tons) | Sales (M. Tons) | Own Use (%) | Turnover (Million Taka) |
|---------|-----------------|----------------------|-------------------|-----------------|-------------|-------------------------|
| 2004-05 | 9 | 257 | 117.71 | 139.29 | 45.80% | 263.64 |
| 2005-06 | 9 | 244 | 121.19 | 122.81 | 49.67% | 245.96 |
| 2006-07 | 9 | 318 | 160.25 | 157.75 | 50.39% | 270.88 |
| 2007-08 | 11 | 308 | 214.44 | 117.83 | 69.62% | 356.99 |
| 2008-09 | 16 | 280 | 207.44 | 61.49 | 74.03% | 227.54 |

3. Kshaj chaj vbr

(1) dgvcvln

cvebv Ges Kwj qv%ki-G Aew Z Kvi Lvbi Drcv b qigZv, qigZv, cwi gvYMZ Ges YMZ gvb epxi j tqi Dbz chv, MtelYv Ges cikqiy Kvhpig Ae'vNZ AvtQ| GB vel tq Avtj vP eQti tKv'ubvxi cikZ vebtqvMi veeiY vbtgac0 E ntj v t

| | |
|------------------------------------|---|
| (K) Rig | 39,015,862 |
| (L) Feb | 295,689,998 |
| (M) hscwZ | 762,882,896 |
| (N) Mtel Yvi hscwZ | 46,167,103 |
| (O) Ab'vb' hscwZ/m'u` tgvU UvKv | <u>40,719,947</u> <u>1,184,475,806</u> |

2008-09 A_eQti gj aYx e'q ntqtQ 1,184,475,806 UvKv hv MZ eQti vQj 806,596,234 UvKv kZKiv vnmvte vMZ eQti i Zj bvq 46.85% tekx| gj aYxq e'tqi Avakisk A_Avf' s'xy Drm ntZ msMpxZ| cvebv Ges XvKv c'v'Ui vgvj Z Drcv Z c'tY'i cwi gvY (U'vetj U I K'vcmj) MZ eQti i Zj bvq ep'v t'c'tqtQ hv vbtgac0 E ntj v t

(Quantity in thousand)

(2) tkvg'vj cvU

cvebv' tkvg'vj cvU Gi vMZ cvP (5) eQti i Kvhpig b'vP Dc'vcb Kiv ntj v t



(3) PRODUCT DEVELOPMENT:

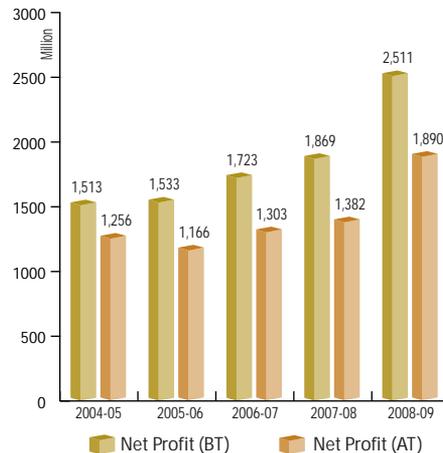
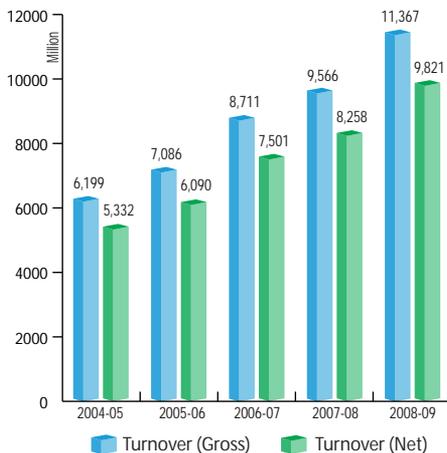
The following table shows the position of existing, discarded and new products introduced during the year 2008-2009:

(3) ಹೆಚ್ಚಿನ ಉತ್ಪಾದನೆ:

2008-09 ವರ್ಷದಲ್ಲಿ ಹೊಸ ಉತ್ಪಾದನೆಗಳನ್ನು, ಹಳೆಯ ಉತ್ಪಾದನೆಗಳನ್ನು ಮತ್ತು ಉತ್ಪಾದಿಸಿದ ಉತ್ಪನ್ನಗಳನ್ನು ಕೆಳಕಂಡಂತೆ ವಿವರಿಸಲಾಗಿದೆ:

| Sl. No. | Products Categories | Position as on 31-03-08 | Added during the year | Discarded | Total Net 31-03-09 |
|---------|--|-------------------------|-----------------------|-----------|--------------------|
| 1 | Tablets | 235 | 5 | 5 | 235 |
| 2 | Capsules | 60 | 3 | 4 | 59 |
| 3 | Liquids | 60 | 1 | 3 | 58 |
| 4 | Injectables | 44 | 1 | 1 | 44 |
| 5 | E N T Preparations & Others | 47 | 2 | 3 | 46 |
| 6 | Ophthal Preparations & Others | 11 | - | - | 11 |
| 7 | Dry Syrup | 20 | 1 | - | 21 |
| 8 | Suppository | 6 | - | - | 6 |
| 9 | Inhaler | 10 | 2 | - | 12 |
| 10 | Basic Chemicals | 11 | 7 | 2 | 16 |
| 11 | Tablet, Powder, Liquid, Injectable - AgroVet | 27 | 2 | - | 29 |
| 12 | Aerosol | 13 | 6 | - | 19 |
| | Total | 544 | 30 | 18 | 556 |

The new products have been well received by the medical profession and the market.



(4) OUTPUT/CAPACITY UTILISATION:

The overall capacity utilisation of the plant operation continued to improve during the year as shown hereunder:

(4) Drcv`b/Drcv`b f`gZvi e`emi:

mmeRfvtē cvfUi Drcv`b f`gZvi Dbq̄b G eQiI avivewnK fvtē Ae`vnZ AvtQ hv ubtḡc0 Ē njv t

| Sl. No. | Product Categories | Units | Production in thousand | | % Increase/ (Decrease) | Capacity Utilization | |
|---------|--------------------------------|---------|------------------------|-----------|------------------------|----------------------|---------|
| | | | 2008-09 | 2007-08 | | 2008-09 | 2007-08 |
| 1 | Tablets | Pcs | 29,24,947 | 2,645,055 | 10.58 | 83% | 92% |
| 2 | Capsules | Pcs | 667,065 | 599,305 | 11.31 | 125% | 146% |
| 3 | Liquids | Bottles | 59,525 | 56,615 | 5.14 | 60% | 57% |
| 4 | Injectables (Vials & Ampoules) | Pcs | 30,595 | 29,171 | 4.88 | 65% | 62% |
| 5 | ENT Preparations & Others | Phials | 14,015 | 13,040 | 7.48 | 93% | 87% |
| 6 | Ophthal Preparations & Others | Phials | 4,415 | 1,799 | 145.41 | 65% | 45% |
| 7 | Dry Syrup | Bottles | 5,232 | 3,420 | 52.98 | 52% | 34% |
| 8 | Suppository | Pcs | 10,666 | 8,582 | 24.28 | 53% | 57% |
| 9 | Inhalers | Can | 2,353 | 1,222 | 92.55 | 47% | 36% |
| 10 | Basic Chemicals | Kg | 280 | 308 | (9.09) | 68% | 75% |
| 11 | Tablet -AgroVet | Pcs | 4,070 | 3,333 | 22.11 | 25% | 28% |
| 12 | Powder- AgroVet | Gm | 31,978 | 31,177 | 2.57 | 183% | 236% |
| 13 | Injection-AgroVet | Pcs | 1,152 | 1,357 | (15.11) | 19% | 30% |
| 14 | Liquids -AgroVet | Bottles | 145 | 120 | 20.83 | 7% | 11% |
| 15 | Aerosol | Pcs | 235 | 152 | 54.61 | 16% | 10% |

The new products have been well received by the medical profession and the market.

(5) QUALITY CONTROL:

The company places total emphasis on maintaining and improving of quality of its products as 'life-science' biology following GMP standards of WHO by following strictly laid down criteria at every levels of production and handling. The company also follows-up withdrawals from market of all expiry dated products through close inspection and surveillance. The quality control facilities include a high quality standard Laboratory Building, Computerized Equipments and Tools and a team of highly qualified/trained research personnel who are bent upon on unstinted attainment as ethical and moral objective. We are proud of them.

(5) gb wqšY:

divḡmDmUK`vj m&ctY`i Aci bvg Rxeb i`f`vKvix cY`| ZvB GB ctY`i mtePP gvb wbuōZ Ki tZ Ges Dbq̄b mva t̄b ctY`i Drcv`b mn mKj `ñi vek; `f`- ms`v c0 Ē `W g`vbj`vKPwis c0KUm Gi bwiZgijv KtViv fvtē Abjni t̄b tKv`ubx m`uY` i`Z; Avtvc Kti t̄Q| c̄Lvb̄c̄Li`tc AbjnUvb Gi gva`tg tgq̄t` vĒŸ JIa gvtK0 ntZ tdiZ tbqvi t̄f̄t̄ tKv`ubx c0ZubqZ hZkxj | tKv`ubxi gvb wqšY m̄eav`xi gta` i t̄q̄t̄Q AZ`vaybK gvb m`ub̄e j`vetiUix wem̄ s, K̄u`DUvivBRW hšc̄mZ Ges mtef̄vcx D`P̄k̄v̄f̄Z Ges AvaybK c̄k̄f̄Yc̄0B KgP̄vix I KgRZP̄hiv ctY`i mtePP gvb wqšY t̄K Zv`i `biZK D̄t̄k` w̄m̄t̄e M̄hb K̄ti M̄tel Yv Kv̄h̄t̄g eZx nt̄q̄t̄Qb | Augiv Zv`i Rb` M̄eZ |

(6) TECHNOLOGY:

The company is endeavoring to upgrade and adopt new technology in production, quality control, distribution and administration of its products to patients. During the year (2008-2009) the company invested an amount of Tk. 46,167,103 in improving its Laboratory as against Tk. 36,424,234 during 2007-08.

(7) EXPORT:

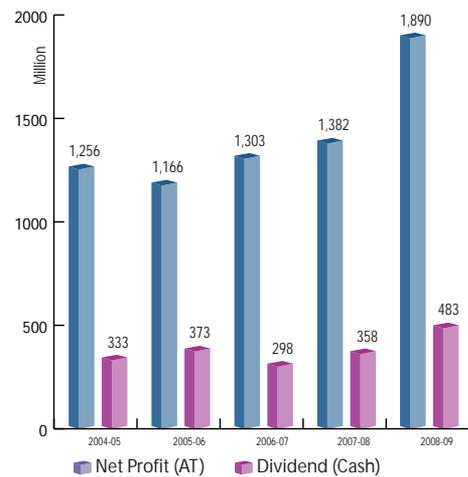
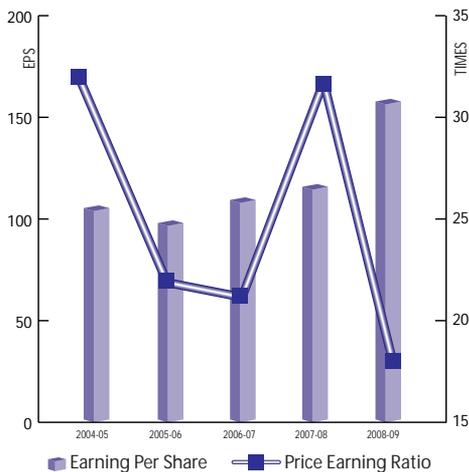
The company is continuously pressing hard for expanding its export sales. During the year under review, the exports amounted to Tk. 336.34 million as against Tk. 212.50 million in previous year, a 58.28% increase. The exports are expected to rise in the coming years. Present export market covers Myanmar, Nepal, Kenya, Libya, Mauritius, Papua New Guinea, Somalia, Sri Lanka, Vietnam, Yemen, Ukraine, Bhutan, Cambodia, Mozambique, Afganistan, Tanzania, Costa Rica, North Korea, Belize, Hong Kong, Mouritania and Philippines. As the Company has secured licence under UK MHRA, it is expected that the export potential will increase substantially in the near future.

(6) ငါး:

ငါး Drcv`b, gvb vbqšY, weZiY Ges mtefciw tiMxi KvQ GB cY` tcSQtvr chS-mKj `#i AvaybK chY³ cDqtM tKv=úvbx AMYx fvgKv cvj b KiQ| GB j`T 2008-2009 A_©eQti tKv=úvbx j`veiiUix AvaybKvqtb webtqM KiQ 46,167,103 ÚvKv hv 2007-2008 A_©eQti wJ 36,424,234 ÚvKv|

(7) iBv:

tKv=úvbx cZvbqZB iBvb evRvi m=cnvib mefZK cPón Pvj vt`Q| chTj wPZ eQti tKv=úvbx tgvU iBvbi cwi gvY 336.34 wgvj qb ÚvKv thLvtb MZ eQi wJ 212.50 wgvj qb ÚvKv hv weMZ eQti i Zj bvq 58.28 kZvsk epx` tcqtQ| Avgiv Avkv KinQ AvMvgx eQi` tjtZ iBvbi cwi gvY DEti vEi epx` cte| eZgvtb th me` kmgfn cY` iBvb Kiv nt`Q Zv ntjvt gvqvgvi, tbcvj, tKvbqv, wj weqv, gwimvm, cvcpx vbD wMvb, tmvgwj qv, kjskv, wfqZbvq, Btqtgb, BDtμBb, fJvb, Kt=vwvq, tgrRv=K, AvdMvb`vb, ZvbRvbqv, tKv=vi Kv, DEi tKwi qv, tej R, nsKs, tgšwi Zvbqv Ges wclvj cvBb| tKv=úvbx BD tK, Gg GBP Avi G Gi`bvqab` mb` ARB KiQ hvi cwi tctTz fuel`tZ iBvbi cwi gvY Djt LthM` nvti epx` cte|



Directors' Report on the Company together with Audited Accounts containing Balance Sheet, Income Statement, Statement of Changes in Equity and Cash Flow Statement and Auditors Report thereon are included therein.

(c) Square Biotech Ltd. (SBL):

The company was incorporated on June 12, 2006 with Authorised Capital of Tk. 100 crore of which Tk. 67,000,000 was paid up. SPL holds 99.25% shares of the company. SPL has also made a share money deposit of Tk. 418,000,000 as on 31 March 2009. As on that date the company has incurred a capital expenditures as follows:

| | 2009 |
|---------------------------------------|--------------------|
| * Building/Civil work | 75,103,755 |
| * Plant/Machinery | 751,340,091 |
| * Other Assets | 24,855 |
| * Interest During Construction Period | 42,127,732 |
| * Pre-Operating Expenses | 4,709,766 |
| Total Tk. | <u>873,306,199</u> |

The company was expected to commence trial/commercial operation w.e.f. March 2009 which could not be materialised due to operational and procedural hazards.

(d) Square Multi Fabrics Ltd. (SMFL):

The SMFL was incorporated on June 24, 2008 with Authorised Capital of Tk. 50 crore of which Tk. 100,000,000 was paid up. SPL holds 99.50% shares of the company. SPL has also made a share money deposit of Tk. 150,000,000 as on 31 March 2009. As on that date the company has incurred a capital investment as follows:

| | 2009 |
|---------------------------------------|--------------------|
| * Building/Civil work | 191,123,178 |
| * Plant/Machinery | 131,589,937 |
| * Other Assets | 6,870,743 |
| * Interest during Construction Period | 2,627,977 |
| * Pre-Operating Expenses | 2,252,024 |
| Total Tk. | <u>334,463,859</u> |

এ'ত'জ' য' ক'খ'উ, অ'ব'গ' এ'ত'জ'ি' ন'ন'ম'ব'ে, গ'জ' অ'খ' চ'ম'ি' এ'জ'ি'বি' ব'ে'ই' য'খ',
 ব'ম' ` Z'ন'ব' e' c'এ'ব'ন' G'es' u'b'i'x'f'i'k'i' c'উ'z't'e` b' m'n' c'ম'ি' P'j' b'v'
 c'l'f'i' c'উ'z't'e` b' G'i' m'v't_ m'ub'et'ek'z' n't'j' v'|

(M) `qvi e'q'f'i'k'n'f'j't (Gm'Gj):

Gm'Gj MZ 12-06-2006Bs Z'w'i't'L' u'b'e'U'b'K'Z' n't'q't'Q'|
 t'K'v'á'ú'b'm'U'i' 100 t'K'm'U' U'v'K'v'i' A'b't'g'w' Z' g'j' a'b' h'v'i' g't'a`
 c'w'i' t'k'w'a'Z' g'j' a't'bi' c'w'i' g'v'Y' 67,000,000 U'v'K'v'| `q'v'i'
 d'v'g'm'D'u'K'v'j' t'n' v'j' u'g't'U'W' k'Z'K'iv' 99.25 f'u'M' t'k'q'f'i' i' g'w'j' K'|
 G'm'ic'G'j' 418,000,000 U'v'K'v' t'k'q'v'i' g'w'b' u'w't'c'w'R'U' n't'm't'e' c'U'v'b'
 K't'i't'Q'| t'K'v'á'ú'b'm'U' 31 g'v'P'©2009 Z'w'i' L' c'h'S-g'j' a'b'x' e'q' u'b't'g'e'
 c'U'É' n't'j' v':

| | 2009 |
|--|--------------------|
| * `v'j' v'b'/u'b'g'f'Y' L'i'P | 75,103,755 |
| * h'S'c'w'Z | 751,340,091 |
| * A'b'v'b` m'á'ú` | 24,855 |
| * u'b'g'f'Y'K'v'j' x'b' m'g't'q'i' m` | 42,127,732 |
| * c'U'K' c'w'i' P'j' b'v' L'i' P'm'g'n | 4,709,766 |
| t'g'u' U'v'K'v' | <u>873,306,199</u> |

t'K'v'á'ú'b'm'U' A'v'k'v' K'i'u'Q'j' t'h, g'v'P'© 2009 m'v'j' t_ t'K'
 c'i'x'f'v'g'j' K/e'w'Y'R'K' f'i't'e' D'r'c'v'b' i'i" K'i't'Z' c'w'i't'e' | u'K'S'
 c'w'i' P'j' b'v' l' c'x'u'Z'M'Z' e'v'a'v'i' K'v'i't'Y' Z'v' K'h'R'i' K'iv' m'á'c'i'
 n'q'v'b' |

(N) `qvi g'w'e' t'd'w'K'n'f'j't (Gm'G'G'd'G'j):

Gm'G'G'd'G'j MZ 24t'k' R'b' Z'w'i't'L' u'b'e'U'b'K'Z' n't'q't'Q'|
 t'K'v'á'ú'b'm'U'i' 50 t'K'm'U' U'v'K'v'i' A'b't'g'w' Z' g'j' a'b' h'v'i' g't'a`
 c'w'i' t'k'w'a'Z' g'j' a't'bi' c'w'i' g'v'Y' 100,000,000 U'v'K'v'| `q'v'i'
 d'v'g'm'D'u'K'v'j' t'n' v'j' u'g't'U'W' k'Z'K'iv' 99.50 f'u'M' t'k'q'f'i' i'
 g'w'j' K'| G'm'ic'G'j' 150,000,000 U'v'K'v' t'k'q'v'i' g'w'b'
 u'w't'c'w'R'U' n't'm't'e' c'U'v'b' K't'i't'Q'| t'K'v'á'ú'b'm'U' 31t'k' g'v'P'©
 2009 Z'w'i' L' c'h'S- u'e'w'b't'q'f'i' M'i' c'w'i' g'v'Y' u'b't'g'a'c'U'É' n't'j' v':

| | 2009 |
|--|--------------------|
| * `v'j' v'b'/u'b'g'f'Y' L'i'P | 191,123,178 |
| * h'S'c'w'Z | 131,589,937 |
| * A'b'v'b` m'á'ú` | 6,870,743 |
| * u'b'g'f'Y'K'v'j' x'b' m'g't'q'i' m` | 2,627,977 |
| * c'U'K' c'w'i' P'j' b'v' L'i' P'm'g'n | 2,252,024 |
| t'g'u' U'v'K'v' | <u>334,463,859</u> |

(9) INVESTMENT PORTFOLIO:

The investment portfolio of long term investment and marketable securities has been detailed in Notes (4 & 8) to Audited Accounts. The outlines of the portfolio with minority interest in shareholdings are described hereunder for further information of the shareholders:

LONG TERM INVESTMENTS : Tk. 4,508,050,169

The above investments include minority investments in ordinary shares/advance as Share Money Deposit in 8 (eight) different companies as follows:

(a) Square Textiles Ltd. (STXL) :

As on 31-03-2009 investment in this company stands at Tk. 183,442,369 (at cost) for 27,320,534 Ordinary Shares of Tk. 10 each including 11,270,000 shares received against investment in SSL . The market value as on 31 March, 2009 stood at Tk. 3,117,272,929 (at Tk. 114.10 per share). The company is in full operation and declared cash dividend @ 18% and stock dividend @ 20% for the year 2008.

(b) United Hospital Ltd. (UHL) :

The company (SPL) holds 120,000 shares of Tk. 100 each amounting to Tk. 12,000,000. Since the company is not a listed one, it does not have any ready market value.

(c) National Housing Finance and Investment Ltd. (NHFIL) :

The company (SPL) holds 245,526 ordinary shares of Tk. 100 each out of total 5,200,000 (4.72%) shares and investment in this company stands at Tk. 23,157,800 (at cost). NHFIL is in operation since 1999 and has declared cash dividends @ 12.50% during the year 2008 as against 12.50% stock dividend during the previous year. The shares are listed and currently quoting at about Tk. 874.50 (31st March, 2009) per share indicating about 780.18% capital gain.

(9) বহিঃস্বত্ব:

দীর্ঘমেয়াদি বিক্রয়যোগ্য (4 ও 8) অস্টক সঞ্চয় বহিঃস্বত্বের বিবরণীতে বিস্তারিতভাবে তথ্য প্রদান করা হয়েছে। এই বহিঃস্বত্বের বিবরণীতে মাইনরি ইন্টারেস্ট সহ শেয়ারহোল্ডিংসের বিবরণীতে আরও বিস্তারিত তথ্য প্রদান করা হয়েছে।

দীর্ঘমেয়াদি বহিঃস্বত্ব 4,508,050,169 টকা

উপরোক্ত বহিঃস্বত্বের মধ্যে মাইনরি ইন্টারেস্ট সহ বিভিন্ন অস্টক/অগ্রিম অস্টক/শেয়ার মনি প্রদান হিসেবে ৮ (আট)টি বিভিন্ন কোম্পানিতে রয়েছে।

(ক) স্কয়ার টেক্সটাইলস লিমিটেড (স্টএল):

৩১-০৩-২০০৯ সালের ১০ মার্চ তারিখে এই কোম্পানিতে ২৭,৩২০,৫৩৪ টকা মূল্যের (এক ডিগ্রি মূল্যের) ১৮৩,৪৪২,৩৬৯ মার্কা বহিঃস্বত্বের ক্রয় করা হয়েছে, যার মধ্যে ১১,২৭০,০০০ টকা মূল্যের গেম গেম গেম নন-বিস্ট্রি মার্কা ক্রয় করা হয়েছে। ৩১ মার্চ ২০০৯ সালের ১০ ডিগ্রি মূল্যের ৩,১১৭,২৭২,৯২৯ মার্কা (১১৪.১০ টকা মূল্যের) শেয়ার প্রদান করা হয়েছে। ২০০৮ সালের ১৮ মার্চ তারিখে ১৮% ক্যাশ ডিভিডেন্ড এবং ২০% স্টক ডিভিডেন্ড ঘোষণা করা হয়েছে।

(খ) ইউনাইটেড হসপিটাল লিমিটেড (ইউএইচএল):

এই কোম্পানিতে ১০০ টকা মূল্যের ১২০,০০০ টকা মূল্যের ১২,০০০,০০০ টকা মূল্যের শেয়ার রয়েছে। যেহেতু এই কোম্পানি লিস্টেড কোম্পানি নয়, তাই এর কোনো প্রস্তুত মার্কা মূল্য নেই।

(গ) ন্যাশনাল হাউসিং ফাইন্যান্স অ্যান্ড ইনভেস্টমেন্ট লিমিটেড (এনএফআইএল):

এই কোম্পানিতে ২৪৫,৫২৬ টকা মূল্যের ৫,২০০,০০০ টকা মূল্যের ৪.৭২% শেয়ার এবং এই কোম্পানিতে ২৩,১৫৭,৮০০ টকা মূল্যের (এক ডিগ্রি মূল্যের) ২৩,১৫৭,৮০০ মার্কা মূল্যের ৪.৭২% শেয়ার রয়েছে। এই কোম্পানি ১৯৯৯ সাল থেকে কার্যক্রম শুরু করেছে এবং ২০০৮ সালের ১২.৫০% ক্যাশ ডিভিডেন্ড এবং ২০% স্টক ডিভিডেন্ড ঘোষণা করেছে। এই কোম্পানির শেয়ার লিস্টেড এবং বর্তমানে প্রায় ৮৭৪.৫০ টকা (৩১ মার্চ ২০০৯) প্রতি শেয়ারে প্রদর্শিত হয়েছে, যা প্রায় ৭৮০.১৮% মূলধন হ্রাস নির্দেশ করে।

(d) Central Depository Bangladesh Ltd. (CDBL):

SPL has paid for 10 (ten) shares of Tk. 1,000,000 each in the Capital of CDBL which has been formed under the Central Depository Act 1999 for fungible and dematerialised share holding/trading which will do away with the physical possession of scrips and primarily prevent fraudulent/fake share trading. The shares are not listed and therefore the market value can not be assessed.

(e) Square Hospitals Ltd. (SHL):

SPL holds 198,250 Ordinary Shares of Tk. 1,000/- each including 2,000 Shares with premium of Tk. 5,500/- each. The project originally conceived as a Five-Star Hotel at Panthapath, Dhaka has now been put to operation as a modern hospital with 300 beds and diversified medical services with special emphasis on cardio-vascular remedies. SPL hold 49.56% of SHL. SPL has also advanced a share money of Tk. 2.00 billion for 2,000,000 shares of Tk. 1,000 each. As the company is not listed, the market value cannot be easily ascertained.

The company earned a total revenue of Tk. 900,843,668 for the year ended 30 June, 2008. The net loss for the period amounted to Tk. 552,510,753 of which Tk. 288,782,116 accounted for depreciation and Tk. 167,911,133 for financial expenses. This two items (Tk. 456,693,249) accounted for 82.66% of the total net operating losses of Tk. 552,510,753 with a balance revenue loss of Tk. 95,817,504 which is covered by gross revenue.

(f) Square Knit Fabrics Ltd. (SKFL):

SPL now holds 1,260,000 Shares of Tk. 100 each which is 48.84% of the capital of SKFL. The company has started earning profit from 2005 and earned Net Profit Tk. 112,310,051 for the year ended 2006, Tk. 101,662,487 for the year 2007 and Tk. 101,733,557 for the year 2008. Now accumulated loss has been fully wiped out during 2008. The company did not declare any dividend. SPL has advanced Tk. 392,000,000 as share money deposit for 3,920,000 shares of Tk. 100 each. The company is not a public/listed one and hence, the market value can not be readily assessed.

(N) ত্রিভুজ সফটওয়্যার লিমিটেড (ত্রিভুজ):

ত্রিভুজ সফটওয়্যার লিমিটেড ১৯৯৯ সালে আবহাওয়া মন্ত্রণালয় থেকে গঠিত ১০ জন সদস্যের একটি সীমিত দায়িত্বের কোম্পানি হিসেবে ত্রিভুজ সফটওয়্যার লিমিটেড গঠিত হয়। কোম্পানিটি সফটওয়্যার উন্নয়ন, বিক্রয়, পরিষেবা প্রদান এবং প্রকল্প পরিচালনা ইত্যাদি ক্ষেত্রে কাজ করে। কোম্পানিটির প্রধান কার্যালয় ঢাকা শেরেবাগান রাস্তায় অবস্থিত। কোম্পানিটির বর্তমান মালিকানাধীন ১০ জন সদস্যের মধ্যে ত্রিভুজ সফটওয়্যার লিমিটেড ১০০% অংশীদারিত্ব রয়েছে। কোম্পানিটির বর্তমান মূলধন ১০০,০০,০০০ টাকা। কোম্পানিটির বর্তমান মূল্য নির্ধারণ করা যায়নি।

(O) সিকি সফটওয়্যার লিমিটেড (সিকি):

সিকি সফটওয়্যার লিমিটেড ১,০০০ সদস্যের একটি কোম্পানি হিসেবে ১৯৯৯ সালে গঠিত হয়। কোম্পানিটির মূলধন ১,০০,০০,০০০ টাকা। কোম্পানিটির বর্তমান মূল্য নির্ধারণ করা যায়নি। কোম্পানিটির প্রধান কার্যালয় ঢাকা শেরেবাগান রাস্তায় অবস্থিত। কোম্পানিটির বর্তমান মালিকানাধীন ১,০০০ জন সদস্যের মধ্যে সিকি সফটওয়্যার লিমিটেড ১০০% অংশীদারিত্ব রয়েছে। কোম্পানিটির বর্তমান মূলধন ১,০০,০০,০০০ টাকা। কোম্পানিটির বর্তমান মূল্য নির্ধারণ করা যায়নি।

২০০৮ সালের ৩০ জুন পর্যন্ত কোম্পানিটির মোট আয় ৯০০,৮৪৩,৬৬৮ টাকা। এছাড়াও কোম্পানিটির মোট ক্ষয় ৫৫২,৫১০,৭৫৩ টাকা। এর মধ্যে ২৮৮,৭৮২,১১৬ টাকা ডিপ্রিকিয়েশন এবং ১৬৭,৯১১,১৩৩ টাকা আর্থিক ব্যয় হিসেবে বিবেচিত। এই দুইটি খরচ মোট নেট অপারেটিং লসের ৮২.৬৬% গঠন করেছে। বাকি নেট অপারেটিং লস ৯৫,৮১৭,৫০৪ টাকা যা মোট আয়ের ১০.৩৪% গঠন করেছে।

(P) সিকি সফটওয়্যার লিমিটেড (সিকি):

সিকি সফটওয়্যার লিমিটেড ১০০ সদস্যের একটি কোম্পানি হিসেবে ১৯৯৯ সালে গঠিত হয়। কোম্পানিটির মূলধন ১,০০,০০,০০০ টাকা। কোম্পানিটির বর্তমান মূল্য নির্ধারণ করা যায়নি। কোম্পানিটির প্রধান কার্যালয় ঢাকা শেরেবাগান রাস্তায় অবস্থিত। কোম্পানিটির বর্তমান মালিকানাধীন ১,০০০ জন সদস্যের মধ্যে সিকি সফটওয়্যার লিমিটেড ১০০% অংশীদারিত্ব রয়েছে। কোম্পানিটির বর্তমান মূলধন ১,০০,০০,০০০ টাকা। কোম্পানিটির বর্তমান মূল্য নির্ধারণ করা যায়নি।



(11) FINANCIAL RESULTS:

The operating financial results of the Company for the year 2008-2009 as compared to previous year are summarised hereunder:

| Particular | 2008-2009 (Taka) | 2007-2008 (Taka) | % Increase |
|--|---------------------|---------------------|---------------|
| ◆ Gross Turnover | 11,336,597,928 | 9,565,715,902 | 18.51% |
| ◆ Net Turnover | 9,820,796,568 | 8,257,843,739 | 18.93% |
| ◆ Gross Profit | 4,148,230,595 | 3,401,781,806 | 21.94% |
| ◆ Net Profit (BT) | 2,511,259,217 | 1,868,634,190 | 34.39% |
| ◆ Provision for Taxation | 621,206,289 | 486,771,097 | 27.62% |
| ◆ Net Profit (AT) | 1,890,052,929 | 1,381,863,093 | 36.78% |
| ◆ Gross Margin (Net Turnover) | 42.24% | 41.19% | |
| ◆ Net Margin (BT) | 25.57% | 22.63% | |
| ◆ Net Margin (AT) | 19.25% | 16.73% | |
| ◆ Earning Per Share (EPS) (Tk.) | 156.56 | 114.47 | |
| ◆ EPS on IPO Paidup Capital | 945.03 | 690.93 | |
| ◆ Consolidated Earning Per Share (EPS) (Tk.) | 170.51 | 126.37 | |

It may be observed that the Gross Turnover increased by 18.51% during the year as against 9.81% in the previous year. The growth in gross profit had positive impact on net profit.

The Earning per Share of Tk. 156.56 is based on increased outstanding 12,072,240 shares of Tk. 100 each. However, if the original issued capital at the time of IPO is considered, the EPS would stand at Tk. 945.03 in 2008-2009 as against Tk. 690.93 in 2007-2008

(12) APPROPRIATION OF PROFIT:

Considering the need for growing expansion and diversification of operations, increasing cost of external sources of funds, the Board of Directors have proposed and recommended for appropriation as follows:

| | |
|--|------------------------------|
| (a) Net Profit for the Year (2008-2009) | 1,890,052,929 |
| (b) Appropriation proposed: | |
| (i) Cash Dividend @ Tk. 40 per Share | 482,889,600 |
| (ii) Issuance of 3,018,060 Bonus Shares (Stock Dividend) @ 25% : Face Value of Bonus Share | 301,806,000 784,695,600 |
| (c) Net unappropriated Profit | Tk. <u>1,105,357,329</u> |

(11) আর্থিক দৃষ্টান্ত:

কোম্পানির ২০০৮-২০০৯ সালের আর্থিক দৃষ্টান্ত ২০০৭-২০০৮ সালের আর্থিক দৃষ্টান্তের তুলনায় নিম্নলিখিতভাবে:

আর্থিক দৃষ্টান্তের ২০০৮-২০০৯ সালের আর্থিক দৃষ্টান্তের তুলনায় ১৮.৫১% হারে বৃদ্ধি ঘটেছে। আগের বছর ৯.৮১% হারে বৃদ্ধি ঘটেছিল। মোট আর্থিক দৃষ্টান্তের বৃদ্ধি আর্থিক দৃষ্টান্তের উপর নেতিবাচক প্রভাব ফেলেছে।

এপিএস (EPS) ১৫৬.৫৬ টকা প্রতি শেয়ারে নির্ধারিত হয়েছে। ১২,০৭২,২৪০ টকা ১০০ টকা প্রতি শেয়ারে নির্ধারিত ছিল। তবে, IPO ইস্যু করা মূলধনের পরিমাণ বিবেচনা করা হলে, ২০০৮-২০০৯ সালের আর্থিক দৃষ্টান্তের EPS ৯৪৫.০৩ টকা প্রতি শেয়ারে এবং ২০০৭-২০০৮ সালের আর্থিক দৃষ্টান্তের EPS ৬৯০.৯৩ টকা প্রতি শেয়ারে নির্ধারিত ছিল।

(12) লাভের বিতরণ:

বিস্তারিত প্রসার এবং কার্যক্রমের বহুবিধায়িত এবং বাহ্যিক উৎসের ব্যয়বৃদ্ধির কারণে, পরিচালকগণের সভায় প্রস্তাবিত এবং সুপারিশ করা হয়েছে যে:

(13) DECLARATION OF DIVIDEND:

In the line of proposed appropriation of profit, the Board of Directors proposes and recommends for declaration of Cash Dividend at the rate of Tk. 40 per share for the year 2008-2009. This will involve an amount of Tk. 482.89 million. The Board also recommended for declaration of Bonus Shares (Stock Dividend) @ 25%. This will need issuance of 3,018,060 Ordinary Shares of Tk. 100 each with appropriation of Tk. 301,806,000 out of Retained Earnings (free reserves) to Capital Account.

(14) CONSOLIDATION OF ACCOUNTS:

In terms of SEC Regulations, the company has consolidated the Accounts following the codes of International Accounting Standard - 27 (IAS-27) reflecting shareholders gross benefits/value of investments.

4. HUMAN RESOURCES DEVELOPMENT:

In order to improve productivity of human input, the company continuously provide formal and informal training to the employees at every echelon of operation and management. During the year under review 2,491 persons received in-house/in operation/on the job training at home and abroad which will ultimately make great contribution to the company's profitability as well their own remuneration in due course.

5. ENVIRONMENTAL ROLE:

The company maintain a high standard of pollution free environment as per GMP Regulations/WHO standards/Government laws.

6. CONTRIBUTION TO NATIONAL EXCHEQUER:

The company contributed an amount of Tk. 2,319,622,494 (including Tk. 36,954,475 as contribution as duty/taxes towards machinery & spare parts imports) to National Exchequer as against Tk. 1,872,214,955 in the previous year. The contribution constitutes 23.62% of the sales revenue (net) in 2008-2009 as against 22.67% in the previous year (2007-2008).

(13) j f'isk tNlYv

gpldv eU'tbi c'le Abh'vqx tKv'uvbxi cwiPuj bv cI© 2008-2009 Aw_R eQ'ti 100 UvKv gj'gv'tbi c'ZuW tkqv'tii v'ecix'tZ 40 UvKv wnt'mte bM' j f'isk tNlYvi m'cwiik KitiQb hvi Rb' 482.89 wgvj qb UvKvi c'Qv'Rb n'te| G Qvovl cwiPuj bv cI© 25% n'ti t'evbm tkqvi tNlYvi m'cwiik KitiQb| Gi Rb' 3,018,060 uW tkqvi Bmj Ges 301,806,000 UvKv tkqvi gj'at'bi m't_ m'u',³ Kivi c'Qv'Rb n'te|

(14) wnt'ei GKt'KiY:

GmBim Gi w'evagvj v I B'Uvib'v'k'bvj GKvDwUs o'vUwW²⁷ (AvBGGm-27) Gi w'bg'gv'ej x AbjmiY Kiti tkqv'tn'vi v'ie'p'i t'gvU m'jeav/w'eb't'q'vM gj' w'ba'f'Y Kiv n't'at'Q|

4. gvbe m'u' Dbq'b:

gvbe m'u' Dbq't'bi Rb' tKv'uvbxi c'ZuW 'f'i i w'be'f'ix I k'it'gK KgP'vix't' i Avb'p'w'bK I Abv'b'p'w'bK c'lk'f'Y w't'q h'v't'Q| G eQi 2,491 Rb t'ik Ges w'et'ik c'lk'f'Y t'ct'at'Q| d'tj c'lk'f'Y c'Q'v'iv tKv'uvb'x't'K j v'f'RbK Ae'vq ivL't'Z Ae'v'v b' t'it'Lt'Q| m't_ m't_ Z'v't' i cwi k'it'gKl e'p'x t'ct'at'Q|

5. cwi't'ekM' f'g'Kv

w'RG'g'ic/W'w'e'DGBPI o'vUwW I miKvix w'bg'gv'ej x Abh'vqx tKv'uvbxi m't'e'P' t'Yg'p' cwi't'ek e'Rvq t'it'Lt'Q|

6. R'Z'xj t'K'v'W'f'i Ae'v'v:

RvZ'xj t'K'v'v'W'f'i tKv'uvbxi G eQ'tii Ae'v'v 2,319,622,494 UvKv (h's'c'w'iz I L'p'iv h's'ysk Avg'v'bx 36,954,475 UvKv mn) hv MZ eQi w'Qj 1,872,214,955 UvKv| GB Ae'v'v 2008-2009 m't'ji w'e'm't'q'i k'ZKiv 23.62 f'vM hv MZ eQi w'Qj k'ZKiv 22.67 f'vM (2007-2008)|

ANNEXURE-I

The Directors also report that:

- ❖ The financial statements of the Company present true and fair view of Company's state of affairs, result of its operations, cash flows and changes in equity.
- ❖ Proper books of accounts as required by law have been maintained.
- ❖ Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates were reasonable and prudent.
- ❖ The financial statement was prepared in accordance with International Accounting Standard (IAS) as applicable in Bangladesh.
- ❖ The internal control system is sound in design and effectively implemented and monitored.
- ❖ There are no significant doubts upon the company's ability to continue as a going concern.
- ❖ There is no significant deviation from the operating result of the last year.
- ❖ The number of board meetings and the attendance of directors during the year 2008-2009 were as follows:

| Name of Directors | Position | Meeting Held | Attended |
|-------------------------|----------------------|--------------|----------|
| Mr. Samson H. Chowdhury | Chairman | 7 | 7 |
| Mr. Samuel S. Chowdhury | Vice Chairman | 7 | 7 |
| Mr. Tapan Chowdhury | Managing Director | 7 | 6 |
| Dr. Kazi Harunar Rashid | Director | 7 | 5 |
| Mr. M Sekander Ali | Independent Director | 7 | 7 |
| Mr. Anjan Chowdhury | Director | 7 | 6 |
| Mr. Kazi Iqbal Harun | Director | 7 | 6 |
| Ms. Ratna Patra | Director | 7 | 5 |
| Mr. K M Saiful Islam | Director | 7 | 6 |

- ❖ The pattern of shareholding (along with name wise detail) of Parent/Subsidiary/Associated companies and other related parties, Directors, Chief Executives Officer, Company Secretary, Chief Financial Officer, Head of Internal audit and their spouse and minor children, Executives, shareholders holding 10% or more voting interest in the company as at 31 March,2009 were as stated in ANNEXURE-II
- ❖ Securities and Exchange Commission compliance report is enclosed herewith as ANNEXURE-III.
- ❖ Key operating and financial data of last three years have been presented in summarized form in the Corporate Result at Page No. 17.



ANNEXURE-II

Pattern of Shareholding as on March 31, 2009

| Particulars | Nos. Share holding | Percentage | Remark |
|--|---------------------------------------|------------|--|
| Parent Company | - | - | The Company is not subsidiary of any company |
| Associated Companies: | | | |
| Square Textiles Limited | 27,320,534 | 46.45% | |
| United Hospitals Limited | 120,000 | 0.86% | |
| National Housing Finance and Investment Ltd. | 245,526 | 5.22% | |
| Central Depository Bangladesh Ltd. | 10 | 2.89% | |
| Square Hospitals Limited | 198,250 | 49.56% | |
| Square Knit Fabrics Limited | 1,260,000 | 48.84% | |
| Square Fashions Limited | 252,000 | 48.46% | |
| Square Cephalosporins Limited | 950,000 | 99.48% | |
| Square Biotechs Limited | 665,000 | 99.25% | |
| Square Multi Fabrics Limited | 995,000 | 99.50% | |
| Other Related Parties | | | |
| Directors: | | | |
| Mr. Samson H. Chowdhury | 1,194,010 | 9.89% | |
| Mr. Samuel S. Chowdhury | 510,044 | 4.22% | |
| Mr. Tapan Chowdhury | 527,933 | 4.37% | |
| Dr. Kazi Harunar Rashid | 370,692 | 3.07% | |
| Mr. M Sekendar Ali | Non Shareholding Independent Director | | |
| Mr. Anjan Chowdhury | 537,964 | 4.46% | |
| Mr. Kazi Iqbal Harun | 364,987 | 3.02% | |
| Mrs. Ratna Patra | 477,705 | 3.96% | |
| Mr. K M Saiful Islam | 1,332 | 0.01% | |
| Chief Executive Officer (CEO) and his Spouse and Minor Children: | 527,933 | 4.37% | |
| Chief Financial Officer (CFO) and his Spouse and Minor Children: | 110 | - | |
| Company Secretary (CS) and his spouse and minor children: | - | - | |
| Head of Internal Audit (HIA) and his Spouse and Minor Children: | - | - | |
| Executives (Top five Salaried person other than CEO,CFO,CS,HIA): | | | |
| 1. Mr. Parvez Hashim | 249 | 0.002% | |
| 2. Mr. Muhammadul Haque | 558 | 0.005% | |
| 3. Mr. Golam Rabbani | 477 | 0.004% | |
| 4. Mr. M Ashiqul Hoque Chawdhury | 400 | 0.007% | |
| 5. Mr. Anjan Kumar Paul | 2,029 | 0.017% | |
| Shareholders Holding 10% or more voting right: | | | |

ANNEXURE-III

Status of compliance with the conditions imposed by the Securities and Exchange Commission's notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006

| Condition No. | Title | Compliance Status | Explanation for non compliance with the condition |
|---------------|---|-------------------|---|
| 1.1 | Board's Size: Board members should not be less than 5(Five) and more than 20(Twenty) | Complied | |
| 1.2(i) | Independent Director: At least 1/10 th | Complied | |
| 1.2(ii) | Appointment of Independent Director by elected Directors | Complied | |
| 1.3 | Individual Chairman of the Board, Chief Executive and clearly defined roles and responsibilities | Complied | |
| 1.4 | The Directors report to Shareholders on:- | | |
| 1.4(a) | Fairness of Financial Statements | Complied | |
| 1.4(b) | Maintenance of Proper books of accounts | Complied | |
| 1.4(c) | Adaptation of appropriate Accounting policies and estimates | Complied | |
| 1.4(d) | Compliance with International Accounting Standard | Complied | |
| 1.4(e) | Soundness of Internal Control System | Complied | |
| 1.4(f) | Ability to Continue as Going Concern | Complied | |
| 1.4(g) | Significant deviation from last year | Complied | |
| 1.4(h) | Presentation of last three years data | Complied | |
| 1.4(i) | Declaration of Dividend | Complied | |
| 1.4(j) | Details of Board Meeting | Complied | |
| 1.4(k) | Shareholding Pattern | Complied | |
| 2.1 | Appointment of CFO, Head of Internal Audit and company secretary and defining of their respective roles, responsibilities and duties. | Complied | |



| Condition No. | Title | Compliance Status | Explanation for non compliance with the condition |
|---------------|---|------------------------|---|
| 2.2 | Attendance of CFO and the company Secretary at Board of Directors meeting | Complied | |
| 3.00 | Audit Committee: | | |
| 3.1(i) | Constitution of Committee | Complied | |
| 3.1(ii) | Constitution of Committee with Board members including one Independent Director | Complied | |
| 3.1(iii) | Filling of Casual Vacancy in Committee | Not applicable | |
| 3.2(i) | Chairman of the Committee | Complied | |
| 3.2(ii) | Professional Qualification and experience of the Chairman of the Committee | Complied | |
| 3.3.1(i) | Reporting to the Board of Directors | Complied | |
| 3.3.1(ii)(a) | Reporting of Conflict of Interest to the Board of Directors | Not applicable | |
| 3.3.1(ii)(b) | Reporting of any fraud or irregularity to the Board of Directors | Not applicable | |
| 3.3.1(ii)(c) | Reporting of violation of laws to the Board of Directors | Not applicable | |
| 3.3.1(ii)(d) | Reporting of any other matter to the Board of Directors | Not applicable | |
| 3.3.2 | Reporting of Qualified point to Commission | Not applicable | |
| 3.4 | Reporting to the Shareholders and General Investors | Complied (Annexure-IV) | |
| 4.00 | External/Statutory Auditors: | | |
| 4.00(i) | Non-engagement in appraisal or valuation | Complied | |
| 4.00(ii) | Non- engagement in designing of Financial Information System | Complied | |
| 4.00(iii) | Non-engagement in Book-Keeping | Complied | |
| 4.00(iv) | Non-engagement in Broker-dealer service | Complied | |
| 4.00(v) | Non-engagement in Actuarial Services | Complied | |
| 4.00(vi) | Non-engagement in Internal Audit | Complied | |
| 4.00(vii) | Non-engagement in any other services | Complied | |

ANNEXURE-IV

AUDIT COMMITTEE REPORT

For the Year 2008-2009

The Audit Committee consists of the following members:

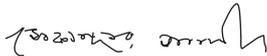
| | |
|--|------------|
| Mr. M Sekander Ali, Independent Director | - Chairman |
| Mr. Samuel S. Chowdhury, Vice Chairman | - Member |
| Mr. Kazi Iqbal Harun, Director | - Member |

The scope of Audit Committee was defined as under:

- (a) Review and recommend to the Board to approve the financial statements prepared for statutory purpose;
- (b) Report to the Board of Directors on internal audit findings from time to time considering the significance of the issues;
- (c) Carry on a supervision role to safeguard the systems of governance and independence of statutory auditors; and
- (d) Review and consider the internal report and statutory auditors' observations on internal control

Activities carried out during the year

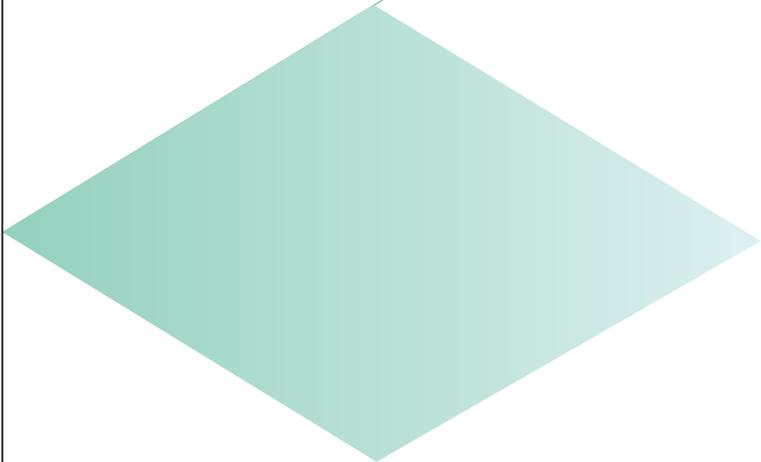
The Committee reviewed, discussed and guided the process of financial year end closing and the procedure and task of the internal audit, financial report preparation and the external audit reports. The Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the company and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.



M Sekander Ali
Chairman
Audit Committee



FINANCIAL REPORT



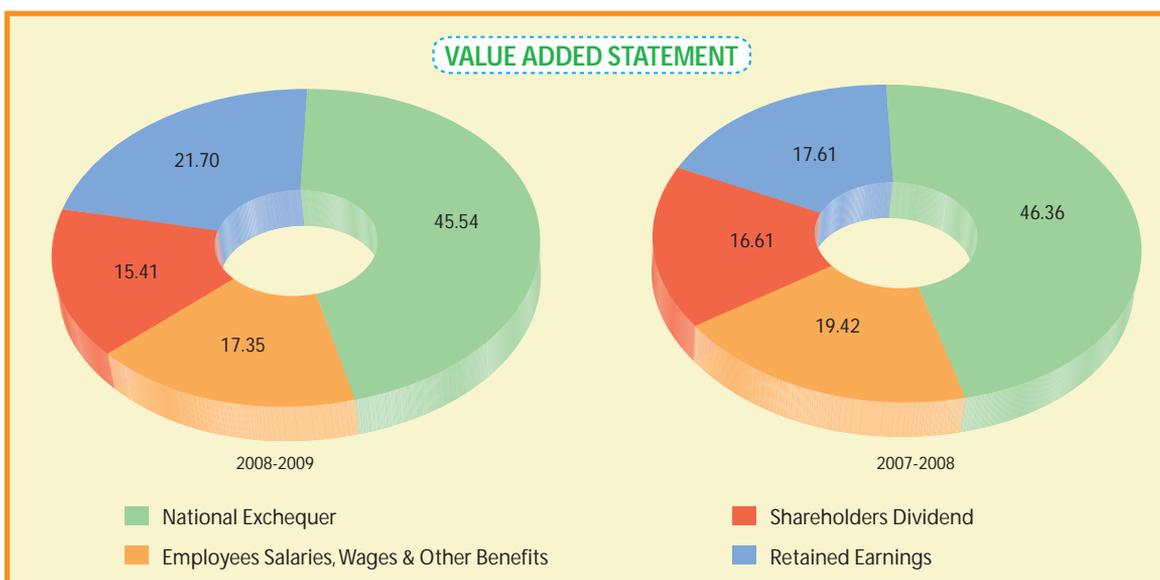
SQUARE PHARMACEUTICALS LTD.

VALUE ADDED STATEMENT

For the Year Ended 31 March 2009

(Figures in thousand Taka)

| | 2008-2009 | | 2007-2008 | |
|--|------------|--------|-----------|--------|
| | Amount | % | Amount | % |
| Turnover (Gross) | 11,366,598 | | 9,565,716 | |
| Less: Cost of Materials & Services | 6,273,522 | | 5,527,543 | |
| Value Added | 5,093,076 | 100.00 | 4,038,173 | 100.00 |
| Applications: | | | | |
| National Exchequer | 2,319,622 | 45.54 | 1,872,215 | 46.36 |
| Employees Salaries, Wages & Other Benefits | 883,401 | 17.35 | 784,095 | 19.42 |
| Shareholders Dividend | 784,696 | 15.41 | 670,680 | 16.61 |
| Retained Earnings | 1,105,357 | 21.70 | 711,183 | 17.61 |
| | 5,093,076 | 100.00 | 4,038,173 | 100.00 |



AUDITORS' REPORT

TO THE SHAREHOLDERS OF

SQUARE PHARMACEUTICALS LTD.

We have audited the accompanying Financial Statement of Square Pharmaceuticals Ltd. comprising Balance Sheet as at 31 March, 2009 and the related Income Statement, Statement of Changes in Equity, Cash Flow Statement together with related Notes and Schedules thereto for the year then ended and all related consolidated Financial Statements. The preparation of these financial statements are the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates and judgments made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement, prepared in accordance with the International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BAS), give a true and fair view of the state of affairs of the company and its subsidiaries as at 31 March, 2009 and of the results of its operations and its cash flow for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) in our opinion, the company management has followed relevant provisions of laws and rules in managing the affairs of the company and proper books of accounts, records and other statutory books have been maintained so far as it appeared from our examination of those books;
- (c) the Company's Balance Sheet and Income Statement dealt with by the report are in agreement with the books of account;
- (d) the expenditure incurred was for the purpose of the company's business.

Dated, Dhaka
21 July, 2009



B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

SQUARE PHARMACEUTICALS LTD.**BALANCE SHEET**

As At 31 March 2009

| | | 31-03-09 | 31-03-08 |
|---|-------|-----------------------|-----------------------|
| ASSETS: | Notes | | |
| Non-Current Assets: | | 9,407,730,001 | 8,291,290,984 |
| Property, Plant and Equipment-Carrying Value | 2 | 4,899,679,832 | 4,088,432,171 |
| Capital Work-in-Progress | 3 | - | 591,114,649 |
| Investment - Long Term (at Cost) | 4 | 4,508,050,169 | 3,611,744,164 |
| Current Assets: | | 3,843,512,855 | 4,411,836,436 |
| Inventories | 5 | 2,098,755,231 | 2,026,736,322 |
| Trade Debtors | 6 | 477,562,002 | 360,245,646 |
| Advances, Deposits and Prepayments | 7 | 260,330,162 | 288,806,440 |
| Investment in Marketable Securities (at Cost) | 8 | 20,250,000 | 20,250,000 |
| Short Term Loan | 9 | 693,157,720 | 1,510,502,334 |
| Cash and Cash Equivalents | 10 | 293,457,740 | 205,295,694 |
| TOTAL ASSETS | Tk. | 13,251,242,856 | 12,703,127,420 |
| SHAREHOLDERS' EQUITY AND LIABILITIES: | | | |
| Shareholders' Equity: | | 9,949,397,634 | 8,417,040,705 |
| Share Capital | 11 | 1,207,224,000 | 894,240,000 |
| Share Premium | 12 | 2,035,465,000 | 2,035,465,000 |
| General Reserve | | 105,878,200 | 105,878,200 |
| Tax Holiday Reserve | 13 | 1,101,935,237 | 1,101,935,237 |
| Retained Earnings | | 5,498,895,197 | 4,279,522,268 |
| Non-Current Liabilities: | | 660,976,668 | 785,241,612 |
| Long Term Loans - Secured | 14 | 449,757,608 | 602,584,615 |
| Deferred Tax Liability | 15 | 211,219,060 | 182,656,997 |
| Current Liabilities: | | 2,640,868,554 | 3,500,845,103 |
| Short Term Bank Loans | 16 | 1,534,345,782 | 2,669,693,184 |
| Long Term Loans - Current Portion | 17 | 295,590,601 | 297,002,646 |
| Trade Creditors | 18 | 124,222,699 | 100,953,258 |
| Liabilities for Expenses | 19 | 69,573,702 | 32,290,235 |
| Liabilities for Other Finance | 20 | 617,135,770 | 400,905,780 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | Tk. | 13,251,242,856 | 12,703,127,420 |

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


 Tapan Chowdhury
 Managing Director


 Samuel S. Chowdhury
 Vice Chairman


 Khandaker Habibuzzaman
 Company Secretary


 B.K. Bhattacharjee, FCA
 Partner
 Chowdhury Bhattacharjee & Co.
 Chartered Accountants

Dated, Dhaka: 21 July, 2009

SQUARE PHARMACEUTICALS LTD.
INCOME STATEMENT

For the Year Ended 31 March 2009

| | | 2008-2009 | 2007-2008 |
|--|--------|------------------------|------------------------|
| | Notes | | |
| GROSS TURNOVER | 22 | 11,366,597,928 | 9,565,715,902 |
| Less: Value Added Tax | | 1,545,801,360 | 1,307,872,163 |
| NET TURNOVER | | 9,820,796,568 | 8,257,843,739 |
| COST OF GOODS SOLD | 23 | (5,672,565,973) | (4,856,061,933) |
| GROSS PROFIT | | 4,148,230,595 | 3,401,781,806 |
| Operating Expenses: | | (1,779,793,368) | (1,692,475,988) |
| Selling and Distribution Expenses | 27 | (1,319,362,317) | (1,220,979,268) |
| Administrative Expenses | 28 | (460,431,051) | (471,496,720) |
| PROFIT FROM OPERATIONS | | 2,368,437,227 | 1,709,305,818 |
| Other Income | 29 | 665,520,915 | 604,628,504 |
| Financial Expenses | 30 | (397,135,963) | (351,868,423) |
| NET PROFIT BEFORE WPPF | | 2,636,822,179 | 1,962,065,899 |
| Allocation for WPPF | 31 | (125,562,961) | (93,431,709) |
| NET PROFIT BEFORE TAX | | 2,511,259,218 | 1,868,634,190 |
| Provision for Income Tax | 32 | (592,644,226) | (409,660,827) |
| Provision for Deferred Income Tax | 15 | (28,562,063) | (77,110,270) |
| NET PROFIT AFTER TAX (Transferred to the Statement of Changes in Equity) | Tk. | 1,890,052,929 | 1,381,863,093 |
| Earnings Per Share (EPS) | 33 Tk. | 156.56 | 114.47 |

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Tapan Chowdhury
Managing Director


Samuel S. Chowdhury
Vice Chairman


Khandaker Habibuzzaman
Company Secretary


B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

Dated, Dhaka: 21 July, 2009

SQUARE PHARMACEUTICALS LTD.**STATEMENT OF CHANGES IN EQUITY**

For the Year Ended 31 March 2009

| | Share Capital | Share Premium | General Reserve | Tax Holiday Reserve | Retained Earnings | Total |
|----------------------------|--------------------------|----------------------|--------------------|----------------------|----------------------|----------------------|
| At 31 March 2008 | 894,240,000 | 2,035,465,000 | 105,878,200 | 1,101,935,237 | 4,279,522,268 | 8,417,040,705 |
| Net Profit (2008-2009) | - | - | - | - | 1,890,052,929 | 1,890,052,929 |
| Cash Dividend (2007-2008) | - | - | - | - | (357,696,000) | (357,696,000) |
| Stock Dividend (2007-2008) | 312,984,000 | - | - | - | (312,984,000) | - |
| At 31 March 2009 | Tk. 1,207,224,000 | 2,035,465,000 | 105,878,200 | 1,101,935,237 | 5,498,895,197 | 9,949,397,634 |

SQUARE PHARMACEUTICALS LTD.**STATEMENT OF CHANGES IN EQUITY**

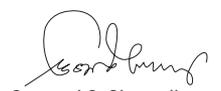
For the Year Ended 31 March 2008

| | Share Capital | Share Premium | General Reserve | Tax Holiday Reserve | Retained Earnings | Total |
|----------------------------|------------------------|----------------------|--------------------|----------------------|----------------------|----------------------|
| At 31 March 2007 | 596,160,000 | 2,035,465,000 | 105,878,200 | 1,101,935,237 | 3,493,819,175 | 7,333,257,612 |
| Net Profit (2007-2008) | - | - | - | - | 1,381,863,093 | 1,381,863,093 |
| Cash Dividend (2006-2007) | - | - | - | - | (298,080,000) | (298,080,000) |
| Stock Dividend (2006-2007) | 298,080,000 | - | - | - | (298,080,000) | - |
| At 31 March 2008 | Tk. 894,240,000 | 2,035,465,000 | 105,878,200 | 1,101,935,237 | 4,279,522,268 | 8,417,040,705 |

As per our annexed report of even date.



Tapan Chowdhury
Managing Director



Samuel S. Chowdhury
Vice Chairman



Khandaker Habibuzzaman
Company Secretary



B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

Dated, Dhaka: 21 July, 2009

SQUARE PHARMACEUTICALS LTD.

CASH FLOW STATEMENT

For the Year Ended 31 March 2009

| | 2008-2009 | 2007-2008 |
|--|-----------------|-----------------|
| Cash Flows From Operating Activities: | | |
| RECEIPTS: | | |
| Collection from Sales | 9,706,402,257 | 8,231,097,525 |
| Others | 466,326,850 | 449,727,661 |
| | 10,172,729,107 | 8,680,825,186 |
| PAYMENTS: | | |
| Purchase of Raw and Packing Materials | 4,595,248,761 | 4,434,614,344 |
| Manufacturing and Operating Expenses | 2,152,581,352 | 2,075,086,488 |
| Bank Interest | 397,135,963 | 351,868,423 |
| Income Tax | 475,997,448 | 458,227,366 |
| Workers Profit Participation Fund | 60,192,228 | 58,051,027 |
| Others | 3,666,917 | 2,148,834 |
| | 7,684,822,669 | 7,379,996,482 |
| Net cash provided by operating activities | 2,487,906,438 | 1,300,828,704 |
| Cash Flows From Investing Activities: | | |
| Purchase of Fixed Assets | (877,960,724) | (1,106,201,471) |
| Disposal of Fixed Assets | 8,806,250 | 8,985,055 |
| Investment in Square Hospitals Ltd. | (500,000,000) | (500,000,000) |
| Investment in National Housing Finance & Investment Ltd. | - | (3,157,800) |
| Investment in Square Biotechs Ltd. | (150,000,000) | (316,400,000) |
| Investment in Square Multi Fabrics Ltd. | (249,500,000) | - |
| Capital Work-in-Progress | - | (109,875,230) |
| Sale of Marketable Securities | 67,289,225 | - |
| Interest Received | 89,551,011 | 112,595,980 |
| Dividend Received | 42,007,687 | 40,197,168 |
| Net cash used in investing activities | (1,569,806,551) | (1,873,856,298) |
| Cash Flows From Financing Activities: | | |
| Long Term Loan Received | 151,162,607 | 414,288,000 |
| Long Term Loan Repaid | (305,401,660) | (237,046,566) |
| Short Term Bank Loan Increase/(Decrease) | (1,135,347,402) | 850,915,306 |
| Short Term Loan Increase/(Decrease) | 817,344,614 | (91,608,631) |
| Dividend Paid | (357,696,000) | (298,080,000) |
| Net cash (used)/provided by financing activities | (829,937,841) | 638,468,109 |
| Increase in Cash and Cash Equivalents | 88,162,046 | 65,440,515 |
| Cash and Cash Equivalents at the Opening | 205,295,694 | 139,855,179 |
| Cash and Cash Equivalents at the Closing | Tk. 293,457,740 | 205,295,694 |

As per our annexed report of even date.


Tapan Chowdhury
Managing Director


Samuel S. Chowdhury
Vice Chairman


Khandaker Habibuzzaman
Company Secretary


B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

Dated, Dhaka: 21 July, 2009

SQUARE PHARMACEUTICALS LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2009

1. SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION

1.1 Legal Form of the Company:

(a) Reporting Company

Square Pharmaceuticals Ltd. was incorporated on 10 November 1964 under the Companies Act 1913 and it was converted into a Public Limited Company in 1991 and offered its share to the public with the approval of the Securities and Exchange Commission in the month of December 1994. The shares of the company are listed in the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

(b) Subsidiaries Company

(i) Square Cephalosporins Ltd.:

Square Cephalosporins Ltd. was incorporated on August 29, 2005 under Companies Act 1994 as a private limited company.

(ii) Square Biotechs Ltd.:

The company was incorporated on June 12, 2006 and registered by the Registrar of Joint Stock Companies & Firms, Dhaka vide Reg. No. C-62167 (4176)/06 dated 12 June, 2006 under Companies Act 1994 as a private limited company.

(iii) Square Multi Fabrics Ltd.:

The company was incorporated on 24 June, 2008 under Companies Act. 1994 as a private limited company.

1.2 Address of Registered Office and Factories:

The registered office of the company is situated at "Square Centre" 48, Mohakhali Commercial Area, Dhaka-1212, Bangladesh. Factory address of the company and its subsidiaries are as follows:

Square Pharmaceuticals Ltd. : (1) Square Road, Salgaria, Pabna, Bangladesh
(2) Kaliakoir, Gazipur, Bangladesh
Square Cephalosporins Ltd. : Kaliakoir, Gazipur, Bangladesh
Square Biotechs Ltd. : Kaliakoir, Gazipur, Bangladesh
Square Multi Fabrics Ltd. : Jamirdia, Valuka, Mymensingh, Bangladesh

1.3 Nature of Business Activities:

(a) Reporting Company:

The company owns and operates modern pharmaceuticals factories and produces and sells pharmaceuticals drugs and medicines. The company has a separate division to operate a modern Basic Chemical Factory and produces and sells Basic Chemical Products. The company has also an AgroVet Division producing and sells AgroVet products.

(b) Subsidiary Companies:

(i) Square Cephalosporins Ltd.:

The company owns modern pharmaceuticals factory and produces and sells Pharmaceuticals drugs and medicines.

(ii) Square Biotechs Ltd.:

To carry on the business of inter alia manufacturing, marketing, sales and distribution of all kinds of biotechnological medicines/drugs for life saving and healthcare.

(iii) Square Multi Fabrics Ltd.:

To carry on the business of manufacturing, marketing in all types of knit fabrics, yarn, garments for gents, ladies and children's including the preparation, sizing, mercerizing, processing, printing, embroidering, dyeing, coloring and finishing and other ancillary work.



1.4 Basis of Preparation and Presentation of Financial Statements:

The elements of financial statements have been measured on "Historical Cost" convention in a going concern concept and on accrual basis in accordance with generally accepted accounting principle and practice in Bangladesh in compliance with the Companies Act 1994, the Securities and Exchange Rules 1987, listing regulations of Dhaka Stock Exchange Ltd. (DSE) & Chittagong Stock Exchange Ltd. (CSE) and International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB), as Bangladesh Accounting Standard (BAS).

1.5 Principal Accounting Policies:

Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of BAS-1 "Presentation of Financial Statements" in preparation and presentation financial statements. The previous years' figures were presented according to the same accounting principles. Compared to the previous year, there were no significant changes in the accounting and valuation principles affecting the financial position and performance of the company. However, changes made to the presentation are explained in the note for each respective item.

Accounting and valuation methods are disclosed for reasons of clarity. The company classified the expenses using the function of expenses method as per BAS-1.

1.6 Application of Bangladesh Accounting Standards (BAS):

The following BASs are applicable for the financial statements for the year under review:

| | |
|----------|---|
| BAS - 1 | Presentation of Financial Statements |
| BAS - 2 | Inventories |
| BAS - 7 | Cash Flow Statements |
| BAS - 8 | Accounting Policies, Changes in Accounting Estimates and Errors |
| BAS - 10 | Events after the Balance Sheet Date |
| BAS - 12 | Income Taxes |
| BAS - 14 | Segment Reporting |
| BAS - 16 | Property, Plant and Equipment |
| BAS - 17 | Leases |
| BAS - 18 | Revenue |
| BAS - 19 | Employee Benefits |
| BAS - 21 | The effects of Changes in Foreign Exchange Rates |
| BAS - 23 | Borrowing Costs |
| BAS - 24 | Related Party Disclosures |
| BAS - 26 | Accounting and Reporting by Retirement Benefit Plans |
| BAS - 27 | Consolidated Financial Statements and Accounting for Investment in Subsidiary |
| BAS - 28 | Accounting for Investment in Associates |
| BAS - 33 | Earnings Per Share |
| BAS - 37 | Provisions, Contingent Liabilities and Contingent Assets |
| BAS - 38 | Intangible Assets |

1.7 Property, Plant and Equipment:

All property, plant and equipment is initially accounted for at cost and depreciated over their expected useful life in accordance with BAS-16. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes. In respect of major projects involving construction, related pre-operational expenses form part of the value of asset capitalised. Expenses capitalised also include applicable borrowing cost.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the income statement which is determined with reference to the net book value of the assets and the net sales proceeds.

1.8 Depreciation:

No depreciation is charged on freehold land or on capital work -in -progress. Depreciation is charged on all other fixed assets on a reducing balance method for Square Pharmaceuticals Ltd. (SPL) while Square Cephalosporins Ltd. (SCL) and Square Spinnings Ltd. (SSL) has followed straight line method of depreciation and depreciation of Square Spinnings Ltd. has been taken for six months due to SSL merge with Square Textiles Ltd. at 29-09-2008. Depreciation for full years has been charged on additions irrespective of date when the related assets are put into use and no depreciation has been charged on assets disposed off during the year.

The rates at which assets are depreciated per annum, depending on the nature and estimated useful life of assets are given below:

| | SPL | SCL | SSL |
|---|-----|-----|-------|
| Factory Building and Other Construction | 10% | - | 5% |
| Plant & Machinery | 15% | 15% | 6.67% |
| Laboratory & Office Equipment | 10% | 10% | 15% |
| Furniture & Fixture | 10% | 10% | 15% |
| Motor Vehicles | 20% | 20% | 20% |
| Electrical Installation | 15% | 15% | 15% |
| Books & Periodicals | 30% | - | - |
| Electro Mechanical Equipment | - | 15% | 15% |

Uniform depreciation method could not be followed for preparation of consolidated financial statements because the companies are engaged in different nature of business.

1.9 Inventories:

Inventories are stated at the lower of cost or net realizable value in compliance to the requirements of para 21 & 25 of BAS-2.

Types of Stock

Basis of Valuation

| | |
|--|--|
| Raw Materials, Packing Materials and Work-in-Process | Weighted Average Cost |
| Finished Goods | At lower of cost or net estimated realizable value |
| Spare & Accessories | Weighted Average Cost |
| Goods in Transit | At Cost |

The cost is determined on weighted average cost basis. Net realizable value is based on estimated selling price less any further costs anticipated to be incurred to make the sale. Any obsolete stock or abnormal losses are recognized as expenses.

1.10 Income Taxes:

Current Tax

Provision for income tax has been made as per Income Tax Rules after adjustment of 10% rebate for declaration of Dividend above 20%.

Deferred Tax

Provision is made for taxable temporary differences for the prior years and will be adjusted in due course of time as and when required.

1.11 Employees Separation Plans:

Staff Provident Fund

The company has established a recognized contributory provident fund scheme. The fund is wholly administered by a Board of Trustees. No part of the fund is included in the assets of the company.

Gratuity

The company has an unfunded gratuity scheme under which an employee is entitled to the benefits depending on the length of service.

Insurance

The company has also a group insurance scheme for its permanent employees, premium for which is being charged to income statement annually as per the insurance policy.

Workers Profit Participation Fund and Welfare Fund

The company makes a regular allocation of 5% on net profit before tax to this fund and payment is made to the workers as per provisions of the Companies Profit under Labour Law 2006 Chapter-15.



1.12 Revenue Recognition:

(a) Sales of Goods:

In compliance with the requirements of BAS-18 revenue is recognised for local sales of Pharmaceuticals Drugs and Medicines, AgroVet Products and Pesticide Products at the time of delivery from depot and Exports of Pharmaceuticals Drugs and Medicines at the time of delivery from Factory Godown. Local sales of Basic Chemical Products are recognised at the time of delivery from Factory Godown i.e when the significant risk and rewards of ownership is transferred to the buyer, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

(b) Dividend income is recognized when the right to received payment is established.

(c) Interest income is recognized when accrued on a time proportion basis.

1.13 Turnover:

Turnover comprises the following:

Reporting Company:

- Sales of locally manufactured Pharmaceuticals Drugs and Medicines.
- Export of Pharmaceuticals Drugs and Medicines.
- Local Sales of Basic Chemicals Products.
- Sales of locally manufactured and imported AgroVet Products.
- Sales of locally manufactured and imported Pesticide Products.

Subsidiary Company:

- Sales of locally manufactured Pharmaceuticals drugs and medicines.
- Sales of locally manufactured yarn both locally sales and export for six months of Square Spinnings Ltd.

1.14 Foreign Currency Transactions:

Foreign currencies are translated into taka at the exchange rates ruling on the date of transactions in accordance with BAS-21 "The Effects of Changes in Foreign Exchange Rates". Bank deposit in foreign currency for retention quota account has been translated into taka at the year end at the rate of exchange ruling on that date and gain/(loss) have been accounted for as other income/(loss) in the income statement.

1.15 Cash Flow Statement:

Cash flow statement is prepared in accordance with BAS-7 under direct method as outlined in the Securities and Exchange Rule 1987.

1.16 Earnings per Share (EPS):

Earnings per Share (EPS) is calculated in accordance with the Bangladesh Accounting Standard BAS-33 "Earnings per Share".

Basic Earnings per Share

"Earnings per Share" has been calculated by dividing the earnings attributable to the number of shares (ordinary) held by the members during the year.

Weighted Average Number of Ordinary Shares Outstanding during the year

The Bonus Shares issued during the year 2008-2009 were treated as if they had been in issue in previous years also. Hence, in computing the Basic Earnings Per Share (EPS) of 2008-2009, the total number of shares including the said bonus shares has been considered as the Weighted Average Number of Shares Outstanding during the year 2007-2008.

Diluted Earnings per Share

No diluted Earnings Per Share was required to be calculated for the year under review as there is no scope for dilution of Earnings Per Share for the year.

1.17 Basis of Consolidation:

Percentage of Holding Share on Subsidiaries Company:

| Subsidiary Company | Holding of Share | Percentage of Holding |
|----------------------------|------------------|-----------------------|
| Square Cephalosporins Ltd. | 950,000 | 99.48% |
| Square Biotechs Ltd. | 665,000 | 99.25% |
| Square Multi Fabrics Ltd. | 995,000 | 99.50% |
| Square Spinnings Ltd. | 980,000 | 98.00% |

Subsidiaries entities are controlled by Square Pharmaceuticals Ltd. (SPL). Control exists when SPL has the power to govern the financial and operating policies of the entity. In assessing control potential voting rights that are presently exercisable are considered.

Square Spinnings Ltd. (SSL) was subsidiary company upto 29 Spetember, 2008 and thereafter merged with Square Textiles Ltd. (STXL), a public limited company through a scheme of amalgamation with the approval of the honourable Supreme Court (High Court Division) and consent of the Securities and Exchange Commission (SEC). In exchange of holding of 980,000 shares of Tk. 100/- each of SSL, SPL received 11,270,000 shares of Tk. 10/- each STXL in the ratio of 1:11.50 with bonus share issued by the company STXL.

1.18 Consolidation of Accounts:

In terms of the requirements of Bangladesh Accounting Standards (BAS) accounts of the company's own and that of its subsidiaries have been consolidated as follows:

| Subsidiary Company | Year Ending | Remarks |
|----------------------------|--------------------|-----------------------------|
| Square Cephalosporins Ltd. | 31, March 2009 | Audited Balance Sheet |
| Square Biotechs Ltd. | 31, March 2009 | Audited Balance Sheet |
| Square Multi Fabrics Ltd. | 31, March 2009 | Audited Balance Sheet |
| Square Spinnings Ltd. | 29, September 2008 | Un-audited Income Statement |

Income Statement of Square Spinnings Ltd. for six months included in the Consolidated Income Statement due to merge with Square Textiles Ltd. at 29-09-2008.

1.19 Related Party Transactions:

The company did not do any transaction with it's sister concern other than its subsidiaries/associate undertakings viz Square Spinnings Ltd., Square Textiles Ltd., Square Knit Fabrics Ltd., Square Fashions Ltd., Square Hospitals Ltd., Square Cephalosporins Ltd., Square InformatiX Ltd., Square Biotechs Ltd. and Square Multi Fabrics Ltd.

1.20 Borrowing Cost:

The company capitalises borrowing cost for new projects such as interest on term loan and other related fees/charges for the period till to commencement of commercial operation and charges the cost to revenue account as financial expenses after commencement of the commercial operation.

1.21 Concentration of Counterparty Risk:

As of 31st March 2009, the company does not have any significant concentration of business transacted with a particular customer, supplier or lender that could, if suddenly eliminated, have severe impact the company's operations. The company also does not have any concentration of available source of labour, service or licenses or other rights that could, if suddenly eliminated, have severe impact of the operations of the company.

1.22 Net Profit before Tax:

Net Profit before Tax for the year were not materially affected by:

- transaction of a nature not usually undertaken by the company;
- circumstances of an exceptional or non-recurring nature;
- charges or credits realting to prior years; and
- changes in accounting policies.

1.23 Cash and Cash Equivalent:

This comprises cash in hand and cash at bank which are available for use by the company.



1.24 Segment Reporting:

As there is a single business and geographic segment within which the company operates as such no segment reporting is felt necessary.

1.25 Share Premium:

The balance in share premium account shall be utilized in accordance with provisions of the Companies Act 1994 and as directed by the Securities and Exchange Commission in this respect.

1.26 Provisions, Contingent Liabilities and Contingent Assets:

Provisions were made considering risk and un-certainties at best estimate of the probable expenditure that would require to meet the current obligation on the Balance Sheet date.

Contingent liabilities and assets are current or possible obligations or on liabilities or assets, arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with BAS-37, they are disclosed in the Note No. 44 hereunder.

1.27 Research, Development and Experimental Costs:

In compliance with the requirements of BAS-38 "Intangible Assets" research, development and experimental costs are usually absorbed as revenue charges as and when incurred, as being not that much material in the company's and /local context.

1.28 General:

Previous year's figures have been regrouped/reclassified wherever considered necessary to conform to current year's presentation. Figures have been rounded off to the nearest taka, as the currency represented in this financial statements.

| | 31-03-09 | 31-03-08 |
|--|---------------------------------|-----------------------------|
| 2. PROPERTY, PLANT AND EQUIPMENT: Tk. 4,899,679,832 | | |
| Details of Property, Plant and Equipment and Depreciation as at 31 March 2009 are shown in the annexed Schedule - 01. This is arrived at as follows: | | |
| Opening Balance (At Cost) | 6,893,452,889 | 5,803,500,191 |
| Add: Net Addition during the Year | 1,450,237,814 | 1,089,952,698 |
| Closing Balance (At Cost) | 8,343,690,703 | 6,893,452,889 |
| Less: Accumulated Depreciation | 3,444,010,871 | 2,805,020,718 |
| Carrying Value | Tk. <u><u>4,899,679,832</u></u> | <u><u>4,088,432,171</u></u> |

Allocation of depreciation charge for the year has been made in the accounts as follows:

| | 2008-2009 | 2007-2008 |
|-----------------------------------|-------------------------------|---------------------------|
| Factory Overhead | 454,290,404 | 325,791,876 |
| Selling and Distribution Expenses | 57,334,928 | 49,822,634 |
| Administrative Expenses | 140,936,267 | 170,880,939 |
| | Tk. <u><u>652,561,599</u></u> | <u><u>546,495,449</u></u> |

| | 31-03-09 | 31-03-08 |
|--|----------|--------------------|
| 3. CAPITAL WORK-IN-PROGRESS: Tk. - Nil | | |
| This represents expenditure incurred for small volume parental ophthalmic project and power project. The break-up of the above amount are given below: | | |
| Building/Civil Work | - | 148,941,131 |
| Plant & Machinery | - | 404,029,787 |
| Other Assets | - | 4,713,222 |
| Interest during Construction Period | - | 29,168,646 |
| Unallocated Expenditure | - | 4,261,863 |
| Tk. | - | 591,114,649 |

The balance of Capital Work-in-Progress has been capitalized.

4. INVESTMENT-Long Term (at Cost): Tk. 4,508,050,169

This consists of the following:

Subsidiaries:

| | | |
|--|-------------|-------------|
| (a) 950,000 Ordinary Shares of Tk. 100/- each in Square Cephalosporins Ltd. | 95,000,000 | 95,000,000 |
| (b) Advance against Share Money with Square Cephalosporins Ltd. for 4,000,000 Shares of Tk. 100/- each | 400,000,000 | 400,000,000 |
| (c) 665,000 Ordinary Shares of Tk. 100/- each in Square Boitechs Ltd. | 66,500,000 | 66,500,000 |
| (d) Advance against Share Money with Square Biotechs Ltd. for 4,180,000 Shares of Tk. 100/- each | 418,000,000 | 268,000,000 |
| (e) 995,000 Ordinary Shares of Tk. 100/- each in Square Multi Fabrics Ltd. | 99,500,000 | - |
| (f) Advance against Share Money with Square Multi Fabrics Ltd. for 1,500,000 Shares of Tk. 100/- each | 150,000,000 | - |

Associates & Others:

| | | |
|--|----------------------|----------------------|
| (a) 27,320,534 Ordinary Shares of Tk. 10/- each including Bonus Shares in Square Textiles Ltd. | 183,442,369 | 88,636,364 |
| (b) 980,000 Ordinary Shares of Tk. 100/- each in Square Spinnings Ltd. | - | 98,000,000 |
| (c) 120,000 Ordinary Shares of Tk. 100/- each in United Hospital Ltd. | 12,000,000 | 12,000,000 |
| (d) National Housing Finance and Investment Ltd: | 23,157,800 | 23,157,800 |
| ● 235,000 Ordinary Shares of Tk. 100/- each including 35,000 Bonus Shares | | |
| ● 10,526 Ordinary Shares of Tk. 100/- each with Premium of Tk. 200/- each | | |
| (e) 10 Ordinary Shares of Tk. 1,000,000/- each in Central Depository Bangladesh Ltd. | 10,000,000 | 10,000,000 |
| (f) Square Hospitals Ltd.: | 209,250,000 | 209,250,000 |
| ● 2,000 Ordinary Shares of Tk. 1,000/- each with premium of Tk. 5,500/- each | | |
| ● 196,250 Ordinary Shares of Tk. 1,000/- each | | |
| (g) Advance against Share Money with Square Hospitals Ltd. for 2,000,000 Shares of Tk. 1,000/- each | 2,000,000,000 | 1,500,000,000 |
| (h) 1,260,000 Ordinary Shares of Tk. 100/- each in Square Knit Fabrics Ltd. | 126,000,000 | 126,000,000 |
| (i) Advance against Share Money with Square Knit Fabrics Ltd. for 3,920,000 Shares of Tk. 100/- each | 392,000,000 | 392,000,000 |
| (j) 252,000 Ordinary Shares of Tk. 100/- each in Square Fashions Ltd. | 25,200,000 | 25,200,000 |
| (k) Advance against Share Money with Square Fashions Ltd. for 1,980,000 Shares of Tk. 100/- each | 198,000,000 | 198,000,000 |
| (l) Advance against Share Money with Square Informatix Ltd. for 1,000,000 Shares of Tk. 100/- each | 100,000,000 | 100,000,000 |
| Tk. | 4,508,050,169 | 3,611,744,164 |



| | 31-03-09 | 31-03-08 |
|--|----------------------|----------------------|
| 5. INVENTORIES: Tk. 2,098,755,231 | | |
| The break-up is as under: | | |
| Raw Materials | 712,447,113 | 688,846,968 |
| Packing Materials | 203,170,462 | 186,341,475 |
| Work-in-Process | 146,340,693 | 141,106,414 |
| Finished Goods | 568,607,732 | 581,543,862 |
| Spares & Accessories | 99,673,071 | 87,243,576 |
| Goods in Transit | 368,516,160 | 341,654,027 |
| Tk. | 2,098,755,231 | 2,026,736,322 |

The basis of valuation is stated in note-1 (1.9)

6. TRADE DEBTORS: Tk. 477,562,002

(i) Trade debtors occurred in the ordinary course of business are unsecured but considered good. Ageing of the above debtors is as follows:

| | | |
|-------------------|--------------------|--------------------|
| Below 30 days | 209,027,961 | 247,995,969 |
| Within 31-60 days | 32,015,833 | 37,053,893 |
| Within 61-90 days | 9,245,177 | 15,330,219 |
| Above 90 days | 227,273,031 | 59,865,565 |
| Tk. | 477,562,002 | 360,245,646 |

(ii) Debtors include Tk. 63,096,760 due from export sales of which Tk. 57,957,585 has since been realised.

(iii) There was no amount due by the Directors (including Managing Director), managing agent of the company and any of them severally or jointly with any other person.

(iv) There was also no other amount due by associate undertakings.

7. ADVANCES, DEPOSITS & PREPAYMENTS (Considered Good) : Tk. 260,330,162

This consists of as follows:

| | | |
|----------------------------------|--------------------|--------------------|
| Advances: | 122,253,445 | 170,036,496 |
| Employees | 11,532,938 | 12,338,255 |
| Motor Cycle Loan - Employees | 2,632,762 | 1,050,525 |
| Suppliers | 108,087,745 | 156,647,716 |
| Deposits: | 125,373,221 | 114,850,905 |
| L.C Margin | 27,052,081 | 27,627,784 |
| Value Added Tax | 61,305,216 | 64,227,261 |
| Earnest Money & Security Deposit | 15,993,378 | 12,326,461 |
| Lease Deposit | 1,071,758 | 1,071,758 |
| Others | 19,950,788 | 9,597,641 |
| Prepayments: | 12,703,496 | 3,919,039 |
| Office Rent | 2,016,462 | 1,517,062 |
| Insurance Premium | 10,687,034 | 2,401,977 |
| Tk. | 260,330,162 | 288,806,440 |

(a) Employees advances of Tk. 11,532,938 includes advance to officers Tk. 9,950,736

(b) No amount was due by the Directors (including Managing Director), managing agent of the company and any of them severally or jointly with any other person except as stated in (a) above.

(c) No amount was due by the associate undertakings.

| | 31-03-09 | 31-03-08 |
|--|------------|------------|
| 8. INVESTMENT IN MARKETABLE SECURITIES (At Cost): Tk. 20,250,000 | | |
| 150,000 Ordinary Shares of Tk. 100/- each with premium of Tk. 35/- in Pioneer Insurance Company Ltd. Tk. | 20,250,000 | 20,250,000 |

9. SHORT TERM LOAN (Unsecured): Tk. 693,157,720

This consists of as follows:

| | | |
|--------------------------------|--------------------|----------------------|
| (a) Square Textiles Ltd. | 224,861,953 | 231,884,579 |
| (b) Square Knit Fabrics Ltd. | 100,788,884 | 445,810,619 |
| (c) Square Fashions Ltd. | 89,346,424 | 90,138,625 |
| (d) Square Hospitals Ltd. | 64,295,970 | 411,011,705 |
| (e) Square InformatiX Ltd. | 130,014,016 | 144,012,296 |
| (f) Square Cephalosporins Ltd. | 28,340,200 | 147,800,513 |
| (g) Square Biotechs Ltd. | 22,219,763 | 39,843,997 |
| (h) Square Multi Fabrics Ltd. | 33,290,510 | - |
| Tk. | 693,157,720 | 1,510,502,334 |

Short term loan is receivable from the above subsidiaries/associate undertakings and bearing interest @ 1% above the rate of interest charged by the commercial bank and considered good.

10. CASH AND CASH EQUIVALENTS: Tk. 293,457,740

This is made-up as follows:

| | | |
|-----------------------------------|--------------------|--------------------|
| (a) Cash in Hand | 855,285 | 980,176 |
| (b) Cash at Bank : | 292,602,455 | 204,315,518 |
| • Current Account | 23,349,564 | 18,794,351 |
| • STD Account | 5,329,561 | 1,996,199 |
| • Fixed Deposit Account (BD Taka) | 23,280,799 | 19,620,919 |
| • Fixed Deposit Account (USD) | 57,098,863 | 114,461,647 |
| • Export Retention Quota Account | 183,543,668 | 49,442,402 |
| Tk. | 293,457,740 | 205,295,694 |

The fixed deposit amount of Tk. 23,280,799 had to keep as lien against sanction of overdraft facilities for the company.



| | 31-03-09 | 31-03-08 |
|--|----------------------|--------------------|
| 11. SHARE CAPITAL: Tk. 1,207,224,000 | | |
| This is made-up as follows: | | |
| Authorised: | | |
| 50,000,000 Ordinary Shares of Tk.100/- each | 5,000,000,000 | 5,000,000,000 |
| Issued, subscribed and paid-up: | | |
| a) By Cash: | | |
| 1,009,230 Ordinary Shares of Tk.100/- each fully paid-up in cash | 100,923,000 | 100,923,000 |
| b) Other than Cash: | | |
| 4,002 Ordinary Shares of Tk.100/- each fully paid-up for consideration other than cash | 400,200 | 400,200 |
| c) By issue of Bonus Share: | | |
| 11,059,008 Ordinary Shares of Tk.100/- each fully paid-up as Bonus Shares | 1,105,900,800 | 792,916,800 |
| Tk. | 1,207,224,000 | 894,240,000 |

Shareholding Position as on 31 March 2009 is as follows:

| | No. of Investors | Number of Shares | % of Share Holding 2008-2009 | % of Share Holding 2007-2008 |
|-------------------|------------------|-------------------|------------------------------|------------------------------|
| Sponsors | 19 | 6,537,996 | 54.16% | 54.18% |
| Foreign Investors | 23 | 760,060 | 6.30% | 8.72% |
| Others | 47,216 | 4,774,184 | 39.54% | 37.10% |
| | 47,258 | 12,072,240 | 100.00% | 100.00% |

The distribution schedule showing the number of shareholders and their share holdings in percentage has been disclosed below:

| Range of Holdings | As per Folio | | As per BOID | | Total Share Holdings | % |
|-----------------------------|----------------|------------------|----------------|------------------|----------------------|----------------|
| | No. of Holders | Holdings | No. of Holders | Holdings | | |
| Less than 500 Shares | 3,168 | 200,721 | 43,239 | 1,338,317 | 1,539,038 | 12.75% |
| 501 to 5,000 Shares | 99 | 104,143 | 642 | 752,587 | 856,730 | 7.10% |
| 5,001 to 10,000 Shares | 6 | 39,811 | 30 | 210,854 | 250,665 | 2.08% |
| 10,001 to 20,000 Shares | 5 | 63,642 | 24 | 370,121 | 433,763 | 3.59% |
| 20,001 to 30,000 Shares | 3 | 71,999 | 8 | 194,277 | 266,276 | 2.20% |
| 30,001 to 40,000 Shares | 3 | 90,765 | 3 | 104,939 | 195,704 | 1.62% |
| 40,001 to 50,000 Shares | - | - | 3 | 133,761 | 133,761 | 1.11% |
| 50,001 to 100,000 Shares | 1 | 75,783 | 6 | 474,495 | 550,278 | 4.56% |
| 100,001 to 1,000,000 Shares | 12 | 4,656,968 | 5 | 1,995,047 | 6,652,015 | 55.10% |
| Over 1,000,000 Shares | 1 | 1,194,010 | - | - | 1,194,010 | 9.89% |
| Total | 3,298 | 6,497,842 | 43,960 | 5,574,398 | 12,072,240 | 100.00% |

| | 31-03-09 | 31-03-08 |
|---------------------------|-------------------|---------------|
| 12. SHARE PREMIUM: | Tk. 2,035,465,000 | 2,035,465,000 |

Out of the total premium Tk. 2,035,465,000, an amount of Tk. 800,000,000 was raised at the time of Initial Public Offering (IPO) which has been utilised for BMRE at Pabna and for a new Pharmaceuticals Project at Kaliakoir, Gazipur. The balance amount of Tk. 1,235,465,000 has been raised for issue of Bonus Shares in compliance with Circular No.SEC/CFD/2001/Admin/02-02 dated October 04, 2001 of the Securities and Exchange Commission.

| | | |
|---------------------------------|-------------------|---------------|
| 13. TAX HOLIDAY RESERVE: | Tk. 1,101,935,237 | 1,101,935,237 |
|---------------------------------|-------------------|---------------|

14. LONG TERM LOANS (Secured): Tk. 449,757,608

This represents long term loans from financial institutions are as follows :

| | | |
|---|--------------------|--------------------|
| (a) Standard Chartered Bank, Dhaka | 124,574,482 | 179,574,481 |
| (b) Commercial Bank of Ceylon Ltd., Dhaka | 22,143,941 | 33,215,996 |
| (c) Trust Bank Ltd., Dhaka | 80,651,774 | 111,208,856 |
| (d) HSBC Ltd., Dhaka | 103,849,440 | - |
| (e) Minimum Lease Payments | 118,537,971 | 278,585,282 |
| Tk. | 449,757,608 | 602,584,615 |

(a) Standard Chartered Bank:

The loan of Tk. 220,000,000 was disbursed for BMRE and it is secured on fixed and floating assets of the company. The interest rate of loan will remain floating. Currently the rate applied to the loan is 12.25% per annum and the loan is repayable in 14 (fourteen) equal quarterly installment starting from May, 2008. The remaining balance stands at Tk. 124,574,482 as on 31.03.2009.

(b) Commercial Bank of Ceylon Ltd.:

The loan of Tk. 44,288,000 was disbursed for import of machinery and it is secured on specific imported machinery. The interest of loan will remain floating. Currently the rate applied to the loan is 12% per annum and the loan is repayable in 48 (forty eight) equal monthly installemnt starting from April, 2008. The remaining balance stands at Tk. 22,143,941 as on 31.03.2009.

(c) Trust Bank Ltd.:

The loan of Tk. 150,000,000 was disbursed for the Pellet Project and it is secured on fixed and floating assets of the company. The interest rate of loan will remain floating. Currently the rate applied to the loan is 13.50% per annum and the loan is repayable in 57 (fifty seven) equal monthly installment starting from October, 2007. The remaining balance stands at Tk. 80,651,774 as on 31.03.2009.

(d) HSBC Ltd.:

The loan of Tk. 151,162,607 was disbursed for import of machinery and it is secured on specific imported machinery. The interest rate of loan will remain flotaing. Currently the rate applied to the loan is 12% per annum and the loan is repayable in 15 (fifteen) equal quarterly installment starting from January, 2009. The remaining balance stands at Tk. 103,849,440 as on 31.03.2009.

**(e) Minimum Lease Payments- Tk. 118,537,971**

31-03-09

31-03-08

(1) Investment Corporation of Bangladesh (ICB):

An amount of Tk. 500,000,000 was recognized as Minimum Lease Payments under lease for hospital equipments which will be used by Square Hospitals Ltd. on rental basis. The lease is repayable in 60 (sixty) equal monthly installment of Tk. 10,832,103 starting from August 2005 and the remaining balance stands at Tk.42,810,572 as on 31.03.2009.

(2) Shahjalal Islami Bank Ltd.:

An amount of Tk. 150,000,000 was recognized as Minimum Lease Payments under lease of machineries for Small Volume Parrental Ophthalmic Unit. The lease is repayable in 10 (ten) equal half-yearly installment of Tk. 21,357,000 starting from December 2006 and the remaining balance stands at Tk. 56,047,163 as on 31.03.2009.

(3) Industrial Development Leasing Company of Bangladesh Ltd.:

An amount of Tk. 38,442,000 was recognized as Minimum Lease Payments under lease of Vehicle. The lease is repayable in 60 (sixty) equal monthly installment of Tk. 914,540 starting from March 2007 and the remaining balance stands at Tk. 17,929,237 as on 31.03.2009.

(4) Industrial Promotion and Development Company of Bangladesh Ltd.:

An amount of Tk. 4,600,000 is recognized as Minimum Lease Payment under lease of Vehicle. The lease is repayable in 36 (thirty six) equal monthly installment of Tk. 157,217 starting from April 2008 and the remaining balance stands at Tk. 1,750,999 as on 31.03.2009.

15. DEFERRED TAX LIABILITY: Tk. 211,219,060

This represents provision is made for deferred income tax to pay future income tax liability for temporary differences which is arrived at as follows:

| | | |
|---------------------|--------------------|--------------------|
| Opening Balance | 182,656,997 | 105,546,727 |
| Add: Provision made | 28,562,063 | 77,110,270 |
| Closing Balance | 211,219,060 | 182,656,997 |

16. SHORT TERM BANK LOAN: Tk. 1,534,345,782

This consists of as follows:

| | | |
|---|----------------------|----------------------|
| Cash Credit - Janata Bank Ltd., Pabna | 28,587,651 | 151,047,264 |
| Cash Credit - Janata Bank Ltd., Local Office, Dhaka | 20,146,821 | 140,572,104 |
| Short Term Loan - Citibank N.A, Dhaka | 7,600,852 | 323,445,482 |
| Trust Receipt - Citibank N.A, Dhaka | 275,825,852 | 321,303,178 |
| Short Term Loan - Commercial Bank of Ceylon Ltd., Dhaka | 26,053,906 | 50,694,946 |
| Trust Receipt -Commercial Bank of Ceylon Ltd., Dhaka | 23,045,000 | 32,893,000 |
| Short Term Loan - Standard Chartered Bank, Dhaka | 305,243,050 | 259,555,438 |
| Trust Receipt - Standard Chartered Bank, Dhaka | 171,803,110 | 259,412,009 |
| Short Term Loan - Bank Alfalah Ltd., Dhaka | 100,000,000 | 100,000,000 |
| Trust Receipt - Bank Alfalah Ltd., Dhaka | 10,672,300 | 20,860,000 |
| Overdraft - Eastern Bank Ltd., Dhaka | 23,689,189 | 21,981,742 |
| Trust Receipt - Eastern Bank Ltd., Dhaka | 39,693,127 | 74,835,844 |
| Overdraft - Mercantile Bank Ltd., Dhaka | 26,611,755 | 52,115,413 |
| Trust Receipt - Mercantile Bank Ltd., Dhaka | 129,219,538 | 307,236,069 |
| Trust Receipt - Shahjalal Islami Bank Ltd., Dhaka | 57,271,601 | 127,434,048 |
| Short Term Loan - HSBC Ltd., Dhaka | 135,000,000 | 200,000,000 |
| Trust Receipt - Pubali Bank Ltd., Dhaka | 12,827,000 | 48,778,116 |
| Trust Receipt - Bank Asia Ltd., Dhaka | 44,632,686 | - |
| Overdraft - Sonali Bank Ltd., Custom House Dhaka-Secured by FDR | 6,556,171 | 2,152,205 |
| Overdraft - Sonali Bank Ltd., Mohakhali Branch, Dhaka-Secured by FDR | 61,818 | - |
| Overdraft - Janata Bank Ltd., Mohakhali Corporate Br., Dhaka-Secured by FDR | 66,757,772 | 151,748,307 |
| Overdraft - Janata Bank Ltd., Mimi Super Market Br, Chittagong-Secured by FDR | 6,892,274 | 8,011,547 |
| Overdraft - Janata Bank Ltd., Foreign Exchange Corporate Br., Sylhet-Secured by FDR | 1,539,615 | 1,453,544 |
| Overdraft - Janata Bank Ltd., Maizdee Court Corporate Br., Noakhali-Secured by FDR | - | 1,081,279 |
| Others | 14,614,694 | 13,081,649 |
| Tk. | 1,534,345,782 | 2,669,693,184 |

The loans of Janata Bank Ltd. are secured by registered mortgage and other loans are secured against pledge and hypothecation of stocks and book debts.

| | 31-03-09 | 31-03-08 |
|---|----------|----------|
| 17. LONG TERM LOANS - Current Portion: Tk. 295,590,601 | | |

This represents current portion of long term loans from financial institutions which are repayable within next 12 months from April, 2009 and consists of as follows:

| | | |
|---|--------------------|--------------------|
| (a) Standard Chartered Bank, Dhaka | 55,000,000 | 115,856,689 |
| (b) Commercial Bank of Ceylon Ltd., Dhaka | 11,072,004 | 11,072,004 |
| (c) Trust Bak Ltd., Dhaka | 30,557,084 | 26,718,340 |
| (d) HSBC Ltd., Dhaka | 38,914,202 | - |
| (e) Minimum Lease Payments | 160,047,311 | 143,355,613 |
| Tk. | 295,590,601 | 297,002,646 |

| | | | |
|-----------------------------|-----|--------------------|--------------------|
| 18. TRADE CREDITORS: | Tk. | 124,222,699 | 100,953,258 |
|-----------------------------|-----|--------------------|--------------------|

This represents amount payable to regular suppliers of raw materials, packing materials, promotional materials etc. All suppliers were paid on a regular basis.

19. LIABILITIES FOR EXPENSES: Tk. 69,573,702

This consists of as follows:

| | | |
|-----------------------|-------------------|-------------------|
| Accrued Expenses | 60,140,449 | 18,302,420 |
| Clearing & Forwarding | 9,233,253 | 13,787,815 |
| Audit Fees | 200,000 | 200,000 |
| Tk. | 69,573,702 | 32,290,235 |

20. LIABILITIES FOR OTHER FINANCE: Tk. 617,135,770

This consists of as follows:

| | | |
|------------------------------------|--------------------|--------------------|
| Sundry Creditors | 135,561,661 | 101,914,334 |
| Income Tax (Deduction at Source) | 1,381,663 | 826,313 |
| Retention Money | 1,242,644 | 1,232,842 |
| Workers' Profit Participation Fund | 266,614,925 | 201,244,192 |
| Income Tax Payable (Note-21) | 212,334,877 | 95,688,099 |
| Tk. | 617,135,770 | 400,905,780 |

21. INCOME TAX PAYABLE: Tk. 212,334,877

This is arrived at as follows:

| | | |
|--|--------------------|--------------------|
| Income Tax Payable: | 688,332,325 | 553,915,465 |
| - Balance at 01-04-2008 | 95,688,099 | 144,254,638 |
| - Provision made during the Year 2007-08 (Note-32) | - | 409,660,827 |
| - Provision made during the Year 2008-09 (Note-32) | 592,644,226 | - |
| Less: Payment of Income Tax: | 475,997,448 | 458,227,366 |
| - During the Year 2006-07 | - | 144,254,638 |
| - During the Year 2007-08 | 95,688,099 | 313,972,728 |
| - During the Year 2008-09 | 380,309,349 | - |
| Balance at 31-03-2009 | 212,334,877 | 95,688,099 |



NOTES TO THE FINANCIAL STATEMENTS



2008-2009

2007-2008

22. GROSS TURNOVER: Tk. 11,366,597,928

This is made-up as follows:

Local:

| | | |
|-----------------------------|-----------------------|----------------------|
| Pharmaceuticals Products | 10,341,891,716 | 8,724,399,080 |
| Basic Chemicals | 227,535,823 | 356,985,702 |
| AgroVet Products | 281,767,970 | 194,721,915 |
| Pesticide Products | 179,065,247 | 77,113,381 |
| Total Local Turnover | 11,030,260,756 | 9,353,220,078 |

Export:

| | | |
|--|---------------------------|----------------------|
| Pharmaceuticals Products (US \$ 4,864,327) | 331,843,047 | 209,880,361 |
| Basic Chemicals | - | 2,111,813 |
| AgroVet Products (US \$ 65,707) | 4,494,125 | 503,650 |
| Total Export | 336,337,172 | 212,495,824 |
| Gross Turnover | Tk. 11,366,597,928 | 9,565,715,902 |

(i) Sales consists of 492 Pharmaceuticals Products, 16 Basic Chemical Products, 29 AgroVet Products and 19 Pesticide Products . The summarised quantity are as under:

(Quantity in Thousand)

| Category | Unit | Opening | Production/Purchase | Sales | Closing |
|--------------------------------|---------|---------|---------------------|-----------|---------|
| Tablets | Pcs | 246,492 | 2,924,947 | 2,876,693 | 294,746 |
| Capsules | Pcs | 56,277 | 667,065 | 685,220 | 38,122 |
| Liquids | Bottles | 2,607 | 59,525 | 59,247 | 2,885 |
| Injectables (Vials & Ampoules) | Pcs | 3,190 | 30,595 | 31,386 | 2,399 |
| ENT Preparations & Others | Phials | 844 | 14,015 | 13,830 | 1,029 |
| Ophthal Preparations & Others | Phials | 91 | 4,415 | 4,128 | 378 |
| Dry Syrups | Bottles | 499 | 5,232 | 5,222 | 509 |
| Suppository | Pcs | 1,025 | 10,666 | 9,136 | 2,555 |
| Inhalers | Cans | 72 | 2,353 | 1,910 | 515 |
| Basic Chemicals | Kg | 11 | 280 | 269 | 22 |
| Tablets - AgroVet | Pcs | 299 | 4,070 | 4,066 | 303 |
| Powder - AgroVet | Gm | 5,849 | 31,978 | 32,645 | 5,182 |
| Injectables - AgroVet | Pcs | 45 | 1,152 | 1,149 | 48 |
| Liquids - AgroVet | Bottles | 25 | 145 | 159 | 11 |
| Liquids - Insecticide | Litre | 17 | 41 | 53 | 5 |
| Powder - Fungicide | Kg | 3 | 639 | 593 | 49 |
| Granuler - Insecticide | Kg | 46 | 264 | 219 | 91 |
| Aerosol | Pcs | - | 235 | 223 | 12 |

(ii) 207.44 M.T of basic chemicals valued at Tk. 253,881,505 has been transferred from chemical plant to pharma formulation plants of the company which has not been included in the above turnover.

(iii) The company has no Sales Agent on commission basis.

| | | 2008 -2009 | 2007 -2008 |
|--|----|--------------------------|----------------------|
| 23. COST OF GOODS SOLD: Tk. 5,672,565,973 | | | |
| This is arrived at as follows: Notes | | | |
| Raw Materials Consumed | 24 | 3,004,618,146 | 2,770,478,855 |
| Packing Materials Consumed | 25 | 1,318,695,068 | 1,144,141,207 |
| | | 4,323,313,214 | 3,914,620,062 |
| Work-in-Process (Opening) | | 141,106,414 | 119,969,662 |
| Work-in-Process (Closing) | | (146,340,693) | (141,106,414) |
| TOTAL CONSUMPTION | | 4,318,078,935 | 3,893,483,310 |
| Factory Overhead | 26 | 1,123,414,629 | 874,353,806 |
| COST OF PRODUCTION | | 5,441,493,564 | 4,767,837,116 |
| Purchase of Finished Goods | | 218,136,279 | 211,761,614 |
| Finished Goods (Opening) | | 581,543,862 | 458,007,065 |
| Finished Goods (Closing) | | (568,607,732) | (581,543,862) |
| | | Tk. 5,672,565,973 | 4,856,061,933 |

24. RAW MATERIALS CONSUMED: Tk. 3,004,618,146

This is arrived at as follows:

| | | |
|---------------|--------------------------|----------------------|
| Opening Stock | 688,846,968 | 562,131,687 |
| Purchase | 3,028,218,291 | 2,897,194,136 |
| Closing Stock | (712,447,113) | (688,846,968) |
| | Tk. 3,004,618,146 | 2,770,478,855 |

Summarised quantity and total value of ingredients are stated as under:

| Particulars | Pcs Cap-Shell | Quantity (Kg) | | | | Total | Total Value (Tk.) |
|-------------------|------------------|---------------|------------|----------|----------|-------------|----------------------|
| | | Active | Excepients | Colour | Flavour | | |
| Opening Balance | 137,775,240 | 439,452 | 704,325 | 30,814 | 9,608 | 1,184,199 | 688,846,968 |
| Purchase | 718,613,700 | 2,356,681 | 3,894,870 | 187,055 | 23,818 | 6,462,424 | 3,028,218,291 |
| Available for use | 856,388,940 | 2,796,133 | 4,599,195 | 217,869 | 33,426 | 7,646,623 | 3,717,065,259 |
| Closing Balance | (161,698,400) | (549,763) | (784,046) | (35,428) | (10,053) | (1,379,290) | (712,447,113) |
| Consumption | 694,690,540 | 2,246,370 | 3,815,149 | 182,441 | 23,373 | 6,267,333 | 3,004,618,146 |

Raw materials consists of 843 items of which 82.37% (in value) are imported.

25. PACKING MATERIALS CONSUMED: Tk. 1,318,695,068

This is arrived at as follows:

| | | |
|---------------|--------------------------|----------------------|
| Opening Stock | 186,341,475 | 166,890,495 |
| Purchase | 1,335,524,055 | 1,163,592,187 |
| Closing Stock | (203,170,462) | (186,341,475) |
| | Tk. 1,318,695,068 | 1,144,141,207 |



Summarised quantity of packing materials are stated as under:

| Name of Item | Unit | Opening | Purchase | Consumption | Closing |
|---------------------------|------|------------|-------------|-------------|------------|
| Inner Carton | Pcs | 17,963,479 | 132,791,080 | 127,529,708 | 23,224,851 |
| Shipper's Carton | Pcs | 345,876 | 2,395,192 | 2,484,832 | 256,236 |
| Label | Pcs | 29,058,592 | 101,768,333 | 101,406,787 | 29,420,138 |
| Direction Slip | Pcs | 16,235,015 | 92,452,938 | 91,503,119 | 17,184,834 |
| Container | Pcs | 1,579,450 | 15,266,095 | 15,395,668 | 1,449,877 |
| Blister Foil/Alu Lid Foil | Kg | 65,903 | 214,416 | 232,351 | 47,968 |
| Strip Foil | Kg | 81,791 | 338,118 | 363,507 | 56,402 |
| PVC/PVDC Film | Kg | 148,535 | 439,108 | 390,918 | 196,725 |
| Auto Bottom Foil | Kg | 39,652 | 148,719 | 125,225 | 63,146 |
| Bottles | Pcs | 922,399 | 59,225,146 | 58,686,819 | 1,460,726 |
| Ampoules | Pcs | 8,169,408 | 31,080,429 | 33,244,086 | 6,005,751 |
| Vials | Pcs | 950,657 | 1,979,300 | 2,520,423 | 409,534 |
| P.P Caps/Plastic Clousers | Pcs | 621,610 | 56,766,813 | 53,973,659 | 3,414,764 |
| Tubes | Pcs | 2,564,795 | 9,670,333 | 9,317,689 | 2,917,439 |
| Cans | Pcs | 2,373,400 | 4,162,690 | 4,486,343 | 2,049,747 |

Packing materials consists of 1,929 items of which 42.06% (in value) are imported.

2008-2009

2007-2008

26. FACTORY OVERHEAD: Tk. 1,123,414,629

This is made-up as follows:

| | | |
|-------------------------------------|----------------------|--------------------|
| Salaries, Allowances and Wages | 278,835,599 | 225,783,394 |
| Factory Employees Free Lunch | 20,837,109 | 16,512,197 |
| Factory Staff Uniform | 8,340,078 | 5,917,973 |
| Travelling & Conveyance | 5,522,779 | 5,174,209 |
| Printing & Stationery | 18,186,749 | 10,996,961 |
| Postage, Telephone & Fax | 2,355,933 | 2,463,706 |
| Repairs & Maintenance | 165,302,993 | 119,988,774 |
| Laboratory Consumable Stores | 42,700,967 | 45,008,011 |
| Fuel, Petrol, Light Diesel etc. | 15,414,680 | 13,038,280 |
| Electricity, Gas & Water | 76,243,253 | 72,049,270 |
| Rental Expense | 1,210,000 | 995,300 |
| Municipal & Other Tax | 1,081,238 | 1,167,092 |
| Insurance Premium | 8,489,399 | 10,987,388 |
| Factory Sanitation Expenses | 4,023,380 | 4,696,420 |
| Depreciation | 454,290,404 | 325,791,876 |
| Security Services | 10,539,139 | 7,766,665 |
| Research & Development | 1,213,270 | 5,504,756 |
| Software & Hardware Support Service | 7,895,000 | - |
| Other Expenses | 932,659 | 511,534 |
| Tk. | 1,123,414,629 | 874,353,806 |

| | 2008-2009 | 2007-2008 |
|---|----------------------|----------------------|
| 27. SELLING & DISTRIBUTION EXPENSES: Tk. 1,319,362,317 | | |
| This consists of as follows: | | |
| Salaries and Allowances | 193,387,244 | 172,304,079 |
| Travelling and Conveyance | 18,763,484 | 17,694,658 |
| Training Expenses | 2,220,394 | 1,915,781 |
| Printing and Stationery | 22,740,086 | 26,247,111 |
| Postage, Telephone, Fax & Telex | 9,577,683 | 8,767,165 |
| Electricity, Gas and Water | 5,247,236 | 4,231,177 |
| Tiffin and Refreshment | 5,261,984 | 4,490,423 |
| Office and Godown Rent | 5,221,330 | 5,494,278 |
| Bank Charges | 5,372,313 | 4,423,035 |
| Repairs and Maintenance including car maintenance | 83,515,314 | 78,045,608 |
| Govt. Taxes and Licence Fees | 5,666,326 | 8,636,889 |
| Field Staff Salaries, Allowances, TA and DA | 317,347,851 | 306,292,512 |
| Marketing and Promotional Expenses | 226,674,739 | 211,035,794 |
| Advertisement | 1,079,500 | 1,303,740 |
| Delivery and Packing Expenses | 29,779,185 | 28,908,050 |
| Export Expenses | 34,405,956 | 29,892,130 |
| Special Discount | 231,611,444 | 204,897,929 |
| Sample Expenses | 50,485,561 | 47,230,494 |
| Security Services | 11,500,798 | 8,297,461 |
| Depreciation | 57,334,928 | 49,822,634 |
| Software & Hardware Support Services | 726,000 | 253,000 |
| Other Expenses | 1,442,961 | 795,320 |
| Tk. | 1,319,362,317 | 1,220,979,268 |



| | 2008-2009 | 2007-2008 |
|---|--------------------|--------------------|
| 28. ADMINISTRATIVE EXPENSES: Tk. 460,431,051 | | |
| This consists of as follows: | | |
| Salaries and Allowances | 93,829,820 | 79,715,148 |
| Directors Remuneration | 20,103,627 | 16,091,424 |
| Travelling and Conveyance | 34,892,556 | 37,572,670 |
| Training Expenses | 2,004,923 | 2,372,157 |
| Printing and Stationery | 8,560,095 | 7,517,262 |
| Postage, Telephone, Fax & Telex | 4,713,658 | 5,080,124 |
| Electricity, Gas & Water | 5,620,883 | 6,553,360 |
| Tiffin and Refreshment | 14,279,433 | 12,835,946 |
| Office Rent | 1,788,000 | 1,464,000 |
| Sanitation Expenses | 1,759,805 | 1,733,394 |
| Books and Periodicals | 1,047,043 | 1,224,577 |
| Subscription and Donation | 2,857,948 | 12,539,840 |
| Advertisement | 3,211,834 | 2,327,806 |
| Repairs and Maintenance | 55,438,400 | 49,439,058 |
| Bank Charges | 16,609,799 | 11,992,269 |
| Insurance Premium | 3,266,202 | 8,251,464 |
| Govt. Taxes, Stamp Duty & Licence Fee | 4,181,814 | 4,700,256 |
| Lease Rent | 495,000 | 310,000 |
| Security Services | 7,323,574 | 5,091,234 |
| Management Consultant Fees | 621,230 | 982,463 |
| Legal Charges | 838,055 | 732,250 |
| Audit Fees | 200,000 | 200,000 |
| Depreciation | 140,936,267 | 170,880,939 |
| Annual General Meeting Expenses | 12,046,784 | 6,550,114 |
| Software & Hardware Support Services | 18,047,140 | 15,820,494 |
| Share Demat, Remat & Transfer Fees | 3,361,118 | 7,410,219 |
| Commission on Sale of Marketable Securities | 336,446 | - |
| Other Expenses | 2,059,597 | 2,108,252 |
| Tk. | 460,431,051 | 471,496,720 |

Audit fees of Tk. 200,000 represents fees for audit of the financial statements of the company for the year 2008-2009.

| | 2008-2009 | 2007-2008 |
|--|--------------------|--------------------|
| 29. OTHER INCOME: Tk. 665,520,915 | | |
| This is arrived at as follows: | | |
| Interest on FDR | 3,177,888 | 5,273,128 |
| Interest on Savings Account | 174,681 | 140,096 |
| Interest on Loan to Sister Concern | 86,198,442 | 107,182,756 |
| Rental Income | 239,892,264 | 239,388,264 |
| Sale of Scrap | 19,824,980 | 14,375,919 |
| Dividend Received | 42,007,687 | 40,197,168 |
| Foreign Exchange Fluctuation Gain/(Loss) on Retention Quota Account | 2,035,239 | 592,408 |
| Foreign Exchange Fluctuation Gain/(Loss) against Collection on Export Bill | 14,948 | 2,913 |
| Commission Received | 204,559,419 | 195,368,157 |
| Gain on Sale of Marketable Securities | 64,095,230 | - |
| | 661,980,778 | 602,520,809 |
| Profit on Sale of Property, Plant and Equipment (Note-36) | 3,540,137 | 2,107,695 |
| Tk. | 665,520,915 | 604,628,504 |

30. FINANCIAL EXPENSES: Tk. 397,135,963

| | | |
|-----------------------------|--------------------|--------------------|
| This is made-up as follows: | | |
| Interest on Cash Credit | 21,820,760 | 32,462,066 |
| Interest on Overdraft | 37,764,410 | 37,863,050 |
| Interest on LATR | 135,144,391 | 121,482,002 |
| Interest on Short Term Loan | 93,716,961 | 86,151,797 |
| Interest on Lease | 43,122,332 | 39,519,065 |
| Interest on Long Term Loan | 65,567,109 | 34,390,443 |
| Tk. | 397,135,963 | 351,868,423 |

31. ALLOCATION FOR WPPF:

Tk. **125,562,961** **93,431,709**

This represents 5% of Net Profit before Tax after charging the allocation as per provisions of the Companies Profit under Labour Law, 2006 Chapter-15.

32. PROVISION FOR INCOME TAX: Tk. 592,644,226

This represents estimated Income Tax liability for the year 2008-09 as follows:

| | | |
|---|--------------------|--------------------|
| 1) 27.50% Income Tax on Taxable Profit of Tk. 2,322,785,846 | 638,766,108 | 440,669,827 |
| 2) Half of 27.50% Income Tax on Export Net Profit of Tk. 82,370,454 | 11,325,938 | 6,469,436 |
| 3) 20% Income Tax on Dividend of Tk. 42,007,687 | 8,401,538 | 8,039,434 |
| | 658,493,584 | 455,178,697 |
| Less: 10% Exemption for declaration of Dividend above 20% | 65,849,358 | 45,517,870 |
| Tk. | 592,644,226 | 409,660,827 |



| | 2008-2009 | 2007-2008 |
|--|-------------------|---------------|
| 33. BASIC EARNINGS PER SHARE (EPS): Tk. 156.56 | | |
| The computation is given below: | | |
| Surplus for the year attributable to Shareholders (Net Profit after Tax) | 1,890,052,929 | 1,381,863,093 |
| Weighted average number of shares outstanding during the year | 12,072,240 | 12,072,240 |
| Basic EPS | Tk. 156.56 | 114.47 |

34. APPROPRIATION DURING THE YEAR :

In accordance with BAS-1 "Presentation of Financial Statements", the appropriations for the year have been reflected in the "Statement of Changes in Equity".

Balance of Net Profit though carried forward in the Balance Sheet will be applied for payment of this year's cash dividend proposed by the Board of Directors @ Tk. 40 per share and will be recognised as liability in the accounts as and when approved by the Shareholders in the Annual General Meeting. The total amount of Proposed Cash Dividend for the year 2008-2009 is calculated at Tk. 482,889,600.

The Board of Directors also proposed Bonus Shares (Stock Dividend) @ 25% per share and total amount of proposed Bonus Share (Stock Dividend) for the year is calculated at Tk. 301,806,000.

35. PAYMENTS/PERQUISITES TO DIRECTORS AND OFFICERS:

The aggregate amount paid/provided during the year in respect of "Directors" and "Officers" of the company as defined in the Securities and Exchange Rules 1987 are disclosed below:

| | |
|--|------------|
| Directors' Remuneration | 20,103,627 |
| Managerial Remuneration | 48,366,099 |
| Managerial Benefits: | |
| Bonus | 11,929,111 |
| House Rent | 13,175,628 |
| Conveyance | 1,022,000 |
| Company's Contribution to Provident Fund | 4,406,469 |

- (a) no compensation was made to the Managing Director of the company except as stated in (35) above.
- (b) no amount was spent by the company for compensating any member of the Board of Directors except as stated in (35) above.

36. PARTICULARS OF DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT DURING THE YEAR:

| Particulars of Assets | Cost | Acc. Depn Upto 31-03-08 | WDV as on 31-03-08 | Sales Price | Profit/ (Loss) |
|-----------------------|------------|-------------------------|--------------------|-------------|----------------|
| Motor Vehicle | 12,265,375 | 8,610,828 | 3,654,547 | 5,519,695 | 1,865,148 |
| Motor Cycle | 6,572,184 | 4,960,618 | 1,611,566 | 3,286,555 | 1,674,989 |
| Total | 18,837,559 | 13,571,446 | 5,266,113 | 8,806,250 | 3,540,137 |

37. PRODUCTION CAPACITY AND UTILISATION:

(Quantity in thousand)

| Category | Unit | Rated Capacity | Actual Production | Capacity Utilisation |
|-------------------------------|--------|----------------|-------------------|----------------------|
| Tablets | Pcs | 3,536,667 | 2,924,947 | 83% |
| Capsules | Pcs | 531,667 | 667,065 | 125% |
| Liquids | Bottle | 100,000 | 59,525 | 60% |
| Injectables (Vials & Ampouls) | Pcs | 47,025 | 30,595 | 65% |
| ENT Preparations & Others | Phials | 15,000 | 14,015 | 93% |
| Ophthal Preparations & Others | Phials | 6,760 | 4,415 | 65% |
| Dry Syrups | Bottle | 10,000 | 5,232 | 52% |
| Suppository | Pcs | 20,000 | 10,666 | 53% |
| Inhalers | Cans | 5,000 | 2,353 | 47% |
| Basic Chemicals | Kg | 412 | 280 | 68% |
| Tablets - AgroVet | Pcs | 16,000 | 4,070 | 25% |
| Powder - AgroVet | Gm | 17,500 | 31,978 | 183% |
| Injection - AgroVet | Pcs | 6,000 | 1,152 | 19% |
| Liquids - AgroVet | Bottle | 2,000 | 145 | 7% |
| Aerosol | Pcs | 1,470 | 235 | 16% |

Fluctuation of capacity utilisation is due to change of technology, product line and marketing strategy.

38. NUMBER OF EMPLOYEES:

The number of employees engaged for the whole year who received a total remuneration of Tk. 3,000 and above per month was 3,110 for the whole year and 710 for part of the year.

39. CAPITAL EXPENDITURE COMMITMENT:

Contract for capital expenditure are being executed by the contractors and the running bills are accounted for but the unfinished contracts has not been reflected in this financial statements.

There was no material capital expenditure authorised by the board but not contracted for at 31, March 2009.

40. EXPATRIATE CONSULTANTS FEES:

During the year under review an amount of USD 8,975 equivalent to Tk. 621,230 has been paid to expatriate consultants as fees for their services rendered to the company.

41. DIVIDEND PAID TO THE SHAREHOLDERS:

During the year under review total cash dividend for 2007-2008 amounting to Tk. 357,696,000 has been paid to the Shareholders and also bonus shares amounting to Tk. 312,984,000 for the year 2007-2008 have been accounted for. Dividend were paid in local currency to the local custodian bank of the shareholders as such no dividend was remitted in foreign currency.



42. CLAIM NOT ACKNOWLEDGED AS DEBT:

There was no claim against the company not acknowledged as debt as on 31-03-2009.

43. UN-AVAILED CREDIT FACILITIES:

There was no credit facility available to the company under any contract but not availed of as on 31-03-09 other than bank credit facility and trade credit available in the ordinary course of business.

44. CONTINGENT LIABILITY:

Contingent liability of the company was Tk. 955,426,101 as on 31-03-09 for opening letter of credit by the banks in favour of foreign suppliers for raw materials, packing materials and plant & machineries.

45. EVENTS AFTER THE BALANCE SHEET DATE:

There is no significant event other than normal activities between the financial year closing date and financial statement signing date.

SQUARE PHARMACEUTICALS LTD.

Property, Plant and Equipment: Tk. 4,899,679,832

Schedule-01

| PARTICULARS | C O S T | | | D E P R E C I A T I O N | | | Carrying Value as at 31 March 2009 | Rate of Depn | |
|----------------------------------|----------------------|----------------------|--------------------|-------------------------|--------------------|----------------------|------------------------------------|--------------|------------------|
| | At 31 March 2008 | During the year | | At 31 March 2008 | During the year | | | | At 31 March 2009 |
| | | Additions | Sales/ Transfer | | Charged | Sales/ Transfer | | | |
| FACTORIES: | | | | | | | | | |
| Freehold Land | 295,657,070 | 39,015,862 | - | 334,672,932 | - | - | 334,672,932 | - | |
| Building | 1,527,305,403 | 324,424,245 | - | 1,851,729,648 | - | - | 1,034,884,688 | 10% | |
| Building under Construction | 158,836,067 | 72,008,147 | 100,742,394 | 130,101,820 | - | - | 130,101,820 | - | |
| Plant & Machinery | 2,292,982,640 | 863,029,134 | - | 3,156,011,774 | - | - | 1,668,698,157 | 15% | |
| Laboratory Equipment | 189,833,242 | 46,167,103 | - | 236,000,345 | - | - | 84,643,241 | 10% | |
| Furniture & Fixture | 112,567,624 | 26,219,430 | - | 138,787,054 | - | - | 53,684,843 | 10% | |
| Office Equipment | 88,178,900 | 5,241,667 | - | 93,420,567 | - | - | 47,279,439 | 10% | |
| Motor Vehicles | 98,788,769 | 10,164,000 | 4,292,000 | 104,660,769 | - | 3,100,433 | 38,098,982 | 20% | |
| Motor Vehicle Lease | 2,085,000 | - | - | 2,085,000 | - | - | 683,213 | 20% | |
| Plant & Machinery in Transit | 137,057,283 | 56,200 | 100,202,438 | 36,911,045 | - | - | 36,911,045 | - | |
| Electrical Installation | 24,712,794 | 3,386,850 | - | 28,099,644 | - | - | 11,597,703 | 15% | |
| Gas Line Installation | 17,071,716 | - | - | 17,071,716 | - | - | 9,547,291 | 15% | |
| TOTAL | 4,945,076,508 | 1,389,712,638 | 205,236,832 | 6,129,552,314 | 3,100,433 | 2,581,756,040 | 3,547,796,274 | | |
| HEAD OFFICE & OTHERS: | | | | | | | | | |
| Land | 266,650,214 | 155,375,247 | - | 422,025,461 | - | - | 422,025,461 | - | |
| Building | 191,794,308 | 27,287,908 | - | 219,082,216 | - | - | 137,200,187 | 10% | |
| Building under Construction | 15,883,305 | 16,212,355 | 12,736,455 | 19,359,205 | - | - | 19,359,205 | - | |
| Furniture & Fixture | 45,474,411 | 5,322,707 | - | 50,797,118 | - | - | 30,021,425 | 10% | |
| Office Equipment | 939,539,016 | 6,443,785 | - | 945,982,801 | - | - | 448,405,520 | 10% | |
| Motor Vehicle | 278,723,566 | 63,216,020 | 7,973,375 | 333,966,211 | - | - | 142,318,328 | 20% | |
| Motor Vehicle Lease | 64,472,040 | - | - | 64,472,040 | - | - | 29,017,723 | 20% | |
| Motor Cycle | 134,546,790 | 19,186,000 | 6,572,184 | 147,160,606 | - | - | 67,722,290 | 20% | |
| Books & Periodicals | 528,794 | - | - | 528,794 | - | - | 3,586 | 30% | |
| Electrical Installation | 10,763,937 | - | - | 10,763,937 | - | - | 6,638,072 | 15% | |
| Total | 1,948,376,381 | 293,044,022 | 27,282,014 | 2,214,138,389 | 198,271,195 | 862,254,831 | 1,351,883,558 | | |
| Grand Total Tk. | 6,893,452,889 | 1,682,756,660 | 232,518,846 | 8,343,690,703 | 652,561,599 | 3,444,010,871 | 4,899,679,832 | | |
| Total- 2008 Tk. | 5,803,500,191 | 1,161,935,488 | 71,982,790 | 6,893,452,889 | 546,495,449 | 2,805,020,718 | 4,088,432,171 | | |

SQUARE CEPHALOSPORINS LTD.



Blistering



Powder for suspension line



Vial filling
(with automatic weight control system)



Sterility testing



The dedicated Cephalosporin manufacturing plant



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**SQUARE PHARMACEUTICALS LTD.
AND ITS SUBSIDIARIES**

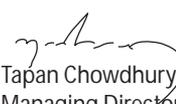
CONSOLIDATED BALANCE SHEET

As At 31 March 2009

| | | 31-03-09 | 31-03-08 |
|--|-------|-----------------------|-----------------------|
| ASSETS: | Notes | | |
| Non-Current Assets: | | 10,773,806,085 | 9,552,044,849 |
| Property, Plant and Equipment-Carrying Value | 2.1 | 5,462,139,607 | 5,216,965,740 |
| Capital Work-in-Progress | 3.1 | 1,200,808,268 | 1,147,858,806 |
| Investment - Long Term (at Cost) | 4.1 | 145,157,800 | 145,157,800 |
| Investment - Associate Undertakings | 4.2 | 3,958,738,620 | 3,039,213,986 |
| Pre-Operating/Preliminary Expenses | | 6,961,790 | 2,848,517 |
| Current Assets: | | 4,130,759,561 | 5,506,143,431 |
| Inventories | 5.1 | 2,405,531,069 | 2,629,557,270 |
| Trade Debtors | 6.1 | 477,562,002 | 890,994,987 |
| Advances, Deposits and Prepayments | 7.1 | 303,720,667 | 329,974,673 |
| Investment in Marketable Securities (at Cost) | 8.1 | 20,250,000 | 32,578,000 |
| Short Term Loan | 9.1 | 609,307,247 | 1,397,064,958 |
| Cash and Cash Equivalents | 10.1 | 314,388,576 | 225,973,543 |
| TOTAL ASSETS | Tk. | 14,904,565,646 | 15,058,188,280 |
| SHAREHOLDERS' EQUITY AND LIABILITIES: | | | |
| Shareholders' Equity: | | 10,925,978,216 | 9,506,932,637 |
| Share Capital | 11.1 | 1,207,224,000 | 894,240,000 |
| Share Premium | 12.1 | 2,035,465,000 | 2,035,465,000 |
| General Reserve | | 105,878,200 | 105,878,200 |
| Tax Holiday Reserve | 13.1 | 1,248,026,732 | 1,425,702,780 |
| Retained Earnings | | 6,329,384,284 | 5,045,646,657 |
| Minority Interest | 13.2 | 2,298,602 | 15,564,500 |
| Non-Current Liabilities: | | 997,553,246 | 1,003,107,633 |
| Long Term Loans - Secured | 14.1 | 786,334,186 | 778,380,807 |
| Deferred Tax Liability | 15.1 | 211,219,060 | 224,726,826 |
| Current Liabilities: | | 2,978,735,582 | 4,532,583,510 |
| Short Term Bank Loans | 16.1 | 1,712,213,040 | 3,173,542,556 |
| Long Term Loans - Current Portion | 17.1 | 430,698,517 | 446,143,808 |
| Trade Creditors | 18.1 | 127,550,930 | 233,405,650 |
| Liabilities for Expenses | 19.1 | 93,613,902 | 236,247,055 |
| Liabilities for Other Finance | 20.1 | 614,659,193 | 443,244,441 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES: | Tk. | 14,904,565,646 | 15,058,188,280 |

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Tapan Chowdhury
Managing Director


Samuel S. Chowdhury
Vice Chairman


Khandaker Habibuzzaman
Company Secretary


B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

Dated, Dhaka: 21 July, 2009

**SQUARE PHARMACEUTICALS LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 March 2009

| | | 2008-2009 | 2007-2008 |
|---|-------|------------------------|------------------------|
| | Notes | | |
| GROSS TURNOVER | 22.1 | 13,585,146,515 | 12,024,126,035 |
| Less: Value Added Tax | | 1,758,927,727 | 1,470,365,187 |
| NET TURNOVER | | 11,826,218,788 | 10,553,760,848 |
| COST OF GOODS SOLD | 23.1 | (7,012,826,452) | (6,545,727,748) |
| GROSS PROFIT | | 4,813,392,336 | 4,008,033,100 |
| Operating Expenses: | | (1,884,364,484) | (1,759,344,087) |
| Selling and Distribution Expenses | 27.1 | (1,408,896,855) | (1,269,011,439) |
| Administrative Expenses | 28.1 | (475,467,629) | (490,332,648) |
| PROFIT FROM OPERATIONS | | 2,929,027,852 | 2,248,689,013 |
| Other Income | 29.1 | 409,051,677 | 345,500,963 |
| Financial Expenses | 30.1 | (454,691,855) | (443,152,833) |
| NET PROFIT BEFORE WPPF | | 2,883,387,674 | 2,151,037,143 |
| Allocation for WPPF | 31.1 | (137,835,606) | (104,154,014) |
| NET PROFIT BEFORE TAX | | 2,745,552,068 | 2,046,883,129 |
| Provision for Income Tax | 32.1 | (601,423,429) | (429,152,250) |
| Provision for Deferred Income Tax | 15.1 | (28,562,063) | (77,110,270) |
| NET PROFIT AFTER TAX | | 2,115,566,576 | 1,540,620,609 |
| Profit/(Loss) from Associate Undertakings | 32.2 | (54,772,057) | (12,359,754) |
| Minority Interest | | (2,408,467) | (2,638,995) |
| Balance transferred to the Statement of Changes in Equity | Tk. | 2,058,386,052 | 1,525,621,860 |
| Earnings Per Share (EPS) | 33.1 | 170.51 | 126.37 |

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Tapan Chowdhury
Managing Director


Samuel S. Chowdhury
Vice Chairman


Khandaker Habibuzzaman
Company Secretary


B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

Dated, Dhaka: 21 July, 2009

SQUARE PHARMACEUTICALS LTD.
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2009

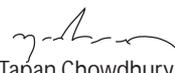
| | Share Capital | Share Premium | General Reserve | Tax Holiday Reserve | Retained Earnings | Total |
|--|----------------------|----------------------|--------------------|----------------------|----------------------|-----------------------|
| At 31 March 2008 | 894,240,000 | 2,035,465,000 | 105,878,200 | 1,425,702,780 | 5,045,646,657 | 9,506,932,637 |
| Adjustment for Merger of Square Spinnings Ltd. | - | - | - | (177,676,048) | (103,968,425) | (281,644,473) |
| Net Profit (2008-2009) | - | - | - | - | 2,058,386,052 | 2,058,386,052 |
| Cash Dividend (2007-2008) | - | - | - | - | (357,696,000) | (357,696,000) |
| Stock Dividend (2007-2008) | 312,984,000 | - | - | - | (312,984,000) | - |
| At 31 March 2009 Tk. | 1,207,224,000 | 2,035,465,000 | 105,878,200 | 1,248,026,732 | 6,329,384,284 | 10,925,978,216 |

SQUARE PHARMACEUTICALS LTD.
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2008

| | Share Capital | Share Premium | General Reserve | Tax Holiday Reserve | Retained Earnings | Total |
|-----------------------------|--------------------|----------------------|--------------------|----------------------|----------------------|----------------------|
| At 31 March 2007 | 596,160,000 | 2,035,465,000 | 105,878,200 | 1,425,702,780 | 4,116,184,797 | 8,279,390,777 |
| Net Profit (2007-2008) | - | - | - | - | 1,525,621,860 | 1,525,621,860 |
| Cash Dividend (2006-2007) | - | - | - | - | (298,080,000) | (298,080,000) |
| Stock Dividend (2006-2007) | 298,080,000 | - | - | - | (298,080,000) | - |
| At 31 March 2008 Tk. | 894,240,000 | 2,035,465,000 | 105,878,200 | 1,425,702,780 | 5,045,646,657 | 9,506,932,637 |

As per our annexed report of even date.


Tapan Chowdhury
Managing Director


Samuel S. Chowdhury
Vice Chairman


Khandaker Habibuzzaman
Company Secretary


B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

Dated, Dhaka: 21 July, 2009

SQUARE PHARMACEUTICALS LTD.
AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
For the Year Ended 31 March 2009

| | 2008-2009 | 2007-2008 |
|--|-----------------|-----------------|
| Cash Flows From Operating Activities: | | |
| RECEIPTS: | | |
| Collection from Sales | 11,677,966,424 | 10,440,947,790 |
| Others | 251,183,431 | 249,214,160 |
| | 11,929,149,855 | 10,690,161,950 |
| PAYMENTS: | | |
| Purchase of Raw and Packing Materials | 5,595,458,591 | 5,984,048,537 |
| Manufacturing and Operating Expenses | 2,541,251,019 | 2,138,977,726 |
| Bank Interest | 454,691,855 | 443,152,833 |
| Income Tax | 505,424,834 | 467,509,044 |
| Workers Profit Participation Fund | 70,930,941 | 61,373,060 |
| Others | 3,134,717 | 2,227,972 |
| | 9,170,891,957 | 9,097,289,172 |
| Net cash provided by operating activities | 2,758,257,898 | 1,592,872,778 |
| Cash Flows From Investing Activities: | | |
| Purchase of Fixed Assets | (897,466,307) | (1,118,700,600) |
| Disposal of Fixed Assets | 8,806,250 | 8,985,055 |
| Pre-operating Cost | (4,113,273) | (2,569,667) |
| Investment in Square Hospitals Ltd. | (500,000,000) | (500,000,000) |
| Investment in National Housing Finance and Investment Ltd. | - | (3,157,800) |
| Capital Work-in-Progress | (644,064,111) | (647,234,451) |
| Sales of Marketable Securities | 95,143,362 | - |
| Interest Received | 65,652,466 | 89,672,801 |
| Dividend Received | 42,978,091 | 40,703,475 |
| Others | (13,198,790) | - |
| Net cash used in investing activities | (1,846,262,312) | (2,132,301,187) |
| Cash Flows From Financing Activities: | | |
| Long Term Loan Received | 442,162,607 | 614,288,000 |
| Long Term Loan Repaid | (449,654,520) | (332,204,916) |
| Short Term Loan Increase/(Decrease) | 787,757,711 | (259,589,909) |
| Short Term Bank Loan Increase/(Decrease) | (1,246,150,351) | 883,665,153 |
| Dividend Paid | (357,696,000) | (298,080,000) |
| Net cash (used)/provided by financing activities | (823,580,553) | 608,078,328 |
| Increase in Cash and Cash Equivalents | 88,415,033 | 68,649,919 |
| Cash and Cash Equivalents at the Opening | 225,973,543 | 157,323,624 |
| Cash and Cash Equivalents at the Closing | Tk. 314,388,576 | 225,973,543 |

As per our annexed report of even date.


Tapan Chowdhury
Managing Director


Samuel S. Chowdhury
Vice Chairman


Khandaker Habibuzzaman
Company Secretary


B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

Dated, Dhaka: 21 July, 2009

SQUARE PHARMACEUTICALS LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 31 March 2009

31-03-09

31-03-08

2.1 CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT: Tk. 5,462,139,607

Details of Property, Plant and Equipment and Depreciation as at 31 March 2009 are shown in the annexed Schedule - 02. This is arrived at as follows:

| | | |
|---|--------------------------|----------------------|
| Opening Balance (At Cost) | 8,667,315,528 | 7,569,779,815 |
| Add: Net Addition during the Year | 1,469,690,747 | 1,097,535,713 |
| Less: Adjustment for Merger of Square Spinnings Ltd | (812,269,240) | - |
| Closing Balance (At Cost) | 9,324,737,035 | 8,667,315,528 |
| Less: Accumulated Depreciation | 3,862,597,428 | 3,450,349,788 |
| Carrying Value | Tk. 5,462,139,607 | 5,216,965,740 |

Allocation of depreciation charge for the year has been made in the accounts as follows:

| | 2008-2009 | 2007-2008 |
|-----------------------------------|--------------------|--------------------|
| Factory Overhead | 628,920,304 | 517,546,384 |
| Selling and Distribution Expenses | 57,334,928 | 49,822,634 |
| Administrative Expenses | 141,149,167 | 171,588,189 |
| Tk. | 827,404,399 | 738,957,207 |

31-03-09

31-03-08

3.1 CONSOLIDATED CAPITAL WORK-IN-PROGRESS: Tk. 1,200,808,268

This represents expenditure incurred in respect of the following:

| | | |
|-------------------------------------|----------------------|----------------------|
| Building/Civil Work | 264,421,525 | 215,159,420 |
| Plant & Machinery | 883,755,028 | 894,555,655 |
| Other Assets | 7,876,006 | 4,713,222 |
| Interest during Construction Period | 44,755,709 | 29,168,646 |
| Unallocated Expenditure | - | 4,261,863 |
| Tk. | 1,200,808,268 | 1,147,858,806 |



31-03-09

31-03-08

4.1 CONSOLIDATED INVESTMENT-Long Term (at Cost): Tk. 145,157,800

This consists of the following:

| | | |
|---|--------------------|--------------------|
| (a) 120,000 Ordinary Shares of Tk.100/- each in United Hospital Ltd. | 12,000,000 | 12,000,000 |
| (b) National Housing Finance and Investment Ltd. * 235,000 Ordinary Shares of Tk.100/- each including 35,000 Bonus Shares * 10,526 Ordinary Shares of Tk. 100/- each with premium of Tk. 200/- each | 23,157,800 | 23,157,800 |
| (c) 10 Ordinary Shares of Tk.1,000,000/- each in Central Depository Bangladesh Ltd. | 10,000,000 | 10,000,000 |
| (d) Advance against Share Money with Square Informatix Ltd. for 1,000,000 Shares of Tk.100/- each | 100,000,000 | 100,000,000 |
| Tk. | 145,157,800 | 145,157,800 |

4.2 INVESTMENT-Associate Undertakings: Tk. 3,958,738,620

This is arrived at as follows:

| | | |
|---|----------------------|----------------------|
| Opening Balance | 3,039,213,986 | 2,587,770,908 |
| Add: Investment made/(disposed off) during the Year | 1,007,735,304 | 500,000,000 |
| Add: Profit/(Loss) during the Year (Note-32.2) | (54,772,057) | (12,359,754) |
| Less: Dividend during the Year | (33,438,613) | (36,197,168) |
| Closing Balance | 3,958,738,620 | 3,039,213,986 |

List of Associate Undertakings (As per BAS-28):

| Name of Company | Country of Incorporation | Proportion of Ownership Interest |
|--------------------------|--------------------------|----------------------------------|
| Square Textiles Ltd. | Bangladesh | 46.45% |
| Square Knit Fabrics Ltd. | Bangladesh | 48.84% |
| Square Fashions Ltd. | Bangladesh | 48.46% |
| Square Hospitals Ltd. | Bangladesh | 49.56% |

Voting power is not different with proportion of ownership interest. The company are using equity method of accounting in preparation of consolidated financial statements.

5.1 CONSOLIDATED INVENTORIES: Tk. 2,405,531,069

The break-up is as under:

| | | |
|----------------------|----------------------|----------------------|
| Raw Materials | 825,608,137 | 1,029,480,731 |
| Packing Materials | 238,346,615 | 225,021,620 |
| Work-in-Process | 169,294,751 | 171,959,825 |
| Finished Goods | 654,202,816 | 675,635,204 |
| Spares & Accessories | 132,988,909 | 105,484,833 |
| Goods in Transit | 385,089,841 | 421,975,057 |
| Tk. | 2,405,531,069 | 2,629,557,270 |

The basis of valuation is stated in Note-1 (1.9)

| | 31-03-09 | 31-03-08 |
|--|------------------------|--------------------|
| 6.1 CONSOLIDATED TRADE DEBTORS (Considered Good): | Tk. 477,562,002 | 890,994,987 |

7.1 CONSOLIDATED ADVANCES, DEPOSITS & PREPAYMENTS (Considered Good): Tk. 303,720,667

This consists of as follows:

| | | |
|----------------------------------|------------------------|--------------------|
| Advances: | 162,373,478 | 174,592,718 |
| Employees | 11,532,938 | 15,933,055 |
| Motor Cycle Loan - Employees | 2,632,762 | 1,050,525 |
| Suppliers | 148,207,778 | 157,609,138 |
| Deposits: | 128,643,693 | 149,077,916 |
| L.C Margin | 27,052,081 | 38,641,071 |
| Value Added Tax | 64,496,550 | 84,158,285 |
| Earnest Money & Security Deposit | 16,072,516 | 15,609,161 |
| Lease Deposit | 1,071,758 | 1,071,758 |
| Others | 19,950,788 | 9,597,641 |
| Prepayments: | 12,703,496 | 6,304,039 |
| Office Rent | 2,016,462 | 1,517,062 |
| Insurance Premium | 10,687,034 | 4,786,977 |
| | Tk. 303,720,667 | 329,974,673 |

8.1 CONSOLIDATED INVESTMENT IN MARKETABLE SECURITIES (at Cost): Tk. 20,250,000

This consists of the following:

| | | |
|--|-----------------------|-------------------|
| (a) 150,000 Ordinary Shares of Tk. 100/- each with premium of Tk. 35/- in Pioneer Insurance Company Ltd. | 20,250,000 | 20,250,000 |
| (b) 194,062 Ordinary Shares of Tk. 10/- each in Square Textiles Ltd. | - | 12,328,000 |
| | Tk. 20,250,000 | 32,578,000 |

9.1 CONSOLIDATED SHORT TERM LOAN (Unsecured): Tk. 609,307,247

This consists of the following:

| | | |
|------------------------------|------------------------|----------------------|
| (a) Square Textiles Ltd. | 224,861,953 | 306,091,713 |
| (b) Square Knit Fabrics Ltd. | 100,788,884 | 445,810,619 |
| (c) Square Fashions Ltd. | 89,346,424 | 90,138,625 |
| (d) Square Hospitals Ltd. | 64,295,970 | 411,011,705 |
| (e) Square InformatiX Ltd. | 130,014,016 | 144,012,296 |
| | Tk. 609,307,247 | 1,397,064,958 |

Short term loan is receivable from the above associate undertakings and bearing interest @ 1% above the rate of interest charged by the commercial bank and considered good.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



| | 31-03-09 | 31-03-08 |
|---|--------------------|--------------------|
| 10.1 CONSOLIDATED CASH AND CASH EQUIVALENTS: Tk. 314,388,576 | | |
| This is made-up as follows: | | |
| (a) Cash in Hand | 855,285 | 1,387,294 |
| (b) Cash at Bank : | 313,533,291 | 224,586,249 |
| • Current Account | 43,211,512 | 39,065,082 |
| • STD Account | 5,329,561 | 1,996,199 |
| • Fixed Deposit Account (BDT) | 23,280,799 | 19,620,919 |
| • Fixed Deposit Account (USD) | 57,098,863 | 114,461,647 |
| • Export Retention Quata Account | 184,612,556 | 49,442,402 |
| Tk. | 314,388,576 | 225,973,543 |

The fixed deposit amount of Tk. 23,280,799 had to keep as lien against sanction of overdraft facilities for the company.

| | | |
|----------------------------|--------------------------|----------------------|
| 11.1 SHARE CAPITAL: | Tk. 1,207,224,000 | 894,240,000 |
| 12.1 SHARE PREMIUM: | Tk. 2,035,465,000 | 2,035,465,000 |

13.1 CONSOLIDATED TAX HOLIDAY RESERVE: Tk. 1,248,026,732

This has been provided as per provisions of section 46 A (3) of the Income Tax Ordinance 1984 which is arrived at as follows:

| | | |
|--|----------------------|----------------------|
| Opening Balance | 1,425,702,780 | 1,425,702,780 |
| Less: Adjustment for Merger of Square Spinnings Ltd. | (177,676,048) | - |
| Closing Balance | 1,248,026,732 | 1,425,702,780 |

13.2 MINORITY INTEREST: Tk. 2,298,602

This represents minority interest of Square Cephalosporins Ltd., Square Biotechs Ltd. and Square Multi Fabrics Ltd. are as follows:

| | | |
|---------------------|------------------|-------------------|
| Paid-up Capital | 1,500,000 | 3,000,000 |
| Retained Earnings | 798,602 | 8,500,221 |
| Tax Holiday Reserve | - | 4,064,279 |
| Tk. | 2,298,602 | 15,564,500 |

List of Subsidiary (As per BAS -27):

| Name of Company | Country of Incorporation | Proportion of Ownership Interest |
|----------------------------|--------------------------|----------------------------------|
| Square Cephalosporins Ltd. | Bangladesh | 99.48% |
| Square Biotechs Ltd. | Bangladesh | 99.25% |
| Square Multi Fabrics Ltd. | Bangladesh | 99.50% |

Voting power is not different with proportion of ownership interest. The company is using equity method of accounting in preparation of consolidated financial statements.

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14.1 CONSOLIDATED LONG TERM LOANS (Secured): Tk. 786,334,186

This represents long term loans from financial institutions are as follows :

| | | |
|---|------------------------|--------------------|
| (a) Standard Chartered Bank, Dhaka | 215,574,482 | 186,435,592 |
| (b) Commercial Bank of Ceylon Ltd., Dhaka | 22,143,941 | 33,215,996 |
| (c) HSBC Ltd., Dhaka | 103,849,440 | 32,393,837 |
| (d) Trust Bank Ltd., Dhaka | 80,651,774 | 111,208,856 |
| (e) Bank Asia Ltd., Dhaka | 63,540,755 | 136,541,244 |
| (f) Citibank N.A, Dhaka | 182,035,823 | - |
| (g) Minimum Lease Payments | 118,537,971 | 278,585,282 |
| | Tk. 786,334,186 | 778,380,807 |

15.1 DEFERRED TAX LIABILITY: TK. 211,219,060

This represents provision is made for deferred income tax to pay future income tax liability for temporary differences which is arrived at as follows:

| | | |
|--|------------------------|--------------------|
| Opening balance | 224,726,826 | 147,616,556 |
| Add: Provision made | 28,562,063 | 77,110,270 |
| Less: Adjustment for Merger of Square Spinnings Ltd. | (42,069,829) | - |
| Closing balance | Tk. 211,219,060 | 224,726,826 |

16.1 CONSOLIDATED SHORT TERM BANK LOAN: Tk. 1,712,213,040

This consists of as follows:

| | | |
|---|--------------------------|----------------------|
| Cash Credit - Janata Bank Ltd., Pabna | 28,587,651 | 151,047,264 |
| Cash Credit - Janata Bank Ltd., Local Office, Dhaka | 20,146,821 | 140,572,104 |
| Short Term Loan - Citibank N.A, Dhaka | 17,619,769 | 323,445,482 |
| Trust Receipt - Citibank N.A, Dhaka | 275,825,852 | 321,303,178 |
| Short Term Loan - Commercial Bank of Ceylon Ltd., Dhaka | 26,053,906 | 150,880,055 |
| Trust Receipt - Commercial Bank of Ceylon Ltd., Dhaka | 23,045,000 | 32,893,000 |
| Short Term Loan - Standard Chartered Bank, Dhaka | 314,793,715 | 259,925,212 |
| Trust Receipt - Standard Chartered Bank, Dhaka | 183,477,818 | 277,387,536 |
| Short Term Loan - Bank Alfalah Ltd., Dhaka | 100,000,000 | 100,000,000 |
| Trust Receipt - Bank Alfalah Ltd., Dhaka | 10,672,300 | 20,860,000 |
| Overdraft - Eastern Bank Ltd., Dhaka | 23,689,189 | 21,981,742 |
| Trust Receipt - Eastern Bank Ltd., Dhaka | 39,693,127 | 74,835,844 |
| Overdraft - Mercantile Bank Ltd., Dhaka | 26,611,755 | 52,115,413 |
| Trust Receipt - Mercantile Bank Ltd., Dhaka | 129,219,538 | 307,236,069 |
| Short Term Loan - HSBC Ltd., Dhaka | 230,346,777 | 443,955,049 |
| Trust Receipt - HSBC Ltd., Dhaka | 51,276,191 | 141,363,913 |
| Trust Receipt - Shahjalal Islami Bank Ltd., Dhaka | 57,271,601 | 127,434,048 |
| Trust Receipt - Bank Asia Ltd., Dhaka | 12,827,000 | 48,778,116 |
| Trust Receipt - Pubali Bank Ltd. Dhaka | 44,632,686 | - |
| Overdraft - Sonali Bank Ltd., Custom House, Dhaka-Secured by FDR | 6,556,171 | 2,152,205 |
| Overdraft - Sonali Bank Ltd., Mohakhali Branch, Dhaka-Secured by FDR | 61,818 | - |
| Overdraft - Janata Bank Ltd., Mohakhali Corporate Br., Dhaka-Secured by FDR | 66,757,772 | 151,748,307 |
| Overdraft - Janata Bank Ltd., Mimi Super Market Br, Chittagong-Secured by FDR | 6,892,274 | 8,011,547 |
| Overdraft - Janata Bank Ltd., Foreign Exchange Corporate Br., Sylhet-Secured by FDR | 1,539,615 | 1,453,544 |
| Overdraft - Janata Bank Ltd., Maizdee Court Corporate Br., Noakhali-Secured by FDR | - | 1,081,279 |
| Others | 14,614,694 | 13,081,649 |
| | TK. 1,712,213,040 | 3,173,542,556 |



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17.1 CONSOLIDATED LONG TERM LOANS - Current Portion: Tk. 430,698,517

This represents current portion of long term loans from financial institutions which are repayable within next 12 months from April, 2009 and consists of as follows:

| | | |
|---|--------------------|--------------------|
| (a) Standard Chartered Bank, Dhaka | 61,861,111 | 143,301,133 |
| (b) Eastern Bank Ltd., Dhaka | 4,888,302 | 19,618,302 |
| (c) Commercial Bank of Ceylon Ltd., Dhaka | 11,072,004 | 11,072,004 |
| (d) HSBC Ltd., Dhaka | 71,308,039 | 43,191,783 |
| (e) Trust Bank Ltd., Dhaka | 30,557,084 | 26,718,341 |
| (f) Bank Asia Ltd., Dhaka | 73,000,489 | 58,886,632 |
| (g) Citibank N. A, Dhaka | 17,964,177 | - |
| (h) Minimum Lease Payments | 160,047,311 | 143,355,613 |
| Tk. | 430,698,517 | 446,143,808 |

18.1 CONSOLIDATED TRADE CREDITORS:

Tk.

127,550,930**233,405,650**

This represents amount payable to regular suppliers of raw materials, packing materials, promotional materials etc. etc. All suppliers were paid on a regular basis.

19.1 CONSOLIDATED LIABILITIES FOR EXPENSES: Tk. 93,613,902

This consists of as follows:

| | | |
|-----------------------|-------------------|--------------------|
| Accrued Expenses | 84,130,649 | 221,980,132 |
| Clearing & Forwarding | 9,233,253 | 14,016,923 |
| Audit Fees | 250,000 | 250,000 |
| Tk. | 93,613,902 | 236,247,055 |

20.1 CONSOLIDATED LIABILITIES FOR OTHER FINANCE: Tk. 614,659,193

This consists of as follows:

| | | |
|------------------------------------|--------------------|--------------------|
| Sundry Creditors | 136,708,908 | 104,422,714 |
| Income Tax (Deduction at Source) | 6,018,897 | 8,139,409 |
| Retention Money | 1,242,644 | 1,249,971 |
| Workers' Profit Participation Fund | 276,068,355 | 222,400,631 |
| Income Tax Payable (Note- 21.1) | 194,620,389 | 107,031,716 |
| Tk. | 614,659,193 | 443,244,441 |

| | 31-03-09 | 31-03-08 |
|--|------------------------|--------------------|
| 21.1 CONSOLIDATED INCOME TAX PAYABLE: Tk. 194,620,389 | | |
| This is arrived at as follows: | | |
| Income Tax Payable: | 688,332,325 | 574,540,760 |
| Balance at 01-04-2008 | 107,031,716 | 145,388,510 |
| - Provision made during the Year 2007-08 (Note-32.1) | - | 429,152,250 |
| - Provision made during the Year 2008-09 (Note-32.1) | 601,423,429 | - |
| - Adjustment for Merger of Square Spinnings Ltd. | (20,122,820) | - |
| Less: Payment of Income Tax: | 493,711,936 | 467,509,044 |
| - During the Year 2007-08 | 107,031,716 | 144,254,638 |
| - During the Year 2008-09 | 386,680,220 | 323,254,406 |
| Balance at 31-03-2009 | Tk. 194,620,389 | 107,031,716 |

| | 2008-2009 | 2007-2008 |
|---|---------------------------|-----------------------|
| 22.1 CONSOLIDATED GROSS TURNOVER: Tk. 13,585,146,515 | | |
| Square Pharmaceuticals Ltd. | 11,366,597,928 | 9,565,715,902 |
| Square Spinnings Ltd. | 742,991,967 | 1,328,577,259 |
| Square Cephalosporins Ltd. | 1,475,556,620 | 1,129,832,874 |
| Gross Turnover | Tk. 13,585,146,515 | 12,024,126,035 |

23.1 CONSOLIDATED COST OF GOODS SOLD: Tk. 7,012,826,452

| | Notes | 31-03-09 | 31-03-08 |
|--------------------------------|-------|--------------------------|----------------------|
| This is arrived at as follows: | | | |
| Raw Materials Consumed | 24.1 | 3,878,398,231 | 4,038,167,692 |
| Packing Materials Consumed | 25.1 | 1,464,827,284 | 1,266,054,810 |
| | | 5,343,225,515 | 5,304,222,502 |
| Work-in-Process (Opening) | | 171,959,825 | 136,717,825 |
| Work-in-Process (Closing) | | (174,715,973) | (171,959,825) |
| TOTAL CONSUMPTION | | 5,340,469,367 | 5,268,980,502 |
| Factory Overhead | 26.1 | 1,434,171,008 | 1,224,318,616 |
| COST OF PRODUCTION | | 6,774,640,375 | 6,493,299,118 |
| Purchase of Finished Goods | | 218,136,279 | 211,761,614 |
| Finished Goods (Opening) | | 675,635,204 | 516,302,220 |
| Finished Goods (Closing) | | (655,585,406) | (675,635,204) |
| | | Tk. 7,012,826,452 | 6,545,727,748 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



2008-2009

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24.1 CONSOLIDATED RAW MATERIALS CONSUMED: Tk. 3,878,398,231

This is arrived at as follows:

| | | |
|---------------|----------------------|----------------------|
| Opening Stock | 1,029,480,730 | 904,300,138 |
| Purchase | 3,911,519,427 | 4,163,348,284 |
| Closing Stock | (1,062,601,926) | (1,029,480,730) |
| Tk. | 3,878,398,231 | 4,038,167,692 |

25.1 CONSOLIDATED PACKING MATERIALS CONSUMED: Tk. 1,464,827,284

This is arrived at as follows:

| | | |
|---------------|----------------------|----------------------|
| Opening Stock | 225,021,621 | 194,309,616 |
| Purchase | 1,482,294,357 | 1,296,766,815 |
| Closing Stock | (242,488,694) | (225,021,621) |
| Tk. | 1,464,827,284 | 1,266,054,810 |

26.1 CONSOLIDATED FACTORY OVERHEAD: Tk. 1,434,171,008

This is made-up as follows:

| | | |
|--------------------------------------|----------------------|----------------------|
| Salaries, Allowances and Wages | 308,848,852 | 251,200,193 |
| Factory Employees Free Lunch | 23,427,684 | 18,247,704 |
| Factory Staff Uniform | 8,500,779 | 6,264,137 |
| Travelling & Conveyance | 5,663,322 | 5,178,916 |
| Printing & Stationery | 20,722,115 | 14,197,211 |
| Postage, Telephone & Fax | 2,434,650 | 2,602,790 |
| Repairs & Maintenance | 221,782,540 | 189,663,677 |
| Laboratory Consumable Stores | 53,527,897 | 53,311,810 |
| Fuel, Petrol, Light Diesel etc. | 16,745,038 | 16,179,865 |
| Electricity, Gas & Water | 101,360,550 | 107,840,350 |
| Rental Expense | 1,210,000 | 995,300 |
| Municipal & Other Tax | 1,085,838 | 1,168,517 |
| Insurance Premium | 13,858,660 | 18,573,779 |
| Factory Sanitation Expenses | 4,525,296 | 5,693,491 |
| Depreciation | 628,920,304 | 517,546,384 |
| Security Services | 11,495,381 | 9,616,800 |
| Research & Development | 1,213,270 | 5,505,206 |
| Software & Hardware Support Services | 7,895,000 | - |
| Other Expenses | 953,832 | 532,486 |
| Tk. | 1,434,171,008 | 1,224,318,616 |

2008- 2009

2007- 2008

27.1 CONSOLIDATED SELLING & DISTRIBUTION EXPENSES: Tk. 1,408,896,855

This consists of as follows:

| | | |
|---|----------------------|----------------------|
| Salaries and Allowances | 193,387,244 | 179,346,032 |
| Travelling and Conveyance | 18,763,484 | 17,694,658 |
| Training Expenses | 2,220,394 | 1,915,781 |
| Printing and Stationery | 22,740,086 | 26,247,111 |
| Postage, Telephone, Fax & Telex | 9,577,683 | 8,767,165 |
| Electricity, Gas and Water | 5,247,236 | 4,231,177 |
| Tiffin and Refreshment | 5,261,984 | 4,490,423 |
| Office and Godown Rent | 5,221,330 | 5,494,278 |
| Bank Charges | 6,281,685 | 6,276,932 |
| Repairs and Maintenance including car maintenance | 83,515,314 | 78,045,608 |
| Govt. Taxes and Licence Fees | 6,753,376 | 11,249,060 |
| Field Staff Salaries, Allowances, T.A and D.A | 359,540,070 | 333,693,520 |
| Marketing and Promotional Expenses | 232,766,980 | 215,058,082 |
| Advertisement | 1,131,000 | 1,303,740 |
| Delivery and Packing Expenses | 29,876,497 | 29,429,990 |
| Export Expenses | 34,810,146 | 29,892,130 |
| Special Discount | 260,384,016 | 204,897,929 |
| Sample Expenses | 60,413,643 | 51,809,408 |
| Security Services | 11,500,798 | 8,297,461 |
| Depreciation | 57,334,928 | 49,822,634 |
| Software & Hardware Support Services | 726,000 | 253,000 |
| Other Expenses | 1,442,961 | 795,320 |
| Tk. | 1,408,896,855 | 1,269,011,439 |



2008-2009

2007-2008

28.1 CONSOLIDATED ADMINISTRATIVE EXPENSES: Tk. 475,467,629

This consists of as follows:

| | | |
|---|------------------------|--------------------|
| Salaries and Allowances | 96,535,002 | 83,639,339 |
| Directors' Remuneration | 27,267,770 | 21,691,428 |
| Travelling and Conveyance | 35,864,259 | 41,000,812 |
| Training Expenses | 2,004,923 | 2,372,157 |
| Printing and Stationery | 8,641,611 | 8,876,250 |
| Postage, Telephone, Fax & Telex | 4,755,368 | 5,134,619 |
| Electricity, Gas & Water | 5,794,936 | 6,879,504 |
| Tiffin and Refreshment | 14,375,469 | 13,068,651 |
| Office Rent | 2,109,202 | 2,247,735 |
| Sanitation Expenses | 1,766,205 | 1,765,296 |
| Books and Periodicals | 1,047,043 | 1,224,577 |
| Subscription and Donation | 3,968,897 | 12,775,405 |
| Advertisement | 3,216,834 | 2,327,806 |
| Repairs and Maintenance | 56,745,557 | 50,679,567 |
| Bank Charges | 17,105,510 | 12,495,389 |
| Insurance Premium | 3,266,202 | 8,280,464 |
| Govt. Taxes, Stamp Duty & Licence Fee | 4,233,349 | 4,879,800 |
| Lease Rent | 495,000 | 310,000 |
| Security Services | 7,564,955 | 5,123,898 |
| Management Consultant Fees | 621,230 | 982,463 |
| Legal Charges | 838,055 | 732,250 |
| Audit Fees | 250,000 | 265,000 |
| Depreciation | 141,149,167 | 171,588,189 |
| Annual General Meeting Expenses | 12,046,784 | 6,550,114 |
| Software & Hardware Support Services | 18,047,140 | 15,820,494 |
| Share Demat, Remat & Transfer Fees | 3,361,118 | 7,410,219 |
| Commission on Sale of Marketable Securities | 336,446 | - |
| Other Expenses | 2,059,597 | 2,211,222 |
| | Tk. 475,467,629 | 490,332,648 |

29.1 CONSOLIDATED OTHER INCOME: Tk. 409,051,677

This is arrived at as follows:

| | | |
|---|------------------------|--------------------|
| Interest on FDR | 3177,888 | 5,273,128 |
| Interest on Savings Account | 174,681 | 140,096 |
| Rental Income | 229,308,264 | 229,308,264 |
| Sale of Scrap | 19,824,980 | 14,375,919 |
| Foreign Exchange Fluctuation Gain/(Loss) on Retention Quota Account | 2,035,239 | 592,408 |
| Foreign Exchange Fluctuation Gain/(Loss) against Collection on Export Bills | 14,948 | 2,913 |
| Dividend Received | 9,054,276 | 4,506,307 |
| Interest on Loan to Sister Concern | 62,299,897 | 84,259,577 |
| Commission Received | - | 4,934,656 |
| Gain on Sale of Marketable Securities | 79,621,367 | - |
| | 405,511,540 | 343,393,268 |
| Profit on Sale of Property, Plant and Equipment (Note-36) | 3,540,137 | 2,107,695 |
| | Tk. 409,051,677 | 345,500,963 |

| | 2008-2009 | 2007-2008 |
|--|--------------------|--------------------|
| 30.1 CONSOLIDATED FINANCIAL EXPENSES: Tk. 454,691,855 | | |
| This is made-up as follows: | | |
| Interest on Cash Credit | 21,820,760 | 32,462,066 |
| Interest on Overdraft | 43,740,633 | 49,482,731 |
| Interest on LATR & LPO | 145,419,971 | 135,238,829 |
| Interest on Short Term Loan | 120,192,539 | 127,883,501 |
| Interest on Lease | 43,122,332 | 39,519,065 |
| Interest on Long Term Loan | 80,395,620 | 58,566,641 |
| Tk. | 454,691,855 | 443,152,833 |

31.1 CONSOLIDATED ALLOCATION FOR WPPF: Tk. 137,835,606

This consists of as follows:

| | | |
|-----------------------------|--------------------|--------------------|
| Square Pharmaceuticals Ltd. | 125,562,961 | 93,431,709 |
| Square Spinnings Ltd. | 2,890,011 | 6,454,949 |
| Square Cephalosporins Ltd. | 9,382,634 | 4,267,356 |
| Tk. | 137,835,606 | 104,154,014 |

32.1 CONSOLIDATED PROVISION FOR INCOME TAX: Tk. 601,423,429

This is made-up as follows:

| | | |
|-----------------------------|--------------------|--------------------|
| Square Pharmaceuticals Ltd. | 592,644,226 | 409,660,827 |
| Square Spinnings Ltd. | 8,779,203 | 19,491,423 |
| Tk. | 601,423,429 | 429,152,250 |

32.2 PROFIT FROM ASSOCIATE UNDERTAKINGS: Tk. (54,772,057)

This is arrived at as follows:

| | | |
|-----------------------------|---------------------|---------------------|
| a) Square Textiles Ltd. | 109,862,607 | 124,016,004 |
| b) Square Knit Fabrics Ltd. | 49,683,830 | 49,649,122 |
| c) Square Fashions Ltd. | 59,519,648 | 55,944,163 |
| d) Square Hospitals Ltd. | (273,838,142) | (241,969,043) |
| Tk. | (54,772,057) | (12,359,754) |

33.1 CONSOLIDATED BASIC EARNINGS PER SHARE (EPS): Tk. 170.51

The computation is given below:

| | | |
|--|-------------------|---------------|
| Surplus for the year attributable to Shareholders (Net Profit after Tax) | 2,058,386,052 | 1,525,621,860 |
| Weighted average number of shares outstanding during the year | 12,072,240 | 12,072,240 |
| Basic EPS | Tk. 170.51 | 126.37 |

SQUARE PHARMACEUTICALS LTD.

Consolidated Property, Plant and Equipment: Tk. 5,462,139,607

Schedule-02

| PARTICULARS | COST | | | DEPRECIATION | | | | Carrying Value as at 31 March 2009 |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------------|-------------------|------------------------------------|
| | At 31 March 2008 | During the year | | At 31 March 2008 | During the year | | At 31 March 2009 | |
| | | Additions | Sales/ Transfer | | Charged | Sales/ Transfer | | |
| FACTORIES: | | | | | | | | |
| Freehold Land | 309,664,276 | 39,015,862 | 14,007,206 | - | - | - | - | 334,672,932 |
| Building | 1,646,017,295 | 324,424,245 | 118,711,892 | 701,857,770 | 1,851,729,648 | 119,642,235 | 4,655,045 | 1,034,884,688 |
| Building under Construction | 158,836,067 | 72,008,147 | 100,742,394 | - | 130,101,820 | - | - | 130,101,820 |
| Plant & Machinery | 3,268,266,375 | 873,150,439 | 634,004,198 | 1,295,221,331 | 3,507,412,616 | 375,681,123 | 28,494,851 | 1,642,407,603 |
| Electromechanical Equipments | 510,935,147 | - | - | 153,280,544 | 510,935,147 | 76,640,272 | - | 229,920,816 |
| Laboratory Equipment | 290,046,959 | 50,143,544 | - | 87,528,760 | 340,190,503 | 27,236,472 | - | 114,765,232 |
| Furniture & Fixture | 115,847,207 | 27,251,589 | 2,428,067 | 44,378,666 | 140,670,729 | 9,644,169 | - | 54,022,835 |
| Office Equipment | 91,354,159 | 5,490,507 | 1,390,290 | 42,502,497 | 95,454,376 | 5,504,781 | 174,607 | 86,647,894 |
| Motor Vehicles | 100,403,769 | 10,164,000 | 5,907,000 | 60,137,475 | 104,660,769 | 9,524,745 | 3,100,433 | 47,621,705 |
| Motor Vehicle Lease | 2,085,000 | - | - | 1,230,984 | 2,085,000 | 170,803 | - | 38,098,982 |
| Plant & Machinery in Transit | 137,057,283 | 4,130,388 | 100,202,438 | 15,709,051 | 40,985,233 | 2,830,630 | - | 683,213 |
| Electrical Installation | 62,416,518 | 3,386,850 | 32,477,211 | 5,839,608 | 33,326,157 | 2,045,074 | 360,257 | 40,985,233 |
| Gas Line Installation | 22,472,845 | - | 5,401,129 | - | 17,071,716 | - | - | 14,786,476 |
| TOTAL | 6,715,402,900 | 1,409,165,571 | 1,015,271,825 | 2,407,686,686 | 7,109,296,646 | 628,920,304 | 36,785,193 | 4,109,474,849 |
| HEAD OFFICE & OTHERS: | | | | | | | | |
| Land | 266,650,214 | 155,375,247 | - | - | 422,025,461 | - | - | 422,025,461 |
| Building | 191,794,308 | 27,287,908 | - | 66,637,563 | 219,082,216 | 15,244,466 | - | 137,200,187 |
| Building under Construction | 15,883,305 | 16,212,355 | 12,736,455 | - | 19,359,205 | - | - | 19,359,205 |
| Furniture & Fixture | 45,474,411 | 5,322,707 | - | 17,439,979 | 50,797,118 | 3,335,714 | - | 30,021,425 |
| Office Equipment | 939,539,016 | 6,443,785 | - | 333,586,024 | 945,982,801 | 114,819,496 | - | 448,405,520 |
| Motor Vehicle | 282,259,813 | 63,216,020 | 10,207,622 | 157,905,124 | 335,268,211 | 39,726,454 | 5,462,895 | 192,168,683 |
| Motor Vehicle-Lease | 64,472,040 | - | - | 28,199,886 | 64,472,040 | 7,254,431 | - | 35,454,317 |
| Motor Cycle | 134,546,790 | 19,186,000 | 6,572,184 | 67,468,362 | 147,160,606 | 16,930,572 | 4,960,618 | 79,438,316 |
| Books & Periodicals | 528,794 | - | - | 523,671 | 528,794 | - | - | 525,208 |
| Electrical Installation | 10,763,937 | - | - | 2,954,440 | 10,763,937 | 1,171,425 | - | 4,125,865 |
| TOTAL | 1,951,912,628 | 293,044,022 | 29,516,261 | 674,715,049 | 2,215,440,389 | 198,484,095 | 10,423,513 | 862,775,631 |
| GRAND TOTAL Tk. | 8,667,315,528 | 1,702,209,593 | 1,044,788,086 | 3,082,401,735 | 9,324,737,035 | 827,404,399 | 47,208,706 | 5,462,139,607 |
| TOTAL - 2008 Tk. | 7,569,779,815 | 1,169,518,503 | 71,982,790 | 2,725,363,994 | 8,667,315,528 | 738,957,207 | 13,971,413 | 3,450,349,788 |





SUBSIDIARY PROFILE

SQUARE CEPHALOSPORINS LIMITED
DIRECTOR'S REPORT TO THE SHAREHOLDERS
FOR THE PERIOD 2008-2009

Dear Shareholders,

In terms of the provisions of section 184 of the Companies Act 1994 and IAS codes, I, on behalf of the Board of Directors, have the pleasure to submit its Report to you at the third annual general meeting for the period ended 31 March, 2009 in the following paragraphs:

1. IMPLEMENTATION:

The company completed implementation of the project in October 2006 and the plant commencement production from November 2006. The total cost of project incurred up to 31 March 2009 stood as follows:

| | 2008 | 2009 |
|--------------------------------|--------------------|--------------------|
| * Plant & Machinery | 341,279,537 | 351,400,842 |
| * Laboratory Equipment | 96,816,034 | 104,190,158 |
| * Electro Mechanical Equipment | 510,935,147 | 515,009,335 |
| * Other Assets | 5,490,166 | 9,143,997 |
| Total Tk. | <u>954,520,884</u> | <u>979,744,332</u> |

2. SHAREHOLDING:

The company has issued 950,000 shares of Tk. 100 each to Square Pharmaceuticals Ltd. (SPL.) In addition 5,000 shares of Tk.100 each have been issued to the individual shareholders as follows:

| | | |
|---------------------------|--------------|--------|
| * Mr. Samson H. Chowdhury | 1,000 | Shares |
| * Mr. Samuel S. Chowdhury | 1,000 | " |
| * Mr. Tapan Chowdhury | 1,000 | " |
| * Mr. Anjan Chowdhury | 1,000 | " |
| * Mr. Charles C R Patra | 1,000 | " |
| Total: | <u>5,000</u> | |

On the basis of the above shareholdings, Square Cephalosporins Ltd. (SCL.) has the status of subsidiary to SPL.

3. OPERATIONS:

The company had operated only for about 5 months/during 2006-2007 and the output, cost and expense levels could not reach optimum level as yet. The operational performance during the years 2006-2007, 2007-2008 and 2008-2009 are as follows:

| | | 2006-2007 | 2007-2008 | 2008-2009 |
|---------------------|-----|---------------|---------------|---------------|
| Gross Turnover | Tk. | 72,355,039 | 1,129,832,873 | 1,475,556,620 |
| Gross Profit (Loss) | Tk. | (96,331,009) | 399,808,653 | 552,265,124 |
| Net Profit (Loss) | Tk. | (120,466,871) | 85,347,129 | 187,562,674 |
| Earnings Per Share | | (126.16) | 89.37 | 196.50 |
| Net Assets Value | | (26.16) | 63.23 | 259.72 |

The above indicates that the company has succeeded in turning the corner and gained positive NAV.

4. ACCOUNTING YEAR:

Financial Position:

The company's (SCL) Accounting Year ended on 31 March 2009. The Balance Sheet, Income Statement, Statement of Changes in Equity and Cash Flow Statement as at 31 March 2009 are placed hereunder.



5. BOARD OF DIRECTORS:

The Board of Directors as included in the Articles of Association continue to serve and no vacancy has been yet created therein.

6. APPOINTMENT OF AUDITORS:

In terms of provisions of sub-section (1) of section 210 of the Companies Act 1994, the shareholders' are required to appoint Auditors' of the company. Being eligible M/s. Chowdhury Bhattachajee & Co., Chartered Accountants', the statutory auditors, who retired as this AGM, have offered to be reappointed as Auditors for the year 2009-2010 as per proviso (a) of sub-section (6) of section 210 of the Act.

7. ACKNOWLEDGEMENT:

The Directors record with appropriation the services rendered by all concerned.



Samson H. Chowdhury
Chairman



AUDITORS' REPORT

TO THE SHAREHOLDERS OF

SQUARE CEPHALOSPORINS LTD.

We have audited the accompanying Financial Statements of Square Cephalosporins Limited comprising Balance Sheet as at 31 March, 2009 and the related Income Statement, Statement of Changes in Equity, Cash Flow Statement together with related Notes and Schedule thereto for the year then ended. The preparation of these financial statements are the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates and judgments made by management, as well as evaluating the overall presentation of financial statement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement, prepared in accordance with the International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BAS), give a true and fair view of the state of affairs of the company as at 31 March, 2009 and of the results of its operations and its cash flow for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) in our opinion, the company management has followed relevant provisions of laws and rules in managing the affairs of the company and proper books of accounts, records and other statutory books have been maintained so far as it appeared from our examination of those books;
- (c) the Company's Balance Sheet and Income Statement dealt with by the report are in agreement with the books of account;

Dated, Dhaka
15 July, 2009


B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

SQUARE CEPHALOSPORINS LTD.

BALANCE SHEET

as at 31 March 2009

| | | 31-03-09 | 31-03-08 |
|---|-------|--------------------|----------------------|
| ASSETS: | Notes | | |
| Non Current Assets: | | 562,459,775 | 684,212,382 |
| Property, Plant & Equipment-At Cost less Depreciation | 2 | 562,459,775 | 684,212,382 |
| CURRENT ASSETS: | | 348,794,803 | 316,103,744 |
| Inventories | 3 | 306,775,838 | 282,877,273 |
| Accounts Receivable | | - | 522,346 |
| Advance, Deposit and Prepayments | 4 | 28,425,760 | 32,040,217 |
| Cash and Cash Equivalents | 5 | 13,593,205 | 663,908 |
| TOTAL ASSETS | Tk. | 911,254,578 | 1,000,316,126 |
| SHAREHOLDERS' EQUITY AND LIABILITIES: | | | |
| Shareholders' Equity: | | 248,032,933 | 60,380,259 |
| Share Capital | 6 | 95,500,000 | 95,500,000 |
| Retained Earnings | | 152,532,933 | (35,119,741) |
| NON CURRENT LIABILITIES: | | 400,000,000 | 439,254,948 |
| Long Term Bank Loan | 7 | - | 39,254,948 |
| Share Money Deposit | | 400,000,000 | 400,000,000 |
| CURRENT LIABILITIES: | | 263,221,645 | 500,680,919 |
| Short Term Borrowings | 8 | 196,188,541 | 377,368,955 |
| Current Portion of Long Term Bank Loan | 9 | 44,143,250 | 90,254,529 |
| Liabilities for Expenses | 10 | 3,328,231 | 18,703,157 |
| Other Liabilities | 11 | 19,561,623 | 14,354,278 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES: | Tk. | 911,254,578 | 1,000,316,126 |

Attached notes form part of these Financial Statements.

As per our annexed report of even date.



Samson H. Chowdhury
Managing Director



Samuel S. Chowdhury
Director



Khandaker Habibuzzaman
Company Secretary



B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

Dated, Dhaka: 15 July, 2009

SQUARE CEPHALOSPORINS LTD.

INCOME STATEMENT

for the year ended 31 March 2009

| | | 2008-2009 | 2007-2008 |
|---|-------|----------------------|--------------------|
| | Notes | | |
| GROSS TURNOVER | 12 | 1,475,556,620 | 1,129,832,873 |
| Less: Value Added Tax | | (213,126,367) | (162,493,024) |
| NET TURNOVER | | 1,262,430,253 | 967,339,849 |
| Cost of Goods Sold | 13 | (710,165,129) | (567,531,196) |
| GROSS PROFIT | | 552,265,124 | 399,808,653 |
| Administrative, Selling and Distribution Expenses | 14 | (296,077,891) | (233,747,304) |
| PROFIT FROM OPERATIONS | | 256,187,233 | 166,061,349 |
| Financial Expenses | 15 | (59,151,925) | (76,446,863) |
| NET PROFIT BEFORE WPPF | | 197,035,308 | 89,614,486 |
| Allocation for WPPF | | (9,382,634) | (4,267,356) |
| NET PROFIT BEFORE TAX | | 187,652,674 | 85,347,129 |
| Provision for Income Tax | | - | - |
| NET PROFIT AFTER TAX | Tk. | 187,652,674 | 85,347,130 |
| (Transferred to the Statement of Changes in Equity) | | | |

Attached notes form part of these Financial Statements.

As per our annexed report of even date.



Samson H. Chowdhury
Managing Director



Samuel S. Chowdhury
Director



Khandaker Habibuzzaman
Company Secretary



B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

Dated, Dhaka: 15 July, 2009

SQUARE CEPHALOSPORINS LTD.

STATEMENT OF CHANGES IN EQUITY

for the period ended March 31, 2009

| | Share Capital | Share Premium | General Reserve | Tax Holiday Reserve | Retained Earnings | Total |
|--------------------------|---------------|---------------|-----------------|---------------------|-------------------|-------------|
| At March 31, 2008 | 95,500,000 | - | - | - | (35,119,741) | 60,380,259 |
| Net Profit for 2008-2009 | - | - | - | - | 187,652,674 | 187,652,674 |
| At March 31, 2009 Tk. | 95,500,000 | - | - | - | 152,532,933 | 248,032,933 |

SQUARE CEPHALOSPORINS LTD.

STATEMENT OF CHANGES IN EQUITY

for the period ended March 31, 2008

| | Share Capital | Share Premium | General Reserve | Tax Holiday Reserve | Retained Earnings | Total |
|--------------------------|---------------|---------------|-----------------|---------------------|-------------------|--------------|
| At March 31, 2007 | 95,500,000 | - | - | - | (120,466,871) | (24,966,871) |
| Net Profit for 2007-2008 | - | - | - | - | 85,347,130 | 85,347,130 |
| At March 31, 2008 Tk. | 95,500,000 | - | - | - | (35,119,741) | 60,380,259 |

As per our annexed report of even date.



Samson H. Chowdhury
Managing Director



Samuel S. Chowdhury
Director



Khandaker Habibuzzaman
Company Secretary



B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

Dated, Dhaka: 15 July, 2009

SQUARE CEPHALOSPORINS LTD.

CASH FLOW STATEMENT

for the year ended 31 March, 2009

| | 2008-2009 | 2007-2008 |
|---|-----------------------|----------------|
| Cash Flow from Operating Activities: | | |
| Receipts from Customers | 1,245,701,644 | 1,129,310,528 |
| Payment to Suppliers | (408,182,232) | (536,835,480) |
| Payment to Employees & Others | (336,293,288) | (458,484,617) |
| Payment of Interest on Borrowings | (59,151,925) | (76,446,863) |
| Net Cash used in Operating Activities (A) | 442,074,199 | 57,543,568 |
| Cash Flow from Investing Activities: | | |
| Purchase of Fixed Assets | (19,452,934) | (7,072,515) |
| Net Cash used in Investing Activities (B) | (19,452,934) | (7,072,515) |
| Cash Flow from Financing Activities: | | |
| Short Term Borrowing | 1,332,883,945 | 749,651,279 |
| Payment of Short Term Loan | (1,657,209,686) | (704,272,197) |
| Payment of Long Term Loan | (85,366,227) | (95,186,227) |
| Net Cash provided by Financing Activities (C) | (409,691,968) | (49,807,145) |
| Increase in Cash and Cash Equivalent (A+B+C) | 12,929,297 | 663,908 |
| Opening Cash and Cash Equivalent | 663,908 | - |
| Closing Cash and Cash Equivalent | Tk. 13,593,205 | 663,908 |

As per our annexed report of even date.



Samson H. Chowdhury
Managing Director



Samuel S. Chowdhury
Director



Khandaker Habibuzzaman
Company Secretary



B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

Dated, Dhaka: 15 July, 2009



SQUARE BIOTECHS LTD.
DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE YEAR 2008-2009

Dear Shareholders,

In terms of provision of Section 184 of the Companies Act. 1994 and IAS-1 codes, I am pleased to submit to you on behalf of the Board of Directors their Report along with the Audited Accounts containing Balance Sheet as on 31 March, 2009 at this 2nd Annual General Meeting.

1. OPERATIONS:

As the company has not commenced commercial production by 31 March 2009, no Income Statement has been prepared.

2. FINANCIAL POSITION:

The total investment made by the company upto 31 March, 2008 and 2009 as detailed below:

| Fixed Assets: | <u>2008</u> | <u>2009</u> |
|---------------------------------------|--------------------|--------------------|
| * Building/Civil works | 46,833,353 | 75,103,755 |
| * Plant & Machinery | 509,910,804 | 751,340,091 |
| * Other Assets | - | 42,127,732 |
| * Interest during Construction Period | - | 4,709,766 |
| * Pre-operating Expenses | 2,873,517 | 24,855 |
| | <u>559,617,674</u> | <u>873,306,199</u> |
| Current Assets | 11,048,974 | 180,213 |
| Total Tk. | <u>570,666,648</u> | <u>873,486,412</u> |

The above investment have been financed as follows:

| | | |
|-----------------------|--------------------|--------------------|
| * Paid-up Capital | 67,000,000 | 67,000,000 |
| * Share Money Deposit | 268,000,000 | 418,000,000 |
| * Long Term Bank Loan | 136,541,244 | 245,576,578 |
| * Current Liabilities | 99,125,404 | 142,909,834 |
| Total Tk. | <u>570,666,648</u> | <u>873,486,412</u> |

3. SALE OF ASSETS:

In order to avoid operational and management hazards the company has decided to sell the entire fixed & other assets to SPL at cost as on 31 May 2009.

4. ACCOUNTING YEAR:

The company's (SBL) Accounting Year ended on 31 March, 2009. As the company did not commence production during the year ended 31 March, 2009, no Income Statement and Statement of Changes in Equity and Cash Flow Statement has been prepared.

5. BOARD OF DIRECTORS:

The Board of Directors as included in the Articles of Association continue to serve and no vacancy has yet been created therein.

6. APPOINTMENT OF AUDITORS:

The present auditor's M/S Chowdhury Bhattacharjee & Co. Chartered Accountants retire at this AGM. Being eligible they have offered to continuing for 2009-2010 and sought re-appointment by shareholders.

7. ACKNOWLEDGEMENT:

The Directors record with deep appreciation the hardship taken by the management in implementation of the project despite multifarious obstacles involved in such a State-of-Art life-science project. The board also acknowledge the support given by the shareholders, the bankers and the government agencies involved.

I thank every one for successful implementation and expect their continued cooperation and devotion in operations of the project.



Samson H. Chowdhury
Chairman

AUDITORS' REPORT

TO THE SHAREHOLDERS OF

SQUARE BIOTECHS LTD.

We have audited the accompanying Financial Statements of Square Biotech Limited comprising Balance Sheet as at 31 March, 2009 together with related Notes and thereto for the year then ended. The preparation of these financial statements are the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates and judgments made by management, as well as evaluating the overall presentation of financial statement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement, prepared in accordance with the International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BAS), give a true and fair view of the state of affairs of the company as at 31 March, 2009 and of the results of its operations and its cash flow for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) in our opinion, the company management has followed relevant provisions of laws and rules in managing the affairs of the company and proper books of accounts, records and other statutory books have been maintained so far as it appeared from our examination of those books;
- (c) the Company's Balance Sheet dealt with by this report are in agreement with the books of account;

Dated, Dhaka
08 July, 2009



B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

SQUARE BIOTECHS LTD.

BALANCE SHEET

as at 31 March 2009

| | | 31-03-09 | 31-03-08 |
|--|-------|--------------------|--------------------|
| ASSETS: | Notes | | |
| Non Current Assets: | | 873,306,199 | 559,617,674 |
| Pre-Operating Expenses | 2 | 4,709,766 | 2,873,517 |
| Capital Work-in-Progress | 3 | 868,596,433 | 556,744,157 |
| CURRENT ASSETS: | | 180,213 | 11,048,974 |
| Advance, Deposit & Prepayments | 5 | 179,218 | 11,013,287 |
| Cash and Cash Equivalents | 7 | 995 | 35,687 |
| Total Tk. | | 873,486,412 | 570,666,648 |
| CAPITAL & LIABILITIES: | | | |
| Share Capital: | | | |
| Authorised Capital | | | |
| 10,000,000 Ordinary Shares of Tk. 100/- each | | 1,000,000,000 | 1,000,000,000 |
| Issued & Subscribed Capital: | | | |
| 950,000 Ordinary Shares of Tk. 100/- each | | 95,000,000 | 95,000,000 |
| Paid-up Capital: | | | |
| 670,000 Ordinary Shares of Tk. 100/- each | | 67,000,000 | 67,000,000 |
| Paid up in Cash | | | |
| Share Money Deposit | 10 | 418,000,000 | 268,000,000 |
| NON CURRENT LIABILITIES: | | 245,576,578 | 136,541,244 |
| Long Term Bank Loan | 8 | 245,576,578 | 136,541,244 |
| CURRENT LIABILITIES: | | 142,909,834 | 99,125,404 |
| Short Term Borrowings | 6 | 32,238,680 | 40,213,771 |
| Long Term Bank Loan (Current Portion) | 9 | 90,964,666 | 58,886,633 |
| Liabilities for Expenses | 4 | 19,706,488 | 25,000 |
| Total Tk. | | 873,486,412 | 570,666,648 |

Attached notes form part of these Financial Statements.

Signed as per our annexed report of even date.



Samson H. Chowdhury
Managing Director



Samuel S. Chowdhury
Director



Khandaker Habibuzzaman
Company Secretary



B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

Dated, Dhaka: 08 July, 2009



SUBSIDIARY PROFILE

SQUARE MULTI FABRICS LTD.
DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE YEAR 2008-2009

Dear Shareholders,

In terms of provision of Section 184 of the Companies Act, 1994 and IAS-1 codes, I am pleased to submit to you on behalf of the Board of Directors their Report along with the Audited Accounts containing Balance Sheet as on 31 March, 2009 at this First Annual General Meeting.

1. OPERATIONS/INSTRUMENTS:

The company is implementing the project for production of 6 (six) MT of knit fabrics per day at Bhaluka. The company has so far invested as follows by 31 March 2009.

Fixed Assets:

| | |
|----------------------------|--------------------|
| * Capital Work in Progress | 329,583,858 |
| * Pre-operating Expenses | 4,880,001 |
| | <u>334,463,859</u> |

Current Assets

| | |
|-----------|--------------------|
| | 39,836,651 |
| Total Tk. | <u>374,300,510</u> |

2. SOURCES OF FINANCING:

The above investment have been financed as follows:

| | |
|-----------------------|--------------------|
| * Share Capital | 100,000,000 |
| * Share Money Deposit | 150,000,000 |
| * Long Term Loan | 91,000,000 |
| * Current Liabilities | 33,300,510 |
| Total Tk. | <u>374,300,510</u> |

3. ACCOUNTING STATEMENTS:

Company's Accounting Year ended on 31 March 2009. Since the company has not yet commenced production, no Income Statement, Cash Flow Statement and Statement of Changes in Equity has been prepared

4. BOARD OF DIRECTORS:

There has been no change in the constitution of the Board of Directors. As such existing board member are continuing to serve.

5. APPOINTMENT OF AUDITORS:

The present auditor's M/S Chowdhury Bhattacharjee & Co. Chartered Accountants retire at this AGM. Being eligible they have offered to continuing for 2009-2010 and sought re-appointment by shareholders.

6. ACKNOWLEDGEMENT:

The Board of Directors record with appreciation the services rendered by all concerns in implementing the project on schedule.

I wish you best in life

Samson H. Chowdhury
Chairman

AUDITORS' REPORT

TO THE SHAREHOLDERS OF

SQUARE MULTI FABRICS LTD.

We have audited the accompanying Financial Statements of Square Multi Fabrics Limited comprising Balance Sheet as at 31 March, 2009 together with related Notes and thereto for the year then ended. The preparation of these financial statements are the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates and judgments made by management, as well as evaluating the overall presentation of financial statement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement, prepared in accordance with the International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BAS), give a true and fair view of the state of affairs of the company as at 31 March, 2009 and of the results of its operations and its cash flow for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) in our opinion, the company management has followed relevant provisions of laws and rules in managing the affairs of the company and proper books of accounts, records and other statutory books have been maintained so far as it appeared from our examination of those books;
- (c) the Company's Balance Sheet dealt with by this report are in agreement with the books of account;

Dated, Dhaka
15 June, 2009



B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

SQUARE MULTI FABRICS LTD.

BALANCE SHEET

as at 31 March 2009

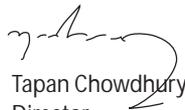
| | | 31-03-09 |
|--------------------------------|-----------|--------------------|
| ASSETS & PROPERTY: | Notes | |
| Non-Current Assets: | | 334,463,859 |
| Capital Work- in Progress | | 329,583,858 |
| Pre-Operating Expenses | | 4,880,001 |
| Current Assets: | | 39,836,651 |
| Advance, Deposit & Prepayments | | 32,500,015 |
| Cash and Bank Balances | 2.00 | 7,336,636 |
| Current Liabilities: | | 33,300,510 |
| Short Term Loan | 3.00 | 33,290,510 |
| Liabilities for Expenses | 4.00 | 10,000 |
| Net Current Assets | | 6,536,141 |
| Net Assets | Total Tk. | 341,000,000 |
| FINANCED BY: | | |
| Equity: | | 250,000,000 |
| Share Capital | 5.00 | 100,000,000 |
| Share Money Deposit | | 150,000,000 |
| Long Term Loan | 6.00 | 91,000,000 |
| | Total Tk. | 341,000,000 |

Attached notes form an integral part of these Financial Statement.

As per our annexed report of even date.



Samuel S. Chowdhury
Managing Director



Tapan Chowdhury
Director



Khandaker Habibuzzaman
Company Secretary



B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

Dated, Dhaka: 15 June, 2009

GLIMPSE OF

আজ যে শিশু
পৃথিবীর আলোয় এসেছে
আমরা তার তরে
একটি সাজানো বাগান চাই
-চেতননী



ভিটামিন-কে এর অভাবে মস্তিষ্কে রক্তসঞ্চালনিত কারণে
নবজাতকের মৃত্যু পর্যন্ত হতে পারে।

K-one[®] MM
Pharmaceuticals of 2 mg Paediatric

তদুপায় ৩ ডোজ K-one[®] MM শিশুকে এই অন্যকল্পিত
মৃত্যুর হাত থেকে রক্ষা করতে পারে।

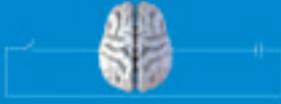
১ম ডোজ: জন্মের ৪র্থ দিনে ১টি ছোট্ট ট্যাবলেট দিতে হবে।
২য় ডোজ: জন্মের ৪র্থ সপ্তকে (৪র্থ-৫ম দিন) ১টি ছোট্ট ট্যাবলেট দিতে হবে।
৩য় ডোজ: জন্মের ৪র্থ মাসে (১৩-১৫-১৬ দিন) ১টি ছোট্ট ট্যাবলেট দিতে হবে।

Memory
Enhancer

Neurolep[®]
Piracetam 500 mg/5ml

100 ml
Solution
Sugar Free

Also available as
800 mg Tablet




The Brain Charger

Fexofenadine for pediatrics

Fexo[®]
Fexofenadine HCl
suspension
(30 mg / 5 ml)



US FDA
Approved

Antihistamine with excellence for
pre-school & school-going children

Fexo[®]
Also available as
60 mg, 120 mg & 180 mg Tablet

Relief from allergic complications and chronic idiopathic urticaria

SQUARE PRODUCTS

শিশুরা থেকে র্যাশ মুক্ত
কিনারা ডায়াপার/শাদি ছাপ দেবে



De-rash

Zinc Oxide BP 40%

ডি-র্যাশ

ডায়াপার র্যাশ
অয়েন্টমেন্ট ২৫ গ্রাম



SQUARE
Pharmaceuticals Ltd.
Dhaka, Bangladesh



Cheerful mood.
Wonderful day



Nocon

Oxymetazoline HCl 0.05% & 0.025% Nasal Drops

No nasal congestion



Apsol

Amlexanor 5% Oral Paste

US FDA
Approved

First & only
approved medication for Aphthous Ulcer



FIRST BORN IN



42nd Annual General Meeting



SQUARE PHARMACEUTICALS LTD.

Registered Office: "Square Centre" 48, Mohakhali Commercial Area, Dhaka-1212

PROXY FORM

I/We _____

of _____

being a member of Square Pharmaceuticals Ltd. do hereby appoint

Mr/Mrs/Miss _____

of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the 43rd Annual General Meeting of the Company to be held on Monday the 7th September 2009 at 11:00 a.m. at Factory Premises, Board Ghar Bazar, Kaliakoir, Gazipur and at any adjournment thereof.

As witness my hand this day of _____ September 2009.

Affix
Revenue
Stamp

(Signature of the Proxy)

(Signature of the Shareholder)

Register Folio/BOID No. _____

Dated

Dated _____

Signature Verified

Authorized Signatory
Square Pharmaceuticals Ltd.

Note: The proxy form should reach the Registered Office of the company not less than 48 hours before the time fixed for the meeting.

SQUARE PHARMACEUTICALS LTD.

The experience and expertise

- 50 years of successful operation since 1958
- ISO 9001:2008 certification for quality management
- State-of-the-art manufacturing facilities, meeting US FDA/ UK MHRA requirements
- Currently exporting to 33 countries

The leadership

- Leader of domestic pharma market since 1985
- 1st company from Bangladesh to obtain UK MHRA approval

The commitment

- Ensuring better life through quality medicine
- Strict compliance to WHO cGMP standards

The vision

- Healthcare solutions at an affordable price



Dedicated to Advanced Technology



SQUARE
PHARMACEUTICALS LTD.
BANGLADESH