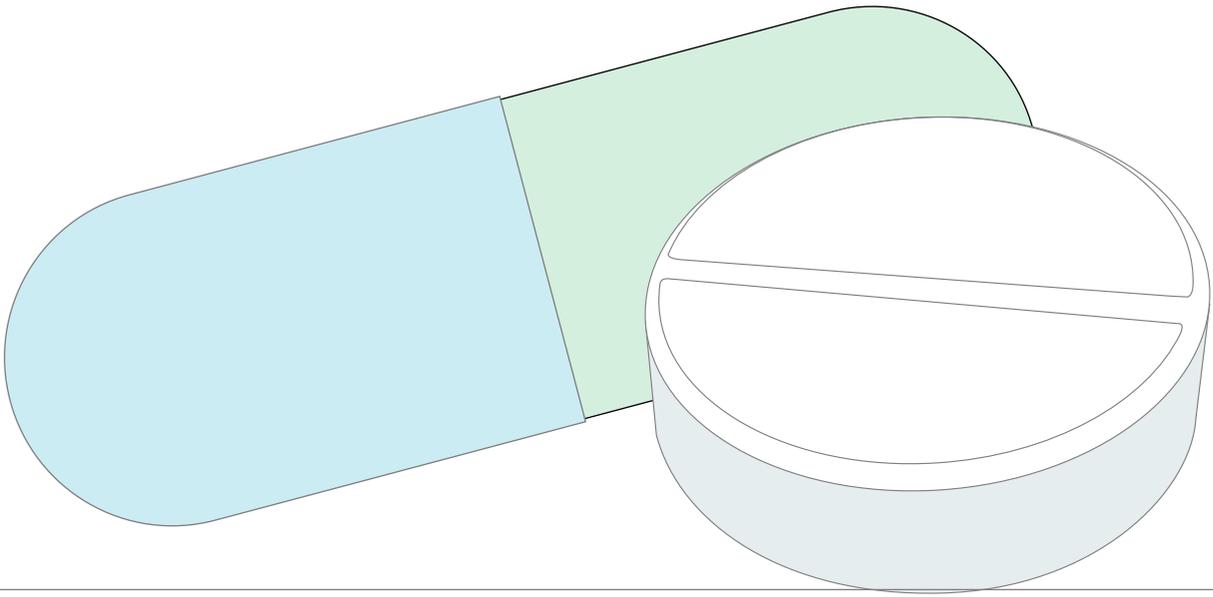


Annual Report 2005-2006

SQUARE PHARMACEUTICALS LTD.





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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, 2006

Dear Sir(s):

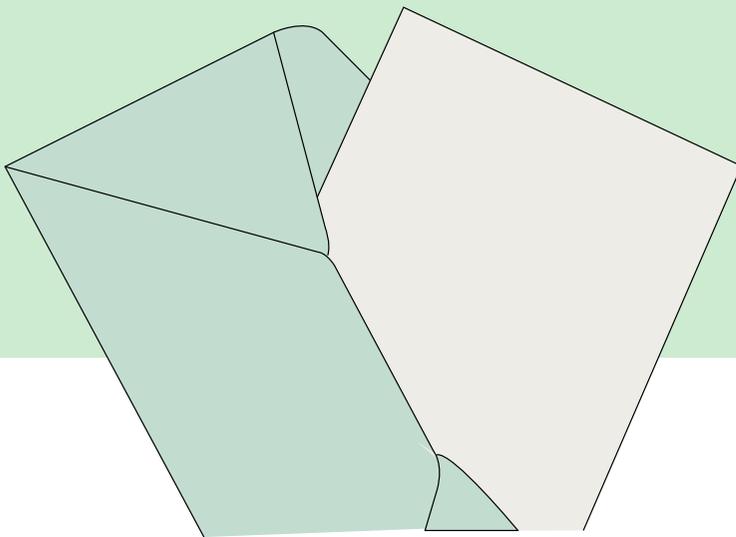
We are pleased to enclose a copy of the Annual Report together with the Audited Accounts including Balance Sheet as at March 31, 2006 and Income Statement for the year ended March 31, 2006 along with notes thereon for your record/necessary measures.

Yours sincerely



Khandaker Habibuzzaman
Company Secretary

Dated: 30th August, 2006



SQUARE PHARMACEUTICALS LTD.

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 40th ANNUAL GENERAL MEETING of the shareholders of **Square Pharmaceuticals Ltd.** will be held on Thursday the 21st September, 2006 at 11.30 a.m at Bangladesh-China Friendship Conference Centre, Agargaon, Sher-E-Bangla Nagar, Dhaka to transact the following agenda:

Agenda -1: To receive, consider and adopt the Accounts for the year ended March 31, 2006 together with the Report of the Directors' and the Auditors' thereon.

Agenda -2: To declare dividend for the year ended March 31, 2006.

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

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

Agenda -5: To pass special Resolution for Merger of Beg Rubber Industries Ltd. with the Square Pharmaceuticals Ltd.

By order of the Board



Khandaker Habibuzzaman
Company Secretary

Dated: 30th August, 2006

Notes:

- (i) The Proxy Form must be affixed with requisite revenue stamp and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
- (ii) Admittance to the meeting venue will be on production of the Attendance Slip sent with the Annual Report.



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 goals for the Human Civilization

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 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 seven (7) 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 reelection. 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 diligence 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 shall carry out its responsibilities as per the provisions of law and submit its report to the Board of Directors from time to time. The Audit Committee shall also co-ordinate 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 difficiencies. 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

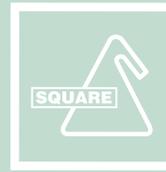
The Executive Management is led by the Managing Director (CEO) who is appointed by the Board of Directors for a term of 5 years (renewable) with the approval of shareholders in the Annual General Meeting. The Managing Director is supported by professional, well educated, trained and experienced team 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 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, 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
Citibank NA
Standard Chartered Bank
Eastern Bank Ltd.
Commercial Bank of Ceylon Ltd.
Mercantile Bank Ltd.
Bank Alfalah 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 to-day naturally believe in dividend payouts to-day with less regard for the consequence to-morrow and those living tomorrow would prefer dividend payouts tomorrow without regard for the sacrifices we make to-day to allow their greater consumption tomorrow.

Based on the above concept, the Company is committed to sow 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 31-03-2006 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 (DSE) and Chittagong Stock Exchange (CSE). These memberships have provided scope to the Company for improvement of Governance Practices for the benefit of the shareholders / stakeholders.

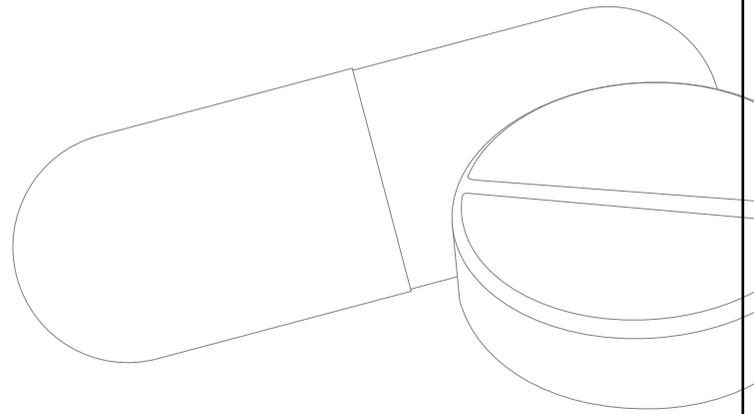
RESEARCH AND NEW PRODUCTS DEVELOPMENT

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, adaptation 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.





Corporate review

SQUARE PHARMACEUTICALS LTD.

MANAGEMENT APPARATUS

BOARD OF DIRECTORS

Mr. Samson H. Chowdhury	Chairman
Mr. Tapan Chowdhury	Managing Director
Dr. Kazi Harunar Rashid	Director
Mr. Samuel S. Chowdhury	Director
Mr. Anjan Chowdhury	Director
Mr. Kazi Iqbal Harun	Director
Ms. Jahanara Chowdhury	Director (Up to June 21, 2006)
Mr. M. Sekander Ali	Independent Director

AUDIT COMMITTEE

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

SENIOR CORPORATE OFFICIALS

Mr. Md. Kabir Reza, FCMA	Chief Financial Officer
Mr. Khandaker Habibuzzaman, MBA, CS	Company Secretary
Mr. Md. Majibur Rahman Bhuiyan, M.Com	Head of Internal Audit

COMPANY SECRETARY

Mr. Khandaker Habibuzzaman, MBA, CS

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

AUDITORS

M/s. Chowdhury Bhattacharjee & Co.
Chartered Accountants
47/1, Indira Road
Dhaka-1215, Bangladesh

FACTORIES

- Square Road, Salgaria, Pabna, Bangladesh
- Kaliakoir, Gazipur, Bangladesh

MANAGEMENT COMMITTEE

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

BANKERS

Janata Bank
1, Dilkusha C.A, Dhaka

Citibank N.A
122-124, Motijheel C.A. Dhaka

Standard Chartered Bank
2, Dilkusha C.A, Dhaka

Commercial Bank of Ceylon Ltd.
47, Motijheel C.A, Dhaka

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

Dhaka Bank Ltd.
73/B, Kemal Ataturk Avenue, Dhaka

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

Bank Alfalah Ltd.
5, Rajuk Avenue, Motijheel, 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

GENERAL INFORMATION

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
- Business Lines : Manufacturing and Marketing of Pharmaceutical Finished Products, Basic Chemicals, AgroVet Products and Pesticide Products
- Authorized Capital : Tk. 1,000 million
- Paid-up Capital : Tk. 496.8 million
- Number of Employees : 2,703

CORPORATE OPERATIONAL RESULTS :

(Figure in thousand)

	2005-06	2004-05	2003-04	2002-03	2001-02
Turnover (Gross)	7,085,553	6,199,135	5,482,088	4,729,743	4,234,244
Value Added Tax	995,648	867,088	760,536	663,892	563,433
Turnover (Net)	6,089,905	5,332,047	4,721,552	4,065,851	3,670,811
Gross Profit	2,564,503	2,172,593	1,906,592	1,466,282	1,435,655
Net Profit before Tax	1,533,043	1,513,019	1,151,636	929,604	905,736
Net Profit after Tax	1,165,865	1,255,848	970,044	764,885	759,448
Shareholders' Equity	6,402,015	5,568,790	4,590,142	3,851,098	3,273,714
Total Assets	9,298,987	7,907,933	6,021,497	5,164,320	4,526,115
Total Bank Borrowings	2,334,925	1,902,331	988,611	1,070,163	1,098,874
Total Current Assets	4,031,685	3,242,502	2,016,056	1,441,552	1,452,494
Total Current Liabilities	2,260,755	1,949,949	1,250,676	1,247,967	1,181,473
Current Ratio	1.78	1.66	1.61	1.16	1.23
No. of Share Outstanding	4,968,000	4,320,000	3,600,000	3,000,000	2,500,000
Dividend per Share (Cash)	75	77	70	70	75
Dividend per Share (Stock)	20%	15%	20%	20%	20%
Shareholders' Equity per Share	1,289	1,121	924	775	659
Earning per Share (SPL)	234.67	252.79	195.26	153.96	152.87
Earning per Share (Consolidated)	272.65	263.96	202.86	148.92	183.48
Quoted Price per Share - DSE	2,276	3,768	2,272	1,178	1,261
Quoted Price per Share - CSE	2,289	3,766	2,316	1,180	1,278
Price Earning Ratio-DSE (Time)	9.70	14.91	11.64	7.65	8.25
Number of Shareholders	13,206	10,486	9,270	9,295	9,358
Human Resources:					
Executives	1,143	949	895	846	692
Staff	796	740	686	618	479
Workers	764	705	661	656	602





Welcome

MESSAGE FROM THE CHAIRMAN

Dear Shareholder & Colleague, Ladies & Gentlemen,

I have the pleasure to welcome you to the Fortieth Annual General Meeting on behalf of the Members of Board of Directors whose Report together with Annual Accounts & Auditors Report thereon for the year ended 31 March, 2006 is being laid before you for your valued consideration.

The reports will reveal that the Company marched ahead and held its top position amongst its peers. This has been possible, despite adverse socio-economic-politico and law & order situation, due to dedication and support of the officers, staff and workers against lot of odds and hazards. I feel our commitment for good governance and socially responsible character have had a positive impact on our performance.

In our long term approaches to business, we continue our focus on strategic investment in life sciences and bio-engineering products. We see and perceive the structural changes in the pharmaceuticals and chemical industry with the introduction of WTO Regulation in the Coming years as an opportunity we can seize to expand our operations, at home and abroad, provided our Government extend necessary policy and material support. This approach is expected to enhance our profitability and help become one of the global enterprises.

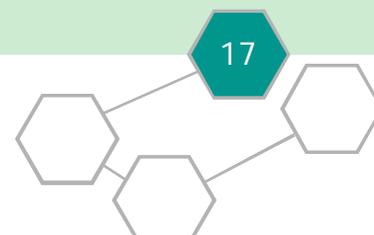
Completion of our subsidiaries/investment projects in the near future is expected to help generate additional profit for the shareholders as would be evident from the Directors' Report.

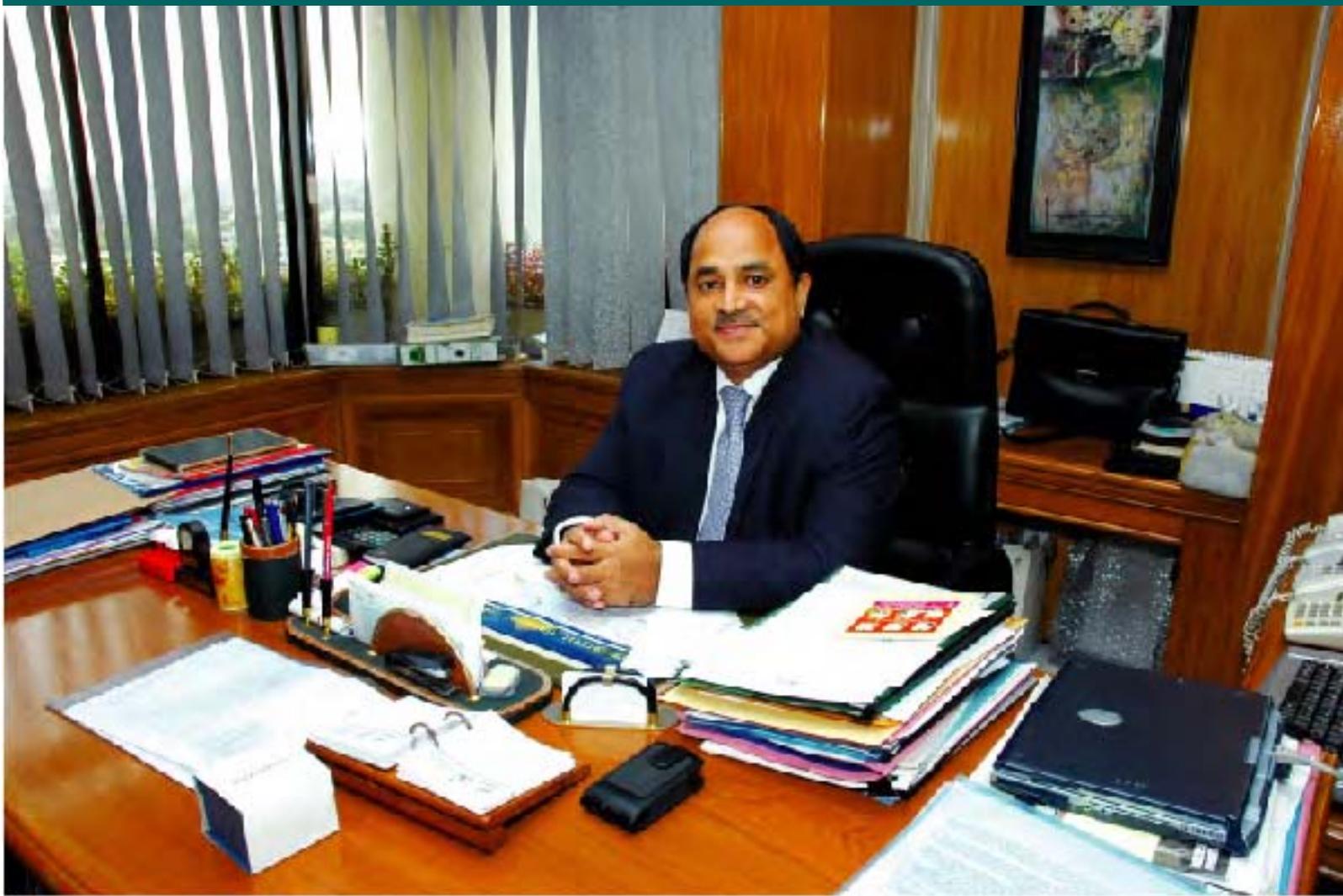
Our continued focus on green and sustainable chemicals that exerts the least possible impact on environment has had desired results. Our consciousness of CSR has been passed through the nervous system of all the management echelons and any violation is taken to task. We view it as our pertinent responsibility for Good Corporate Governance practices.

The year that passed by has seen unusual terror and war situation in Bangladesh and the world which adversely affect our business. Our socio-politico situation needs to be improved for our public and private sector developments. We hope to see the future years offer us peace and progress.

I wish you all happy and prosperous years.

Samson H. Chowdhury
Chairman





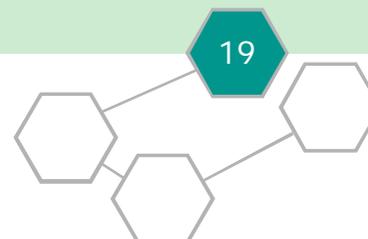


ASSURANCES FROM THE MANAGING DIRECTOR

As the Chief Executive Officer (CEO), it gives me an opportunity, through this Annual Report, to humbly make a statement of commitment and assure our stakeholders of our performance with increasing return on investment by shareholders, top-level compensation and life-size employment opportunity to our employees, repayment of loans to our lenders without default, settlement with suppliers on schedule, contribution to the National Exchequer, quality product to our customers, premium to insurer, fees to our service providers and our Corporate Social Responsibilities (CSR) to our people and the nation. I would also assure all concerned of our consciousness about our commitment to Good Governance Practices, including disclosures and transparency in our decision making process and operations, strict ethical and moral standards, cognizance of human rights, equal opportunities for all irrespective of race, religion and region, partisanship or opinion. We reward for merit and performance results evaluated objectively. We consider it our obligation to our nation to strengthen its resources of foreign exchange earnings by exporting our products. We are committed to explore possibilities for low cost medicines for the poor and less privileged segment of our population. We seek remedies of all diseases for all.

We assure our valued stakeholders to stand by them unconditionally for attaining our common goals.


Tapan Chowdhury
Managing Director



Board of Directors



Mr. Samson H. Chowdhury
Chairman



Mr. Samuel S. Chowdhury
Director



Mr. Tapan Chowdhury
Managing Director



Dr. Kazi Harunar Rashid
Director



Mr. Anjan Chowdhury
Director



Mr. Kazi Iqbal Harun
Director



Mr. M. Sekander Ali
Independent Director

SQUARE PHARMACEUTICALS LTD.

Directors' Report

TO THE SHAREHOLDERS FOR THE YEAR 2005-2006

REFERRAL :

In terms of provisions of Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Securities and Exchange Rules 1987 and IAS - I (International Accounting Standards-I) codes as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB), it is the pleasure of the Board of Directors to submit its Report to the Shareholders for the year ended 31 March 2006 in the following paragraphs:

1. ECONOMIC & ENVIRONMENTAL SITUATION :

The general economic and environmental situation during the period under review had deteriorated further over that of the previous year. The political and labour agitation gathered storm with increased number of hartals, blockades street violence, terror killings and other form of repressions. The deterioration in law and order situation continued to have its toll on investments, production and exports. However despite these hindering factors GDP growth rate for FY 2005-06 has been estimated at 6.7% which is considered at odds with the general economic and financial conditions reflected by the level of price spiral (about 100% in almost all food products), the inflation rate (touching about two digit index) and the unemployment situation.

The Capital Market situation deteriorated to the level that the DSE General Index fell by 14.91% from 1,971.31 on Dec 31, 2004 to 1,677.35 on Dec 2005 (to 1,305.84 as on June 30, 2006). Though market capitalization in Taka increased by 3.62%, in US Dollar term it fell by 9.30% and turnover (in Taka) and IPO subscription (Taka) increased by 21.9% and 166.9% respectively. Among 17 IPOs, 15 belonged to financial sector (where IPO is mandatory), one (1) in service (power) and one (1) in manufacturing (paint). Number of Companies / funds declaring cash dividend fell from 144 in 2004 to 131 in 2005 though listing increased from 256 in 2004 to 286 in 2005. Number of Companies not holding AGM (on time) however declined to 18 in 2005 from 30 in 2004.

2. PHARMACEUTICAL SECTOR:

The pharmaceuticals sector attained a growth of 17.50% during the year 2005 as against 8.60% during the previous year. The national pharma market growth and that of the Company during the past few years are given below:

Year	National Market Growth Rate	Company's Growth Rate
2001	22.46%	22.70%
2002	10.18%	11.70%
2003	5.90%	15.91%
2004	8.60%	13.08%
2005	17.50%	14.30%

The above statistics show that the Company achieved a higher growth rate than that of previous year.

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	2,564,654
(b) Building (net)	21,298,922
(c) Plant & Machinery	106,660,331
(d) Laboratory Equipments	16,165,714
(e) Other Equipment/Assets	28,595,358
Total Tk.	<u>175,284,979</u>

In addition, the Company made a capital expenditure of Tk. 79,296,420 in office buildings, furniture equipments and transport/vehicles. The company however sold motor vehicles / motor cycle for Tk. 10,663,553. Thus the total net investments during 2005-06 amounted to Tk. 243,917,846 as against a total net investment of Tk. 377,746,614 during 2004-05.

The overall combined output (Tablets and Capsules) of Pabna and Dhaka plants increased during the year over the previous year as follows:

(Quantity in thousand)

Sl. No.	Particulars/ Product	Unit	Capacity	Actual Output		Capacity Utilisation	
				2005-06	2004-05	2005-06	2004-05
1	Tablets	Pcs	2,176,256	2,204,659	2,132,440	101%	106%
2	Capsules	Pcs	307,320	449,267	435,911	146%	142%

(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)
2001-02	7	201	85.30	115.70	42.44%	301.39
2002-03	9	219	89.34	129.66	40.79%	291.67
2003-04	9	242	129.71	112.29	53.59%	321.73
2004-05	9	257	117.71	139.29	45.80%	263.64
2005-06	9	244	121.19	122.81	49.67%	245.96

(3) PRODUCT DEVELOPMENT:

The following table shows the position of existing, discarded and new products introduced during the year 2005-2006:

Sl. No.	Products Categories	Position as on 31-03-05	Added during the year	Discarded	Total Net 31-03-06
1	Tablets	137	52	3	186
2	Capsules	46	12	6	52
3	Liquids	33	9	-	42
4	Injectables	35	4	1	38
5	E N T Preparations & Others	31	9	1	39
6	Opthal Preparations & Others	7	1	-	8
7	Dry Syrup	14	2	-	16
8	Suppository	3	4	2	5
9	Inhaler	5	3	-	8
10	Basic Chemicals	9	-	-	9
11	Tablet, Powder, Liquid, Injectable -AgroVet	23	3	-	26
12	Aerosol	1	-	-	1
	Total	344	99	13	430

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

Extra power...
...Extra relief

Ace[®] Plus Tablet

Paracetamol BP 500 mg
and Caffeine BP 65 mg



More effective than Paracetamol alone to relieve pain & fever

- Effective in fever, headache, migraine and other types of pain.
- Gentle on stomach.
- Does not produce acidity. So, no need to take Antacid or Ranitidine.
- Suitable for asthma patients who are sensitive to Aspirin or NSAIDs.

(4) OUTPUT/CAPACITY UTILISATION:

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

Sl. No.	Product Categories	Units	Production in thousand		% Increase/ (Decrease)	Capacity Utilization	
			2005-06	2004-05		2005-06	2004-05
1	Tablets	Pcs	2,204,659	2,132,440	3.39	101%	106%
2	Capsules	Pcs	449,267	435,911	3.06	146%	142%
3	Liquids	Bottles	31,241	28,951	7.91	51%	47%
4	Injectables (Vials & Ampoules)	Pcs	26,111	22,312	17.03	58%	89%
5	ENT Preparations & Others	Phials	11,828	11,127	6.30	79%	111%
6	Ophthal Preparations & Others	Phials	1,559	1,315	18.56	78%	66%
7	Dry Syrup	Bottles	3,888	3,355	15.89	65%	84%
8	Suppository	Pcs	4,439	3,412	30.10	44%	34%
9	Inhalers	Can	676	513	31.77	34%	26%
10	Basic Chemicals	Kg	244	257	(5.16)	72%	76%
11	Tablet -AgroVet	Pcs	5,055	13,142	(61.54)	42%	95%
12	Powder- AgroVet	Gm	16,542	11,530	43.47	125%	87%
13	Injection-AgroVet	Pcs	300	227	32.16	7%	5%
14	Liquids -AgroVet	Bottles	69	58	18.97	6%	5%
15	Aerosol	Pcs	160	229	(30.13)	11%	16%

Production during 2005-06 increased in almost all major product lines as the new plant at Kaliakoir became more operative.

(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.

(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 (2005-2006) the company invested an amount of Tk. 16,165,714 in improving its Laboratory.

(7) EXPORT:

The company is continuously pressing hard for expanding its export sales. During the year under review, the exports amounted to Tk. 114.77 million as against Tk. 85.81 million in previous year, a 34% increase. The exports are expected to rise in the coming years. Present export market covers Myanmar, Nepal, Kosovo, Kenya, Libya, Mauritius, Malawi, Papua New Guinea, Sierra Leone, Somalia, Sri Lanka, Vietnam, Yemen, Ukraine, Uzbekistan, Ghana, Iraq, Benin, Bhutan, Botswana, Cambodia, Comoros Island, Tajikistan, Mozambique, Gambia, Niger and Rwanda countries.

(8) SUBSIDIARY OPERATION:

(a) Square Spinings Ltd. (SSL):

The Company (SPL) holds 98% equity in Square Spinings Ltd. which has a production capacity of 7,470,360 kg. per annum (based on NE 20s) and commenced commercial production on 10 January 2001. The Company's operation results with comparative position of performance over the years (2002-2005) is given below:

	2002	2003	2004	2005
Production (Kg)	7,619,072	8,728,975	7,985,642	9,493,386
Sales Revenue (Tk.)	768,539,068	883,390,854	994,196,910	1,135,288,724
Gross Profit (Tk.)	184,610,026	191,108,372	177,902,019	181,375,253
Net Profit (BT)	73,403,013	91,306,429	109,264,500	110,168,590
Net Profit (AT)	73,403,013	91,306,429	109,264,500	69,110,790
Gross Margin	24.02%	21.63%	17.90%	15.98%
Net Margin	9.55%	10.34%	11.00%	9.70%
EPS (Tk.)	73.40	91.31	109.26	69.11
NAV (Tk.)	245.03	336.34	445.60	514.71

Capacity Utilisation (SSL) :

The capacity utilisation and operating profitability (BT) show improvement resulting in increase in Net Asset Value to shareholders. The Sales, Gross Profit and Net Profit before taxes increased by 14.19%, 1.95% and 0.08% respectively over previous year. The Net Profit (AT) however fell by 36.75% over 2004 due to provision for deferred tax liability. The Net Asset Value (NAV) per share increased by 15.5% over 2004. The company did not declare any dividend but paid off its Long Term Loan in full. This has made the investments free of any encumbrances except for current liabilities which is covered by current assets.

The following changes took place in the position as on 31-12-2005 and 31-03-2006 being the dates of closure of accounting year for Square Spinings Ltd. and the Company (SPL) respectively:

(Taka)

Sl. No.	Particulars	Position as on 31-12-2005	Position as on 31-03-2006
(1)	Fixed Asset Cost of Square Spinings Ltd.	809,415,944	811,650,190
(2)	Investment by Square Pharmaceuticals Ltd.		
	- Share Capital	98,000,000	98,000,000
	- Short Term Loan	130,757,989	99,185,023
	- Medium Term Loan	-	-

Directors' Report on the Company together with Audited Accounts containing Balance Sheet, Profit & Loss Account and Cash Flow Statement and Auditors Report thereon are included herein.

(b) Square Cephalosporins Ltd. (SCL):

SPL has promoted a pharmaceuticals formulation project for production of Cephalosporins at Kaliakoir, Gazipur. For this purpose SPL has leased out a building under construction covering 60,955 Sq. ft. on a piece of land measuring 215 decimals at an annual lease rent of Tk. 9,600,000. SPL has transferred the following asset to Square Cephalosporins Ltd. against Share Capital Tk. 95,000,000, Share Money Deposit Tk. 400,000,000, Transfer of Long Term Bank Loan Tk. 135,891,399 and Short Term Loan Tk. 218,067,755 as follows:

1) Plant & Machinery	238,440,584
2) Laboratory Equipment	84,534,888
3) Electro Mechanical Equipment	453,301,435
4) Installation/Service Cost	72,682,247
Total Tk.	<u>848,959,154</u>

The Cephalosporins project is estimated to cost about Tk. 90 crore. SPL and SCL have entered into a contract-manufacturing agreement for production of products of SPL. The profit will be shared by SPL and SCL in the ratio of 50:50. It is expected that SCL will start earning profit from 1st year of its operations.

(9) LONG TERM INVESTMENT (OTHER THAN SUBSIDIARY):

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. 1,915,833,364

The above investments include minority investments in ordinary shares/advance as Share Money Deposit in 9 (nine) different companies as follows:

(a) Square Textiles Ltd. (STXL):

As on 31-03-06 investment in this company a PLC stands at Tk. 88,636,364 (at cost) for 10,725,000 ordinary shares of Tk. 10 each (subscribed) and the market value as on 31st March, 2006 stood at Tk. 863,362,500 (at Tk. 80.50 per share) showing 874% appreciation. The company is in full operation and declared cash dividend @ 30% and stock dividend @ 12.5% for the year 2005. SPL hold 35.19% shares of the Company.

(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 200,000 ordinary shares of Tk. 100 each for Tk. 20,000,000 out of total Tk. 400,000,000 (5%). The Company has a seat on the Board. NHFIL is in operation since 1999 and has declared cash dividends @ 20% during the year 2005 as against 9% during the previous year.

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

SPL has paid for 10 (ten) shares of Tk. 1,000,000.00 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 as a result of which corporate expenditure on share office will substantially be saved. CDBL commenced its service w.e.f. July 2003. So far 100 companies have joined CDBL (30-06-2006). 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 is now being developed 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. 500 million for 500,000 shares of Tk. 1,000 each. As the company is not listed, the market value cannot be easily ascertained.

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

Due to changes in equity holdings by SPL (from 84% to 48.84%) the position of SKFL has changed from subsidiary to investment category. The company started production from early 2002. After sustaining initial losses, it has now overcome initial teething problems as well as problems arising from international issues and started earning profits from 2005. The management is keeping a close watch on its operations and would continue to endeavor for continuing profitable results. The company did not declare any dividend for 2005. SPL now holds 1,260,000 ordinary shares of Tk. 100 each which is 48.84%. It may be mentioned that Tk. 400 million advanced by SPL as share money deposit has been returned to it. The company is not a public/listed one and hence the market value can not be readily assessed.

(g) Square Fashions Ltd. (SFL):

SPL now holds 252,000 Shares of Tk. 100 each (48.46%) in the capital of SFL. The company though has started earning profit, did not declare any dividend due to accumulated losses. It may be mentioned that Tk. 220 million advanced by SPL as share money deposit has been return to it. Since the Company is not a public/listed one, the market value can not be assessed readily.

(h) Square InformatiX Ltd. (SIL):

An amount of Tk. 200,000,000 stand invested in SIL as advance against share money deposit for 2,000,000 ordinary shares of Tk. 100 each. The investment has been made for Public Switched Telephone Network (PSTN) project. Present paid-up capital of the company is Tk. 2,500,000.

(i) Beg Rubber Industries Ltd. (BRIL):

SPL hold 2,596 ordinary shares of Tk. 100 each out of total 3,000 shares which has been purchased at a cost of Tk. 150,000,000. The company owns 1.9072 acres of land at 355-356, Tejgaon Industrial Area, Dhaka. As the shares are not listed its market value can not be easily determined except by public tender.

(10) INVESTMENT IN MARKETABLE SECURITIES:

Pioneer Insurance Company Ltd. (PICL):

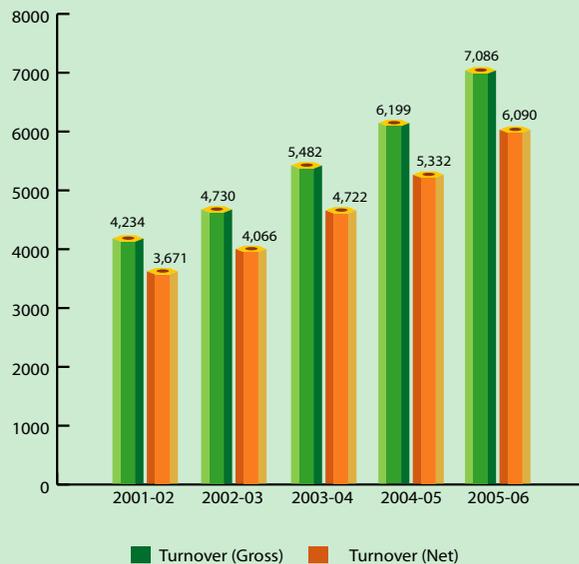
SPL acquired 150,000 Ordinary Shares of Tk. 100 each at Tk. 135 each including premium of Tk. 35 each by way of Pre-IPO placement. This constitutes 10% of the issued capital of PICL. The company (PICL) has declared dividends at the rate of 15% for the year 2005 as against 13% for the year 2004. The shares are listed and currently quoting at about Tk. 190 per share indicating about 41% capital gains.

(11) FINANCIAL RESULTS:

The operating financial results of the Company for the year 2005-2006 as compared to previous year are summarised hereunder:

Particular	2005-2006 (Taka)	2004-2005 (Taka)	% Increase/(Decrease)
◆ Gross Turnover	7,085,553,149	6,199,134,802	14.30%
◆ Net Turnover	6,089,905,396	5,332,046,635	14.21%
◆ Gross Profit	2,564,502,727	2,172,592,929	18.04%
◆ Net Profit (BT)	1,533,042,614	1,513,018,599	1.32%
◆ Provision for Taxation	367,177,998	257,170,446	42.78%
◆ Net Profit (AT)	1,165,864,616	1,255,848,153	(7.17%)
◆ Gross Margin (Net Turnover)	42.11%	40.75%	
◆ Net Margin (BT)	25.17%	28.38%	
◆ Net Margin (AT)	19.14%	23.55%	
◆ Earning Per Share (EPS) (Tk.)	234.67	252.79	
◆ EPS on IPO Paidup Capital	582.93	627.92	
◆ Consolidated Earning Per Share (EPS) (Tk.)	272.65	263.96	

It may be observed that the Gross Turnover increased by 14.30% during the year under review over the previous year of 13.08% and the Gross Profit increased by 18.05% primarily due to decrease in cost of goods sold from 50.97% in the previous year to 49.75% during the current year. The incidences of packing materials & factory overhead also decreased marginally with positive impact on gross profit which increased by 18.04%, operating & financial expenses marginally increased and operating profit increased by 16.98%, net profit margin declined due to increase in interest expenses, fall in non-operating income (due to no capital gain from sale of shares during the current year as was during the previous) and provision for corporate taxes and deferred taxes.



The Earning per Share of Tk. 234.67 is based on increased outstanding 4,968,000 shares of Tk. 100 each. However, if the original issued capital for cash at the time of IPO is considered, the EPS would stand at Tk. 582.93 in 2005-2006 as against Tk. 627.92 in 2004-2005.

(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 (2005-2006)		1,165,864,616
(b) Appropriation proposed:		
(i) Tax Holiday Reserve	28,042,402	
(ii) Cash Dividend @ Tk. 75 per Share	372,600,000	
(iii) Issuance of 993,600 Bonus Shares (Stock Dividend) @ 20% : Face Value of Bonus Share	99,360,000	
		<u>500,002,402</u>
(c) Net unappropriated Profit	Tk.	<u><u>665,862,214</u></u>

(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. 75 per share for the year 2005-2006. This will involve an amount of Tk. 372.60 million. The Board also recommended for declaration of Bonus Shares (Stock Dividend) @ 20%. This will need issuance of 993,600 ordinary shares of Tk. 100 each with appropriation of Tk. 99,360 to Capital Account.

(14) SHARE HOLDERS' BENEFIT:

The shareholders have been able to gain substantially, from the investment in the company's IPO at Tk. 900 per share. A shareholder has received Tk. 97,699 as dividend and 178.08 bonus share for 100 shares. The market value of IPO share and bonus share stands at Tk. 632,910 as on 31-03-2006.

(15) 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 1,556 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 NATIONANAL EXCHEQUER:

The company contributed an amount of Tk. 1,573,075,509 (including Tk. 16,755,765 as contribution as duty/taxes towards machinery & spare parts imports) to National Exchequer as against Tk. 1,233,438,339 in the previous year indicating an increase of 27.54%. The contribution constitutes 25.83% of the sales revenue (net) in 2005-2006 as against 23.13% in the previous year (2004-2005).

7. ELECTION OF DIRECTORS :

Mr. Samson H. Chowdhury and Mr. Kazi Iqbal Harun retire as per articles 99 and 100 of the Articles of Association of the Company and being eligible, have offered themselves for re-election.

8. INDEPENDENT DIRECTOR:

In terms of SEC Regulation the Board of Directors in its meeting held on March 13, 2006 appointed Mr. M Sekandar Ali, former Managing Director, BSB/BSRS/ICB as independent Director of the company.

9. APPOINTMENT OF AUDITORS:

M/s. Chowdhury Bhattacharjee & Co., Chartered Accountants, Auditors of the Company, retire at this Annual General Meeting and being eligible offer themselves for appointment as Auditors for the year 2006-2007 and refixation of their remuneration.

10. MERGER OF BEG RUBBER INDUSTRIES LTD. WITH SPL:

As reported in the Directors' Report for 2004-05 the Company had acquired 2,596 shares (86.53%) of Beg Rubber Industries Ltd. The balance 404 shares (out of Total 3000 shares of Tk. 100 each) were purchased by the following sponsors:

(1) Mr. Samson H. Chowdhury	100	Shares
(2) Mr. Samuel S. Chowdhury	76	"
(3) Mr. Tapan Chowdhury	76	"
(4) Mrs. Ratna Patra	76	"
(5) Mr. Anjan Chowdhury	76	"
Total	<u>404</u>	

Since the productive assets of the company has been scrapped and the Board of Directors does not consider desirable to continue its business of rubber products, it has proposed to merge its assets/liabilities with the company (SPL) to which the other shareholders as above have also consented. On the basis of purchase cost of shares of BRIL, SPL would pay Tk. 50,000 per share (Tk. 20,200,000 for 404 shares) to the minority shareholders in full and final settlement on the approval of court of jurisdiction. If approved, the share holders are requested to pass the following special resolution:

"Resolved that the assets and liabilities of M/s. Beg Rubber Industries Ltd (BRIL) be merged with Square Pharmaceuticals Ltd (SPL) on payment of Tk. 20,200,000 to the minority shareholders for 404 shares of BRIL in final settlement of the consideration of the merger with the approval of the court of jurisdiction".

11. CORPORATE GOVERNANCE:

Corporate Governance is the practice of good citizenship, through which the company is governed by the board, keeping in view its accountability to the stakeholders and to the society. The status report required to be presented by the company in pursuance to notification No. SEC/CMRRCD/2006-158/Admin/02-08 of February 20, 2006 issued by the Securities and Exchange Commission is depicted in the ANNEXTURE-I.

12. MANAGEMENT APPRECIATION:

The Board of Directors record with deep appreciation the contribution made and support & co-operation given by the Officers, Staff, Workers, Customers, Creditors, Banks, Insurance Companies, Utility Providers, SEC, DSE, CSE, CDBL and the Government in particular and look forward to the global role of the Company.


 Samson H. Chowdhury
 Chairman

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 2005-2006 were as follows:

Name of Directors	Position	Meeting Held	Attended
Mr. Samson H. Chowdhury	Chairman	11	11
Mr. Tapan Chowdhury	Managing Director	11	11
Dr. Kazi Harunar Rashid	Director	11	11
Mr. Samuel S. Chowdhury	Director	11	11
Mr. Anjan Chowdhury	Director	11	10
Mr. Kazi Iqbal Harun	Director	11	11
Mrs. Jahanara Chowdhury	Director	11	10

- The pattern of shareholding (along with detail name) of Parent/Subsidiary/Associate 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 March 31 ,2006 duly stated in the report and 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. 15.

ANNEXURE-II

Pattern of Shareholding as on March 31, 2006

Particulars	Nos. Share holding	Percentage	Remark
Directors:			
Mr. Samson H. Chowdhury	737,044	14.84%	
Mr. Tapan Chowdhury	234,541	4.72%	
Dr. Kazi Harunar Rashid	152,549	3.07%	
Mr. Samuel S. Chowdhury	226,685	4.56%	
Mr. Anjan Chowdhury	124,083	4.56%	
Mr. Kazi Iqbal Harun	150,201	3.02%	
Mrs. Jahanara Chowdhury	37,549	0.76%	
Chief Executive Officer (CEO) and his spouse and minor children:	234,541	4.72%	
Chief Financial Officer (CFO) and his spouse and minor children:	46	-	
Company Secretary (CS) and his spouse and minor children:	-	-	
Head of Internal Audit (HIA) and his spouse and minor children:	40	-	
Executives (Top five salaried person other than CEO,CFO,CS,HIA):			
1. Mr. Parvez Hashim	290	-	
2. Mr. Muhammadul Haque	230	-	
3. Mr. Golam Rabbani	197	-	
4. Mr. K.M. Saiful Islam	549	-	
5. Mr. M Ashiqul Hoque Chawdhury	619	-	
Shareholders Holding 10% or more voting right:			
Mr. Samson H Chowdhury	737,044	14.84%	

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, 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	

DIRECTORS' REPORT

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 on the activities of the Audit Committee	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 of activities to the Shareholders and General Investors	Not applicable	
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	

পরিচালনা পর্ষদের প্রতিবেদন

শেয়ার ফার্মাসিউটিক্যালস লিঃ

২০০৫-২০০৬ বছরের জন্য

শেয়ারহোল্ডারবৃন্দের প্রতি পরিচালনা পর্ষদের প্রতিবেদন

পরিচালনা পর্ষদ আনন্দের সাথে কোম্পানী আইন ১৯৯৪ এর ১৮৪ নং পরিচ্ছেদ, সিকিউরিটিজ এন্ড এক্সচেঞ্জ রুলস্ ১৯৮৭ এর ১২নং বিধির (এবং তফসিল অনুযায়ী) শর্তানুসারে এবং দি ইনস্টিটিউট অব চার্টার্ড একাউন্ট্যান্টস অব বাংলাদেশ কর্তৃক গৃহীত আইএএস-১ (আন্তর্জাতিক হিসাব মানদণ্ড-১) অনুসারে ৩১শে মার্চ ২০০৬ তারিখে সমাপ্ত আর্থিক বছরের প্রতিবেদন সম্মানিত শেয়ারহোল্ডারবৃন্দের কাছে নিম্নোক্ত পরিচ্ছেদগুলোতে পেশ করছেন :

১. অর্থনৈতিক ও বাণিজ্যিক পরিস্থিতি :

সার্বিক অর্থনৈতিক ও বাণিজ্যিক পরিস্থিতি গত বছরের তুলনায় আলোচ্য বছরে ছিল অধিকতর নিম্নমুখি। রাজনৈতিক অস্থিরতা এবং শ্রমিক আন্দোলনের কারণে হরতাল, অবরোধ, সহিংসতা, সন্ত্রাসমূলক হত্যা সহ বিভিন্ন সমাজ বিরোধী কর্মকান্ড বৃদ্ধি পেয়েছে। আইন শৃংখলা পরিস্থিতির অব্যাহত অবনতি বিনিয়োগ, উৎপাদন এবং রপ্তানীকে ক্ষতিগ্রস্ত করেছে, তদুপরি, উল্লেখিত বাধা বিপত্তি থাকা সত্ত্বেও ২০০৫-০৬ অর্থ বছরে জিডিপির লক্ষ্যমাত্রা ৬.৭ শতাংশ অর্জিত হবে বলে অনুমান করা হয়েছে, যা সার্বিক অর্থনৈতিক এবং আর্থিক অবস্থাসহ মুদ্রাস্ফীতি, বেকারত্ব এবং খাদ্য সামগ্রী সহ সব জিনিষের মূল্য বৃদ্ধির সাথে বিসদৃশ।

পূজি বাজারের পরিস্থিতিও নিম্নমুখি হওয়ায় ঢাকা ষ্টক এক্সচেঞ্জ সার্বিক মূল্য সূচক ১৪.৯১ শতাংশ হ্রাস পেয়েছে। বিগত ৩১শে ডিসেম্বর, ২০০৪ এ মূল্যসূচক ছিল ১,৯৭১.৩১ যা ৩১শে ডিসেম্বর, ২০০৫-এ মূল্যসূচক দাঁড়ায় ১,৬৭৭.৩৫ (৩০শে জুন, ২০০৬-এ মূল্য সূচক দাঁড়ায় ১,৩০৫.৮৪)। আলোচ্য বছরে বাজার মূলধন বৃদ্ধি পেয়েছে টাকা এবং মার্কিন ডলার মূল্যমানে যথাক্রমে ৩.৬২ এবং ৯.৩০ শতাংশ। লেনদেন এবং প্রাথমিক শেয়ার বৃদ্ধি পেয়েছে যথাক্রমে ২১.৯ এবং ১৬৬.৯ শতাংশ। মোট ১৭টি প্রাথমিক শেয়ার বাজারে এসেছে যার মধ্যে ১৫টি আর্থিক প্রতিষ্ঠান, ১টি বিদ্যুৎ এবং ১টি রঙ উৎপাদনকারী প্রতিষ্ঠান। ষ্টক এক্সচেঞ্জে তালিকাভুক্ত কোম্পানীর সংখ্যা ২০০৪ সালের ২৫৬টি থেকে বৃদ্ধি পেয়ে ২০০৫ সালে ২৮৬টি হলেও নগদ লভ্যাংশ প্রদানের ঘোষণা ২০০৪ সালের ১৪৪টি থেকে হ্রাস পেয়ে ১৩১টিতে দাঁড়িয়েছে। সময়মত বার্ষিক সাধারণ সভা না করার সংখ্যাও হ্রাস পেয়ে ২০০৪ সালের ৩০টি থেকে ২০০৫ সালে ১৮টিতে দাঁড়িয়েছে।

২. ফার্মাসিউটিক্যাল সেক্টর :

ফার্মাসিউটিক্যাল সেক্টর অত্র ২০০৫ বছরে শতকরা ১৭.৫০ ভাগ প্রবৃদ্ধি অর্জন করেছে যা বিগত ২০০৪ সালে ছিল ৮.৬০ ভাগ।

বিগত কয়েক বছরের ঔষধ খাত ও কোম্পানীর প্রবৃদ্ধির তুলনামূলক চিত্র নীচে দেয়া হলো:

বছর	জাতীয় প্রবৃদ্ধির হার	কোম্পানীর প্রবৃদ্ধির হার
২০০১	২২.৪৬%	২২.৭০%
২০০২	১০.১৮%	১১.৭০%
২০০৩	৫.৯০%	১৫.৯১%
২০০৪	৮.৬০%	১৩.০৮%
২০০৫	১৭.৫০%	১৪.৩০%

উপরোক্ত পরিসংখ্যান হতে প্রতীয়মান হয় যে, কোম্পানীর প্রবৃদ্ধির হার গত বছরের তুলনায় বৃদ্ধি পেয়েছে।

পরিচালনা পর্ষদের প্রতিবেদন

৩. কার্যক্রম পর্যালোচনা :

(১) ফার্মা পাল্ট :

পাবনা এবং কালিয়াকৈর-এ অবস্থিত কারখানার উৎপাদন ক্ষমতা, দক্ষতা, পরিমাণগত এবং গুণগত বৃদ্ধির লক্ষ্যে উন্নত প্রযুক্তি, গবেষণা এবং প্রশিক্ষণ কার্যক্রম অব্যাহত আছে।

এই বিষয়ে আলোচ্য বছরে কোম্পানীর প্রকৃত বিনিয়োগের বিবরণ নিম্নে প্রদত্ত হলো :

(ক) জমি	২,৫৬৪,৬৫৪
(খ) ভবন (প্রকৃত)	২১,২৯৮,৯২২
(গ) যন্ত্রপাতি	১০৬,৬৬০,৩৩১
(ঘ) গবেষণার যন্ত্রপাতি	১৬,১৬৫,৭১৪
(ঙ) অন্যান্য যন্ত্রপাতি / সম্পদ	২৮,৫৯৫,৩৫৮
মোট টাকা	১৭৫,২৮৪,৯৭৯

এ ছাড়া, কোম্পানী তার অফিস ভবন, আসবাবপত্র এবং যানবাহন খাতে মূলধনী ব্যয় করেছে ৭৯,২৯৬,৪২০ টাকা এবং ব্যবহৃত যানবাহন/মোটর সাইকেল বিক্রয় করেছে ১০,৬৬৩,৫৫৩ টাকা। কোম্পানী আলোচ্য বছরে তথা ২০০৫-০৬ সালে মোট বিনিয়োগ করেছে ২৪৩,৯১৭,৮৪৬ টাকা যা ২০০৪-০৫ সালে ছিল ৩৭৭,৭৪৬,৬১৪ টাকা। পাবনা এবং ঢাকা পাল্টের মিলিত উৎপাদিত পণ্যের পরিমাণ (ট্যাবলেট ও ক্যাপসুল) গত বছরের তুলনায় বৃদ্ধি পেয়েছে যা নিম্নে প্রদত্ত হলো :

ক্রমিক সংখ্যা	পণ্যের বিবরণ	ইউনিট প্রতিটি	উৎপাদন ক্ষমতা	প্রকৃত উৎপাদন		উৎপাদন ক্ষমতার ব্যবহার	
				২০০৫-০৬	২০০৪-০৫	২০০৫-০৬	২০০৪-০৫
০১	ট্যাবলেট	প্রতিটি	২,১৭৬,২৫৬	২,২০৪,৬৫৯	২,১৩২,৪৪০	১০১%	১০৬%
০২	ক্যাপসুল	প্রতিটি	৩০৭,৩২০	৪৪৯,২৬৭	৪৩৫,৯১১	১৪৬%	১৪২%

(২) কেমিক্যাল পাল্ট :

পাবনাস্থ কেমিক্যাল পাল্ট এর বিগত পাঁচ (৫) বছরের কার্যক্রম নীচে উপস্থাপন করা হলো :

বছর	পণ্যের সংখ্যা	উৎপাদনের পরিমাণ (মেঃ টন)	নিজস্ব ব্যবহার (মেঃ টন)	বিক্রয় (মেঃ টন)	নিজস্ব ব্যবহার (%)	বিক্রয় (মিলিয়ন টাকায়)
২০০১-০২	৭	২০১	৮৫.৩০	১১৫.৭০	৪২.৪৪%	৩০১.৩৯
২০০২-০৩	৯	২১৯	৮৯.৩৪	১২৯.৬৬	৪০.৭৯%	২৯১.৬৭
২০০৩-০৪	৯	২৪২	১২৯.৭১	১১২.২৯	৫৩.৫৯%	৩২১.৭৩
২০০৪-০৫	৯	২৫৭	১১৭.৭১	১৩৯.২৯	৪৫.৮০%	২৬৩.৬৪
২০০৫-০৬	৯	২৪৪	১২১.১৯	১২২.৮১	৪৯.৬৭%	২৪৫.৯৬

(৩) নতুন ঔষধ সম্প্রসারণ :

আলোচ্য ২০০৫-০৬ সালে বিদ্যমান, নতুন সংযোজিত এবং বাতিলকৃত ঔষধের বিবরণ নিম্নের সারণীতে উপস্থাপন করা হলো :

ক্রমিক নং	পণ্যের শ্রেণীবিন্যাস	পণ্যের সংখ্যা ৩১-০৩-০৫	নতুন সংযোজন	বাতিল করা হয়েছে	মোট পণ্য ৩১-০৩-২০০৬
১	ট্যাবলেট	১৩৭	৫২	৩	১৮৬
২	ক্যাপসুল	৪৬	১২	৬	৫২
৩	লিকুইড	৩৩	৯	-	৪২
৪	ইনজেক্টেবলস্	৩৫	৪	১	৩৮
৫	ইএনটি প্রিপারেশন ও অন্যান্য	৩১	৯	১	৩৯
৬	অপথাল প্রিপারেশন ও অন্যান্য	৭	১	-	৮
৭	ড্রাই সিরাপ	১৪	২	-	১৬
৮	সাপোজিটরী	৩	৪	২	৫
৯	ইনহেলার	৫	৩	-	৮
১০	বেসিক কেমিক্যালস্	৯	-	-	৯
১১	ট্যাবলেট, পাউডার, লিকুইড এন্ড ইনজেক্টেবলস্-এগ্রোগেট	২৩	৩	-	২৬
১২	এ্যারোসল	১	-	-	১
	মোট	৩৪৪	৯৯	১৩	৪৩০

নতুন সংযোজিত পণ্যগুলো চিকিৎসক কর্তৃক ভালোভাবেই গৃহীত হয়েছে।

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To get rid of Allergy

- ✓ A novel anti-allergic & anti-asthmatic drug
- ✓ For treatment of allergic conditions, such as rhinitis and conjunctivitis
- ✓ For prophylactic treatment of bronchial asthma



পরিচালনা পর্ষদের প্রতিবেদন

(৪) উৎপাদন/উৎপাদন ক্ষমতার ব্যবহার :

সার্বিকভাবে পাল্টের উৎপাদন ক্ষমতার উন্নয়ন এ বছরও ধারাবাহিক ভাবে অব্যাহত আছে, যা নিম্নে প্রদত্ত হলো :

ক্রমিক নং	পণ্যের শ্রেণীবিন্যাস	একক	উৎপাদন (হাজার)		শতকরা বৃদ্ধি/হ্রাস	উৎপাদন ক্ষমতার ব্যবহার	
			২০০৫-০৬	২০০৪-০৫		২০০৫-০৬	২০০৪-০৫
১	ট্যাবলেট	প্রতিটি	২,২০৪,৬৫৯	২,১৩২,৪৪০	৩.৩৯	১০১%	১০৬%
২	ক্যাপসুল	প্রতিটি	৪৪৯,২৬৭	৪৩৫,৯১১	৩.০৬	১৪৬%	১৪২%
৩	লিকুইড	বোতল	৩১,২৪১	২৮,৯৫১	৭.৯১	৫১%	৪৭%
৪	ইনজেকটেবলস্	প্রতিটি	২৬,১১১	২২,৩১২	১৭.০৩	৫৮%	৮৯%
৫	ইএনটি প্রিপারেশন ও অন্যান্য	ফাইল	১১,৮২৮	১১,১২৭	৬.৩০	৭৯%	১১১%
৬	অপথাল প্রিপারেশন ও অন্যান্য	ফাইল	১,৫৫৯	১,৩১৫	১৮.৫৬	৭৮%	৬৬%
৭	ড্রাই সিরাপ	বোতল	৩,৮৮৮	৩,৩৫৫	১৫.৮৯	৬৫%	৮৪%
৮	সাপোজিটরী	প্রতিটি	৪,৪৩৯	৩,৪১২	৩০.১০	৪৪%	৩৪%
৯	ইনহেলার	ক্যান	৬৭৬	৫১৩	৩১.৭৭	৩৪%	২৬%
১০	বেসিক কেমিক্যালস্	কেজি	২৪৪	২৫৭	(৫.১৬)	৭২%	৭৬%
১১	ট্যাবলেট-এগ্রোভেট	প্রতিটি	৫,০৫৫	১৩,১৪২	(৬১.৫৪)	৪২%	৯৫%
১২	পাউডার-এগ্রোভেট	গ্রাম	১৬,৫৪২	১১,৫৩০	৪৩.৪৭	১২৫%	৮৭%
১৩	ইনজেকটেবলস্-এগ্রোভেট	প্রতিটি	৩০০	২২৭	৩২.১৬	৭%	৫%
১৪	লিকুইড-এগ্রোভেট	বোতল	৬৯	৫৮	১৮.৯৭	৬%	৫%
১৫	এ্যারোসল্	প্রতিটি	১৬০	২২৯	(৩০.১৩)	১১%	১৬%

কালিয়াকৈর এর নতুন পাল্ট আরও সক্রিয় হওয়ার ফলে ২০০৫-২০০৬ সালে এর প্রায় সকল গুরুত্বপূর্ণ প্রোডাক্ট লাইন এর উৎপাদন বৃদ্ধি পেয়েছে।

(৫) মান নিয়ন্ত্রণ :

ফার্মাসিউটিক্যালস্ পণ্যের অপর নাম জীবন রক্ষাকারী পণ্য। তাই এই পণ্যের সর্বোচ্চ মান নিশ্চিত করতে এবং উন্নয়ন সাধনে পণ্যের উৎপাদন সহ সকল স্তরে বিশ্ব স্বাস্থ্য সংস্থা প্রদত্ত গুড ম্যানুফ্যাকচারিং প্রাক্টিস এর নীতিমালা কঠোরভাবে অনুসরণে কোম্পানী সম্পূর্ণ গুরুত্ব আরোপ করেছে। পুংখানুপুংখরূপে অনুসন্ধান এর মাধ্যমে মেয়াদোত্তীর্ণ ঔষধ মার্কেট হতে ফেরত নেয়ার ক্ষেত্রে কোম্পানী প্রতিনিয়ত যত্নশীল। কোম্পানীর মান নিয়ন্ত্রণ সুবিধাদীর মধ্যে রয়েছে অত্যাধুনিক মান সম্পন্ন ল্যাবরেটরী বিল্ডিং, কম্পিউটারাইজড যন্ত্রপাতি এবং সর্বোব্যাপী উচ্চশিক্ষিত এবং আধুনিক প্রশিক্ষণপ্রাপ্ত কর্মচারী ও কর্মকর্তা যারা পণ্যের সর্বোচ্চ মান নিয়ন্ত্রণকে তাদের নৈতিক উদ্দেশ্য হিসাবে গ্রহন করে গবেষণা কার্যক্রমে ব্রতী হয়েছেন। আমরা তাঁদের জন্য গর্বিত।

(৬) প্রযুক্তি :

পণ্য উৎপাদন, মান নিয়ন্ত্রণ, বিতরণ এবং সর্বোপরি রোগীর কাছে এই পণ্য পৌঁছানো পর্যন্ত সকল স্তরে আধুনিক প্রযুক্তি প্রয়োগে কোম্পানী অগ্রণী ভূমিকা পালন করছে। এই লক্ষ্যে ২০০৫-২০০৬ বছরে কোম্পানী ল্যাবরেটরী আধুনিকায়নে বিনিয়োগ করেছে ১৬,১৬৫,৭১৪ টাকা।

(৭) রপ্তানি :

কোম্পানী প্রতিনিয়তই রপ্তানি বাজার সম্প্রসারণে সর্বাত্মক প্রচেষ্টা চালাচ্ছে। পর্যালোচিত বছরে কোম্পানীর মোট রপ্তানির পরিমাণ ১১৪.৭৭ মিলিয়ন টাকা যেখানে গত বছর ছিল ৮৫.৮১ মিলিয়ন টাকা যা বিগত বছরের তুলনায় ৩৪ শতাংশ বৃদ্ধি পেয়েছে। আমরা আশা করছি আগামী বছরগুলোতে রপ্তানির পরিমাণ উত্তরোত্তর বৃদ্ধি পাবে। বর্তমানে যে সব দেশসমূহে পণ্য রপ্তানি করা হচ্ছে তা হলোঃ মায়ানমার, নেপাল, কসোভো, কেনিয়া, লিবিয়া, মরিসাস, মালয়ে, পাপুয়া নিউ গিনি, সিয়েরা লিউন, সোমালিয়া, শ্রীলংকা, ভিয়েতনাম, ইয়েমেন, ইউক্রেন, উজবেকিস্তান, ঘানা, ইরাক, বেনিন, ভুটান, বসনিয়া, কম্বোডিয়া, কমোরস আইল্যান্ড, তাজাকিস্তান, মোজাম্বিক, জাম্বিয়া, নাইজার এবং রুয়ান্ডা।

(৮) সাবসিডিয়ারি প্রতিষ্ঠানগুলোর কার্যক্রম :

(ক) স্কয়ার স্পিনিংস লিঃ (এসএসএল) :

স্কয়ার ফার্মাসিউটিক্যালস লিঃ, স্কয়ার স্পিনিংস লিঃ (এসএসএল) এর ইকুইটির ৯৮ শতাংশ সত্বাধিকারী এবং কোম্পানীটি ২০০১ এর ১০ই জানুয়ারী হতে বাণিজ্যিক ভাবে সুতা উৎপাদন শুরু করে এবং এর বাৎসরিক উৎপাদন ক্ষমতা ৭,৪৭০,৩৬০ কেজি। কোম্পানীটির তুলনামূলক কার্যক্রম নিম্নে উপস্থাপন করা হলো :

বিবরণ	২০০২	২০০৩	২০০৪	২০০৫
(ক) সুতা উৎপাদন (কেজি)	৭,৬১৯,০৭২	৮,৭২৮,৯৭৫	৭,৯৮৫,৬৪২	৯,৪৯৩,৩৮৬
(খ) বিক্রয় (টাকা)	৭৬৮,৫৩৯,০৬৮	৮৮৩,৩৯০,৮৫৪	৯৯৪,১৯৬,৯১০	১,১৩৫,২৮৮,৭২৪
(গ) মোট মুনাফা (টাকা)	১৮৪,৬১০,০২৬	১৯১,১০৮,৩৭২	১৭৭,৯০২,০১৯	১৮১,৩৭৫,২৫৩
(ঘ) নীট মুনাফা-কর পূর্ববর্তী (টাকা)	৭৩,৪০৩,০১৩	৯১,৩০৬,৪২৯	১০৯,২৬৪,৫০০	১১০,১৬৮,৫৯০
(ঙ) নীট মুনাফা-কর পরবর্তী (টাকা)	৭৩,৪০৩,০১৩	৯১,৩০৬,৪২৯	১০৯,২৬৪,৫০০	৬৯,১১০,৭৯০
(চ) মোট আয়ের হার	২৪.০২%	২১.৬৩%	১৭.৯০%	১৫.৯৮%
(ছ) নীট আয়ের হার	৯.৫৫%	১০.৩৪%	১১.০০%	৯.৭০%
(জ) শেয়ার প্রতি আয় (টাকা)	৭৩.৪০	৯১.৩১	১০৯.২৬	৬৯.১১
(ঝ) নীট সম্পদের মূল্য (টাকা)	২৪৫.০৩	৩৩৬.৩৪	৪৪৫.৬০	৫১৪.৭১

উৎপাদন ক্ষমতার প্রয়োগ :

শেয়ারহোল্ডারদের নীট সম্পদের মূল্য বৃদ্ধি পেয়েছে, উৎপাদন ক্ষমতার প্রয়োগ এবং পরিচালন মুনাফা বৃদ্ধির ফলে গত বছরের তুলনায় এ বছরে বিক্রয়, মোট মুনাফা এবং কর পূর্ব নীট মুনাফা বৃদ্ধি পেয়েছে যথাক্রমে ১৪.১৯%, ১.৯৫% এবং ০.০৮%। বিলম্বিত আয়কর সঞ্চিতির কারণে গত বছরের তুলনায় নিট মুনাফা ৩৬.৭৫% হ্রাস পেয়েছে। তবে নীট সম্পদের মূল্য গত বছরের তুলনায় ১৫.৫% বৃদ্ধি পেয়েছে। কোম্পানী তার দীর্ঘ মেয়াদী দেনা সম্পূর্ণ পরিশোধ করেছে এবং আলোচ্য বছরে কোন লভ্যাংশ প্রদান না করার ঘোষণা দিয়েছে। এ ব্যবস্থা গ্রহণের ফলে কোম্পানীর বিনিয়োগ সমূহ সকল প্রকার দায় থেকে মুক্ত হয়েছে। শুধু মাত্র চলতি দায় বর্তমান যা চলতি সম্পদ দ্বারা সুরক্ষিত।

পরিচালনা পর্ষদের প্রতিবেদন

অর্থবছর সমাপ্তির দিনে যথাক্রমে, ৩১-১২-২০০৫ এবং ৩১-০৩-২০০৬ তারিখে স্কয়ার স্পিনিংস লিঃ এবং স্কয়ার ফার্মাসিউটিক্যালস লিঃ এর পরিবর্তিত অবস্থা নিম্নে উপস্থাপন করা হলো :

ক্রমিক নং	বিবরণ	৩১-১২-২০০৫	৩১-০৩-২০০৬
১	স্কয়ার স্পিনিংস লিঃ এর স্থায়ী পরিসম্পদ	৮০৯,৪১৫,৯৪৪	৮১১,৬৫০,১৯০
২	স্কয়ার ফার্মাসিউটিক্যালস লিঃ কর্তৃক বিনিয়োগ :		
	- শেয়ার মূলধন	৯৮,০০০,০০০	৯৮,০০০,০০০
	- স্বল্প মেয়াদী ঋণ	১৩০,৭৫৭,৯৮৯	৯৯,১৮৫,০২৩
	- মধ্য মেয়াদী ঋণ	-	-

ব্যালেন্স শীট, আয়-ব্যয়ের হিসাব, মূলধনী পরিবর্তনের বিবরণী, নগদ তহবিল প্রবাহ এবং নিরীক্ষকের রিপোর্ট সহ পরিচালনা পর্ষদের প্রতিবেদন এর সাথে সন্নিবেশিত হলো।

(খ) স্কয়ার সেফালস্পিরিনস লিঃ (এসসিএল) :

স্কয়ার ফার্মাসিউটিক্যালস লিঃ, কালিয়াকৈর, গাজীপুর-এ একটি ফার্মাসিউটিক্যালস ফরমুলেশন প্রকল্প যা সেফালস্পিরিনস প্রডাক্টস উৎপাদনে উদ্যোগ গ্রহণ করেছে।

স্কয়ার ফার্মাসিউটিক্যালস লিঃ তার ২১শ শতাংশ একটি জমির উপর নির্মাণাধীন ৬০,৯৫৫ বর্গফুট আকৃতির দালান বার্ষিক ৯৬,০০,০০০ টাকায় স্কয়ার সেফালস্পিরিনস লিঃ এর নিকট ইজারা প্রদান করেছে। শেয়ার মূলধন ৯৫,০০০,০০০ টাকা, শেয়ার মানি ডিপোজিট ৪০০,০০০,০০০ টাকা, দীর্ঘ মেয়াদী ঋণ স্থানান্তর ১৩৫,৮৯১,৩৯৯ টাকা এবং স্বল্প মেয়াদী ঋণ ২১৮,০৬৭,৭৫৫ টাকার বিপরীতে স্কয়ার ফার্মাসিউটিক্যালস লিঃ তার নিম্নলিখিত সম্পত্তি সমূহ স্কয়ার সেফালস্পিরিনস লিঃ কে হস্তান্তর করেছে :

(ক) যন্ত্রপাতি	২৩৮,৪৪০,৫৮৪
(খ) গবেষণার যন্ত্রপাতি	৮৪,৫৩৪,৮৮৮
(গ) ইলেক্ট্রো মেকানিক্যাল যন্ত্রপাতি	৪৫৩,৩০১,৪৩৫
(ঘ) স্থাপনা ব্যয়	৭২,৬৮২,২৪৭
	মোট টাকা
	<u>৮৪৮,৯৫৯,১৫৪</u>

প্রকল্পটির (এসসিএল) আনুমানিক ব্যয় ধরা হয়েছে প্রায় ৯০ কোটি টাকা। স্কয়ার ফার্মাসিউটিক্যালস লিঃ (এসপিএল) এর পণ্য সমূহ উৎপাদন করার জন্য স্কয়ার সেফালস্পিরিনস লিঃ এর সহিত একটি চুক্তিতে আবদ্ধ হয়েছে। এই ক্ষেত্রে অর্জিত মুনাফা চুক্তিবদ্ধ প্রতিষ্ঠানদ্বয়ের মধ্যে সমহারে বন্টিত হবে। আশা করা যাচ্ছে যে, স্কয়ার সেফালস্পিরিনস লিঃ তার ব্যবসা কার্যক্রমের প্রথম বছর হতে মুনাফা অর্জন করতে সক্ষম হবে।

Alatrol[®]

Paediatric Drops

Cetirizine Dihydrochloride BP 2.5 mg / ml

First Time in Bangladesh

A drug of choice for allergy control in children

- Sugar free
- Contains orange & blue berry flavor
- No organic solvent is used
- Supplied with a calibrated dropper which ensures precise dosing

(৯) দীর্ঘমেয়াদী বিনিয়োগ (সহযোগী প্রতিষ্ঠান ব্যতীত) :

নিরীক্ষকের রিপোর্টের (৪ ও ৮) অংশে দীর্ঘমেয়াদী বিনিয়োগ পোর্টফোলিও এবং বিক্রয়যোগ্য শেয়ার সম্পর্কে বিস্তারিতভাবে উপস্থাপন করা হয়েছে। সম্মানিত শেয়ারহোল্ডারদের অবগতির জন্য নিম্নে এই পোর্টফোলিও সম্পর্কে সংক্ষেপে আলোকপাত করা হলো :

দীর্ঘমেয়াদী বিনিয়োগ : ১,৯১৫,৮৩৩,৩৬৪ টাকা

উল্লিখিত বিনিয়োগ ৯টি বিভিন্ন কোম্পানী সাধারণ শেয়ার/শেয়ার মানি ডিপোজিট হিসাবে করা হয়েছে যার বিবরণ নিম্নে প্রদত্ত হলো :

(ক) স্কার টেক্সটাইলস্ লিঃ (এসটিএক্সএল) :

৩১-০৩-০৬ তারিখ পর্যন্ত এই কোম্পানীতে বিনিয়োগের (স্টক এক্সচেঞ্জে তালিকাভুক্ত হওয়ার পর) পরিমাণ প্রতিটি ১০ টাকা শেয়ার হিসাবে ১০,৭২৫,০০০টি শেয়ারের বিপরীতে মোট ৮৮,৬৩৬,৩৬৪ টাকা, ৩১শে মার্চ ২০০৬ এ যার বাজার দর ছিল ৮৬৩,৩৬২,৫০০ টাকা (প্রতিটি শেয়ার ৮০.৫০ টাকা হিসাবে) এবং মূল্য বৃদ্ধির হার ছিল ৮৭৪%। কোম্পানীতে পুরোদমে উৎপাদন চলছে। গত ২০০৫ সালে কোম্পানী শতকরা ৩০ ভাগ নগদ লভ্যাংশ এবং ১২.৫ ভাগ বোনাস শেয়ার ঘোষণা করেছে। স্কার ফার্মাসিউটিক্যালস্ লিঃ এই কোম্পানীর শতকরা ৩৫.১৯ ভাগ শেয়ারের মালিক।

(খ) ইউনাইটেড হসপিটাল লিঃ (ইউএইচএল) :

স্কার ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১০০ টাকা মূল্যমানের ১২০,০০০টি শেয়ারের মালিক যার মূল্য ১২,০০০,০০০ টাকা। যেহেতু এই কোম্পানী স্টক এক্সচেঞ্জে এর অন্তর্ভুক্ত নয় সেহেতু এর কোন বাজার দর নেই।

(গ) ন্যাশনাল হাউজিং ফাইন্যান্স এন্ড ইনভেস্টমেন্ট লিঃ (এনএইচএফ এণ্ড আইএল) :

স্কার ফার্মাসিউটিক্যালস্ লিঃ উক্ত কোম্পানীর ২০০,০০০টি ১০০ টাকা মূল্যমানের সাধারণ শেয়ারের মালিক যার মূল্য ২০,০০০,০০০ টাকা এবং এই টাকা মোট মূলধনের শতকরা ৫ ভাগ। এই কোম্পানী পরিচালনা পর্ষদ এ প্রতিনিধিত্ব করে। ন্যাশনাল হাউজিং ফাইন্যান্স এন্ড ইনভেস্টমেন্ট লিঃ কার্যক্রম শুরু করে ১৯৯৯ সাল থেকে এবং ২০০৫ সালে ২০% হারে লভ্যাংশ ঘোষণা করেছে যা পূর্ববর্তী বছরে ছিল ৯%।

(ঘ) সেন্ট্রাল ডিপোজিটরী বাংলাদেশ লিঃ (সিডিবিএল) :

সেন্ট্রাল ডিপোজিটরী ১৯৯৯ সালের বিধি অনুযায়ী গঠিত সিডিবিএল এর প্রতিটি শেয়ার ১০ লক্ষ টাকা মূল্যমানের ১০টি শেয়ারের জন্য কোম্পানী ১ কোটি টাকা বিনিয়োগ করেছে। সিডিবিএল গঠন করা হয়েছে মূলতঃ জাল শেয়ারের ট্রেডিং বন্ধ, ক্রীপ ছাড়াই ট্রেডিং এবং মার্কেট লট এর সমস্যা সমাধানের জন্য। এর ফলে শেয়ার বিভাগের খরচ উল্লেখযোগ্য হারে হ্রাস পাবে। জুলাই ২০০৩ হতে সেন্ট্রাল ডিপোজিটরী বাংলাদেশ লিঃ এর কার্যক্রম শুরু করে এবং এ পর্যন্ত প্রায় ১০০টি কোম্পানী সিডিবিএল এর অন্তর্ভুক্ত হয়েছে (৩০-০৬-২০০৬)। যেহেতু এর শেয়ার তালিকাভুক্ত হয়নি সেহেতু সিডিবিএল এর শেয়ার বাজার দরে মূল্যায়ন করা যাচ্ছে না।

(ঙ) স্কার হসপিটালস্ লিঃ (এসএইচএল) :

স্কার ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১,০০০ টাকা মূল্যমানের ১৯৮,২৫০ শেয়ারের মালিক যার মধ্যে ২০০০ শেয়ার হচ্ছে ৫,৫০০ টাকা প্রিমিয়াম সহ। পাছপথে পাঁচতারা হোটেল হিসাবে এই প্রকল্পের এর যাত্রা শুরু হলেও বর্তমানে একে ৩০০ শয্যা বিশিষ্ট আধুনিক হাসপাতাল প্রকল্পে রূপান্তরিত করা হয়েছে। মূলতঃ হার্টের রোগ নিরাময়ে গুরুত্ব দেয়া সহ এতে আরও থাকছে বহুমুখী চিকিৎসা সেবা। স্কার ফার্মাসিউটিক্যালস্ লিঃ এই প্রতিষ্ঠানের ৪৯.৫৬% শেয়ারের মালিক। এসপিএল ১,০০০ টাকা মূল্যমানের ৫,০০,০০০ শেয়ারের জন্য ৫০০ মিলিয়ন টাকা শেয়ার মানি ডিপোজিট হিসাবে প্রদান করেছে। যেহেতু কোম্পানীর শেয়ার তালিকা ভুক্ত নয় সেহেতু এর বাজার দর মূল্যায়ন করা যায়নি।

পরিচালনা পর্ষদের প্রতিবেদন

(চ) স্কয়ার নীট ফেব্রিকস্ লিঃ (এসকেএফএল) :

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ তার মালিকানাভুক্ত ৮৪% হতে ৪৮.৮৪% এ পরিবর্তন হওয়ায় স্কয়ার নীট ফেব্রিকস্ লিঃ সহায়ক কোম্পানী হতে বিনিয়োগ ধারার কোম্পানীতে পরিণত হয়েছে। কোম্পানী তার উৎপাদন কার্যক্রম শুরু করে ২০০২ সালের প্রথম দিকে এবং আন্তর্জাতিক বাজারে মন্দার ফলে প্রথমদিকে যে অসুবিধার সম্মুখীন হয়েছিল তা দূর করার পর ২০০৫ অর্থ বৎসর থেকে মুনাফা অর্জন শুরু করেছে। ব্যবস্থাপনা কর্তৃপক্ষ এর কার্যক্রমের দিকে তীক্ষ্ণ দৃষ্টি রেখে একে একটি লাভজনক প্রতিষ্ঠানে পরিণত করার আশ্রয় চেষ্টা চালিয়ে যাচ্ছে। কোম্পানীটি কোন লভ্যাংশ ঘোষণা করে নাই। স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১০০ টাকা মূল্যমানের ১,২৬০,০০০ সাধারণ শেয়ারের মালিক যা মূলধনের শতকরা ৪৮.৮৪ ভাগ। উল্লেখ্য যে স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ কর্তৃক প্রদত্ত ৪০০ মিলিয়ন টাকা যা শেয়ার মানি ডিপোজিট হিসাবে ছিল তা ফেরত প্রদান করেছে। কোম্পানীর শেয়ারগুলো তালিকাভুক্ত নয় বিধায় বর্তমানে শেয়ারগুলোর বাজার দর যাচাই করা সম্ভব নয়।

(ছ) স্কয়ার ফ্যাশনস্ লিঃ (এসএফএল) :

প্রতিটি ১০০ টাকা মূল্যমানের ২৫২,০০০ (৪৮.৪৬%) শেয়ারে বিনিয়োগ করা হয়েছে। কোম্পানীটি যদিও মুনাফা অর্জন শুরু করেছে কিন্তু পুঞ্জীভূত ক্ষতি থাকার কারণে কোন লভ্যাংশ ঘোষণা করে নাই। উল্লেখ্য যে স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ কর্তৃক প্রদত্ত ২২০ মিলিয়ন টাকা যা শেয়ার মানি ডিপোজিট হিসাবে ছিল তা ফেরত প্রদান করেছে। যেহেতু কোম্পানীর শেয়ারগুলো তালিকাভুক্ত নয় সেহেতু শেয়ারগুলোর বাজার দর যাচাই করা সম্ভব নয়।

(জ) স্কয়ার ইনফরমেটিক্স লিঃ (এসআইএল) :

প্রতিটি ১০০ টাকা মূল্যমানের ২০,০০,০০০ সাধারণ শেয়ারের বিপরীতে শেয়ার মানি ডিপোজিট হিসাবে ২০.০০ কোটি টাকা অগ্রিম প্রদান করা হয়েছে, যা পি.এস.টি.এন প্রকল্পে বিনিয়োগ করা হয়েছে। এই কোম্পানীর বর্তমান পরিশোধিত মূলধন হচ্ছে ২৫,০০,০০০ টাকা।

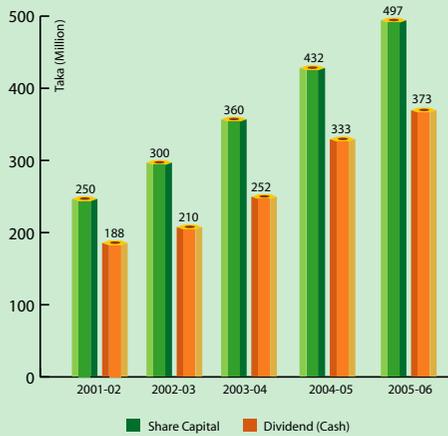
(ঝ) বেগ রাবার ইন্ডাস্ট্রিজ লিঃ (বিআরআইএল) :

এই কোম্পানীর মোট ৩,০০০টি শেয়ারের মধ্যে স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ ২,৫৯৬টি শেয়ারের মালিক। ৩,০০০টি শেয়ারের ক্রয় মূল্য ১৫০,০০০,০০০ টাকা। কোম্পানীটি ৩৫৫-৩৫৬, তেজগাঁ শিল্প এলাকা, ঢাকাতে ১.৯০৭২ একর নিজস্ব জমির মালিক। যেহেতু কোম্পানীর শেয়ারগুলো তালিকাভুক্ত নয় সেহেতু শেয়ারগুলোর বাজার দর যাচাই করা সম্ভব নয়।

(১০) বিক্রয়যোগ্য শেয়ারে বিনিয়োগঃ

পাইওনিয়ার ইনসিওরেন্স কোঃ লিঃ

পাইওনিয়ার ইনসিওরেন্স কোঃ লিঃ এর প্রতিটি ১০০ টাকা মূল্যমানের শেয়ার ১৩৫ টাকা হিসেবে স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ ১৫০,০০০ সাধারণ শেয়ারে (প্রিমিয়াম ৩৫ টাকা) বিনিয়োগ করেছে, যা পাইওনিয়ার ইনসিওরেন্স কোঃ লিঃ এর মূলধনের ১০%। কোম্পানী ২০০৫ সালে ১৫% লভ্যাংশ ঘোষণা করেছে যা বিগত ২০০৪ সালে ছিল ১৩%। শেয়ারগুলো তালিকাভুক্ত এবং প্রতিটি ১০০ টাকার শেয়ার ১৯০ টাকার উপরে কেনা বেচা হচ্ছে যা শতকরা ৪১ ভাগ ক্যাপিটাল গেইন দেখা যাচ্ছে।



(১১) আর্থিক ফলাফলঃ

পূর্ববর্তী বছরের সাথে তুলনা করে ২০০৫-২০০৬ সালের আর্থিক ফলাফল নিম্নে উপস্থাপন করা হলো :

বিবরণ	২০০৫-২০০৬	২০০৪-২০০৫	শতকরা + (-)
মোট বিক্রয়	৭,০৮৫,৫৫৩,১৪৯	৬,১৯৯,১৩৪,৮০২	১৪.৩০%
নীট বিক্রয়	৬,০৮৯,৯০৫,৩৯৬	৫,৩৩২,০৪৬,৬৩৫	১৪.২১%
মোট মুনাফা	২,৫৬৪,৫০২,৭২৭	২,১৭২,৫৯২,৯২৯	১৮.০৪%
নীট মুনাফা (কর পূর্ব)	১,৫৩৩,০৪২,৬১৪	১,৫১৩,০১৮,৫৯৯	১.৩২%
আয়কর সঞ্চিতি	৩৬৭,১৭৭,৯৯৮	২৫৭,১৭০,৪৪৬	৪২.৭৮%
নীট মুনাফা (করের পর)	১,১৬৫,৮৬৪,৬১৬	১,২৫৫,৮৪৮,১৫৩	(৭.১৭%)
মোট আয়ের হার	৪২.১১%	৪০.৭৫%	-
নীট আয়ের হার (কর পূর্ব)	২৫.১৭%	২৮.৩৮%	-
নীট আয়ের হার (করের পর)	১৯.১৪%	২৩.৫৫%	-
প্রতিটি শেয়ারের আয় (টাকা)	২৩৪.৬৭	২৫২.৭৯	-
প্রতিটি শেয়ারের আয় (আইপিও পরিশোধিত মূলধন অনুসারে)	৫৮২.৯৩	৬২৭.৯২	-
একত্রিকৃত প্রতিটি শেয়ারের আয় (টাকা)	২৭২.৬৫	২৬৩.৯৬	-

আলোচ্য বছরের লক্ষণীয় বিষয় হচ্ছে যে, মোট বিক্রয় বৃদ্ধি পেয়েছে ১৪.৩০ শতাংশ যা গত বছরের ছিল ১৩.০০ শতাংশ এবং মোট মুনাফা ১৮.০৫ শতাংশ বৃদ্ধি পেয়েছে। ৫০.৯৭ শতাংশ বিক্রিত পণ্যের ব্যয়, প্যাকেটজাতকরণ মালামালের এবং কারখানার খরচ তুলনামূলক হ্রাস পাওয়ায় মুনাফা বৃদ্ধির সহায়ক হিসেবে কাজ করেছে। তবে পরিচালন এবং আর্থিক ব্যয় ১৬.৯৮ শতাংশ বৃদ্ধি পেয়েছে। কিন্তু সুদের হার, অন্যান্য আয় কম হওয়ায় (শেয়ার বিক্রির মাধ্যমে গত বছরের তুলনায় বর্তমান বছরে কোন মূলধনী আয় না থাকায়), কর সঞ্চিতি এবং বিলম্বিত করের হার বৃদ্ধি পাওয়ায় নীট মুনাফার হার কিছুটা কমেছে।

প্রতিটি ১০০ টাকা মূল্যমানের ৪,৯৬৮,০০০টি শেয়ারের উপর ভিত্তি করে শেয়ার প্রতি আয় হয়েছে ২৩৪.৬৭ টাকা। তবে, আই.পি.ও সময়ে ইস্যুকৃত মূলধনের বিবেচনায় এই শেয়ার প্রতি আয় দাঁড়ায় ২০০৫-০৬ সালে ৫৮২.৯৩ টাকা যা ২০০৪-০৫ সালে ৬২৭.৯২ টাকা ছিল।

(১২) মুনাফা বন্টন :

ব্যবসার সম্প্রসারণ ও বহুমুখী কার্যক্রমের জন্য বাহিরের তহবিলের ব্যয় বেড়ে যাওয়ার প্রেক্ষাপটে পরিচালনা পর্ষদ নিম্নোক্ত উপায়ে মুনাফা বন্টনের সুপারিশ করেছেন :

(ক) এ বছরের মুনাফা (২০০৫-২০০৬)	১,১৬৫,৮৬৪,৬১৬
(খ) প্রস্তাবিত বন্টনঃ	
কর অবকাশ সঞ্চিতি	২৮,০৪২,৪০২
নগদ লভ্যাংশঃ শেয়ার প্রতি ৭৫ টাকা হারে	৩৭২,৬০০,০০০
বোনাস শেয়ার (ষ্টক ডিভিডেন্ট)ঃ ২০% হারে	
বোনাস শেয়ারের লিখিত মূল্য	৯৯,৩৬০,০০০
	৫০০,০০২,৪০২
(গ) নীট অবন্টনকৃত মুনাফা (টাকায়)	৬৬৫,৮৬২,২১৪

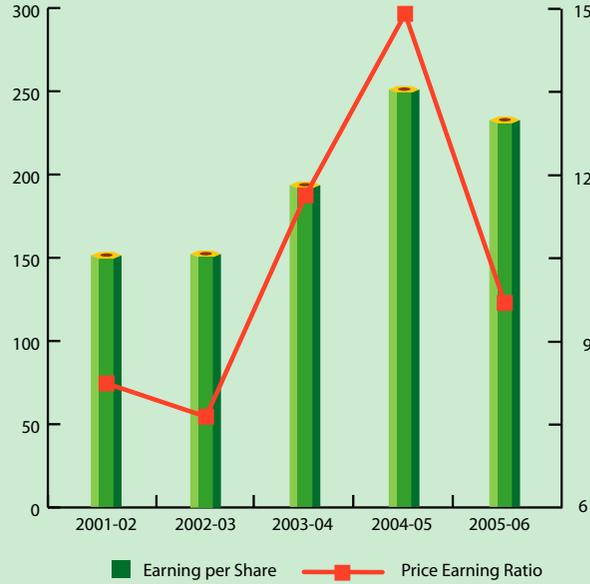
পরিচালনা পর্ষদের প্রতিবেদন

(১৩) লভ্যাংশ ঘোষণাঃ

মুনাফা বন্টনের প্রস্তাব অনুযায়ী কোম্পানীর পরিচালনা পর্ষদ ২০০৫-০৬ আর্থিক বছরে ১০০ টাকা মূল্যমানের প্রতিটি শেয়ারের বিপরীতে ৭৫ টাকা হিসেবে নগদ লভ্যাংশ ঘোষণার সুপারিশ করছেন যার জন্য ৩৭২.৬০ মিলিয়ন টাকার প্রয়োজন হবে। এ ছাড়াও পরিচালনা পর্ষদ ২০% বোনাস শেয়ার ঘোষণার সুপারিশ করেছেন। এর জন্য ৯৯৩,৬০০টি শেয়ার ইস্যু এবং ৯৯,৩৬০,০০০ টাকা শেয়ার মূলধনের সাথে সম্পৃক্ত করার প্রয়োজন হবে।

(১৪) শেয়ারহোল্ডারবৃন্দের সুফল/লাভঃ

আইপিওতে বিনিয়োগকৃত শেয়ার প্রতি ৯০০ টাকার বিপরীতে শেয়ারহোল্ডারগণ একটি উল্লেখযোগ্য সুফল/লাভ পেয়েছে। একজন শেয়ারহোল্ডার এ যাবৎ পর্যন্ত ১০০টি শেয়ারের বিপরীতে মোট ৯৭,৬৯৯ টাকা নগদ লভ্যাংশ এবং ১৭৮.০৮ বোনাস শেয়ার অর্জন করেছে। আইপিও এবং বোনাস শেয়ার সমূহের ৩১-০৩-২০০৬ তারিখের হিসাবকৃত বাজার মূল্য দাঁড়ায় ৬৩২,৯১০ টাকা।



১৫) হিসাবের একত্রীকরণ :

এসইসি এর বিধিমালা ও ইন্টারন্যাশনাল একাউন্টিং স্ট্যান্ডার্ড (আইএএস-২৭) এর নিয়মাবলী অনুসরণ করে শেয়ারহোল্ডারবৃন্দের মোট সুবিধা/বিনিয়োগ মূল্য নির্ধারণ করা হয়েছে।

৪. মানব সম্পদ উন্নয়ন :

মানব সম্পদ উন্নয়নের জন্য কোম্পানী প্রতিটি স্তরের নিবাহী ও শ্রমিক কর্মচারীদের আনুষ্ঠানিক ও অনানুষ্ঠানিক প্রশিক্ষণ দিয়ে যাচ্ছে। এ বছর ১,৫৫৬ জন দেশে এবং বিদেশে প্রশিক্ষণ পেয়েছে। ফলে প্রশিক্ষণ প্রাপ্তরা কোম্পানীকে লাভজনক অবস্থায় রাখতে অবদান রেখেছে। সাথে সাথে তাদের পারিশ্রমিকও বৃদ্ধি পেয়েছে।

৫. পরিবেশগত ভূমিকা :

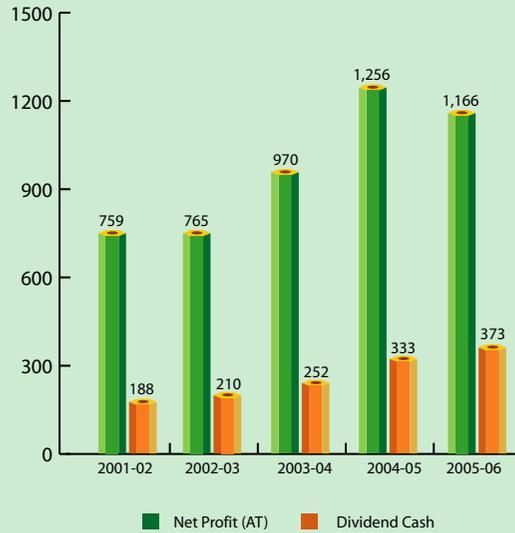
জিএমপি/ডবিউএইচও স্ট্যান্ডার্ডস ও সরকারী নিয়মাবলী অনুযায়ী কোম্পানী সর্বোচ্চ দূষণমুক্ত পরিবেশ বজায় রেখেছে।

৬. জাতীয় কোষাগারে অবদান :

জাতীয় কোষাগারে কোম্পানীর এ বছরের অবদান ১,৫৭৩,০৭৫,৫০৯ টাকা (যন্ত্রপাতি ও খুচরা যন্ত্রাংশ আমদানী ১৬,৭৫৫,৭৬৫ টাকা সহ) যা গত বছর ছিল ১,২৩৩,৪৩৮,৩৩৯ টাকা। এ টাকা গত বছরের তুলনায় ২৭.৫৪% বেশী। এই অবদান ২০০৫-২০০৬ সালের বিক্রয়ের ২৫.৮৩% যা গত বছর ছিল ২৩.১৩% (২০০৪-২০০৫)।

৭. পরিচালক নির্বাচন :

সংঘবিধির ৯৯ ও ১০০ অনুচ্ছেদ অনুযায়ী কোম্পানীর পরিচালক জনাব স্যামসন্ এইচ চৌধুরী এবং জনাব কাজী ইকবাল হারুন অবসর গ্রহণ করেছেন এবং তাঁরা পুনঃ নির্বাচিত হওয়ার যোগ্য বিধায় পুনঃ নির্বাচিত হওয়ার ইচ্ছা প্রকাশ করেছেন।



পরিচালনা পর্ষদের প্রতিবেদন

৮. ইনডিপেনডেন্ট ডাইরেক্টর :

এসইসি নোটিফিকেশন অনুযায়ী বিগত ১৩ই মার্চ, ২০০৬ তারিতে অনুষ্ঠিত পরিচালক পর্ষদের সভায় জনাব এম. সেকেন্দার আলী (প্রাক্তন ব্যবস্থাপনা পরিচালক, বিএসবি, বিএসআরএস এবং আইসিবি) কোম্পানীর ইনডিপেনডেন্ট ডাইরেক্টর হিসেবে নিয়োগ দিয়েছেন।

৯. নিরীক্ষক নিয়োগ :

কোম্পানীর বর্তমান নিরীক্ষক মেসার্স চৌধুরী ভট্টাচার্য্য এন্ড কোং, চার্টার্ড একাউন্ট্যান্টস্ অত্র সভায় অবসর গ্রহন করেছেন এবং যোগ্য বিধায় ২০০৬-২০০৭ সালের জন্য নিরীক্ষক হিসেবে তাদের পারিশ্রমিক পুনঃ নির্ধারণ করে নিয়োগের ইচ্ছা প্রকাশ করেছে।

১০. স্কার ফার্মাসিউটিক্যালস্ লিঃ এর সাথে বেগ রাবার ইন্ডাস্ট্রিজ লিঃ কে একত্রিতকরণ :

স্কার ফার্মাসিউটিক্যালস্ লিঃ, বেগ রাবার ইন্ডাস্ট্রিজ লিঃ এর ২,৫৯৬টি শেয়ার তথা ৮৬.৫৩ শতাংশের মালিক যা ২০০৪-০৫ সালের পরিচালনা-পর্ষদের প্রতিবেদনে উল্লেখ করা হয়েছিল। সর্বমোট ৩,০০০টি শেয়ারের অবশিষ্ট ৪০৪টি নিম্নলিখিত উদ্যোক্তাগণ ক্রয় করে ছিলেন :

১. জনাব স্যামসন এইচ চৌধুরী	১০০	শেয়ার
২. জনাব স্যামুয়েল এস চৌধুরী	৭৬	"
৩. জনাব তপন চৌধুরী	৭৬	"
৪. জনাবা রত্না পাত্র	৭৬	"
৫. জনাব অঞ্জন চৌধুরী	৭৬	"
	মোট	<u>৪০৪</u>

যেহেতু বেগ রাবার ইন্ডাস্ট্রিজের উৎপাদন সহায়ক সম্পদ সমূহ একেজো, অব্যবহার্য হয়ে গেছে এবং পরিচালনা পর্ষদ রাবার ব্যবসাকে সুবিধাজনক বলে মনে করছেন না বিধায় কোম্পানীকে স্কার ফার্মাসিউটিক্যালস্ লিঃ এর সাথে একত্রিকরণের প্রস্তাব করেছেন যার সাথে উল্লেখিত অন্যান্য শেয়ারহোল্ডারগণের সম্মতি রয়েছে। একত্রিকরণ বিষয়ে আদালত কর্তৃক অনুমোদিত হলে সংখ্যালঘু শেয়ারহোল্ডারদেরকে বেগ রাবার ইন্ডাস্ট্রিজের শেয়ার ক্রয় মূল্য অনুসারে সম্পূর্ণ এবং চূড়ান্ত হিসাব নিষ্পত্তি করার প্রস্তাব করা হয়েছে। যদি এই বিষয়ে সমর্থন থাকে তা হলে এই প্রস্তাবকে নিম্নলিখিত বিশেষ সিদ্ধান্ত হিসাবে অনুমোদনদানের জন্য অনুরোধ করা হলো :

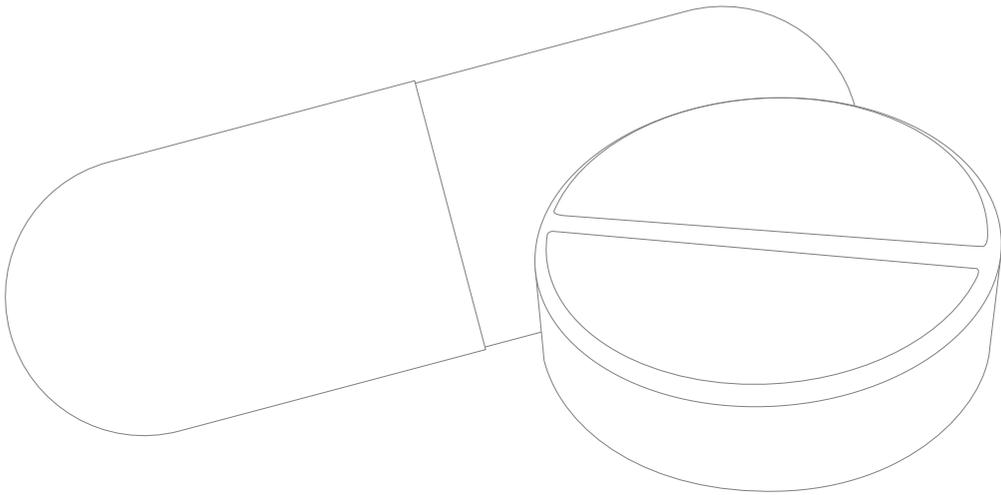
“আদালত কর্তৃক অনুমোদন সাপেক্ষে এই মর্মে সিদ্ধান্ত গৃহীত হলো যে, বেগ রাবার ইন্ডাস্ট্রিজ লিঃ তার সম্পদ এবং দায় সমূহ স্কার ফার্মাসিউটিক্যালস্ লিঃ এর সাথে একীভূত হবে এবং সংখ্যালঘু শেয়ারহোল্ডারদেরকে নগদ ২০,২০০,০০০ টাকার বিনিময়ে ৪০৪টি শেয়ার সম্পূর্ণ এবং চূড়ান্ত হিসাব নিষ্পত্তি করা হবে।”

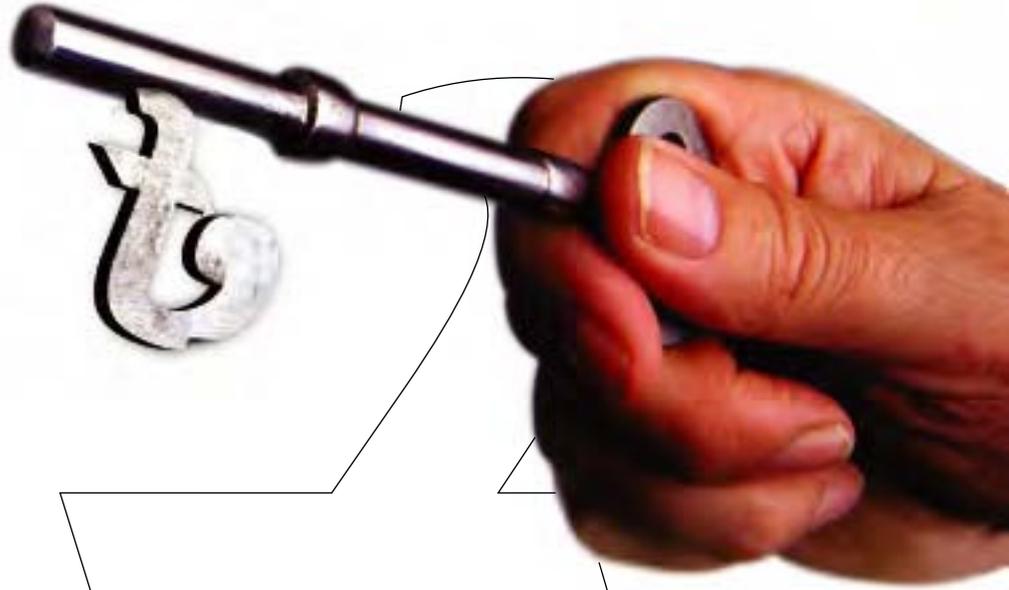
১১. ব্যবস্থাপনা কর্তৃপক্ষের স্বীকৃতি :

পরিচালনা পর্ষদ ব্যবসায়িক কার্যক্রমে আন্তরিকভাবে অবদান রাখার জন্য ব্যবস্থাপনা কর্মকর্তা, কর্মচারী, শ্রমিক, ক্রেতা সবাইকে আন্তরিক ধন্যবাদ জ্ঞাপন করেছেন। তা ছাড়াও ব্যাংক, এসইসি, ডিএসই, সিএসই, সিডিবিএল এবং বিশেষ ভাবে সরকারকে কোম্পানীর প্রতিটি কার্যক্রমে সহযোগিতার জন্য আন্তরিক ধন্যবাদ জানাচ্ছেন। পরিচালনা পর্ষদ আশা করে যে, এই কোম্পানী দেশের সীমানা ছাড়িয়ে বিদেশের মাটিতেও কার্যকর ভূমিকা রাখবে।



স্যামসন এইচ চৌধুরী
চেয়ারম্যান





Financial Report

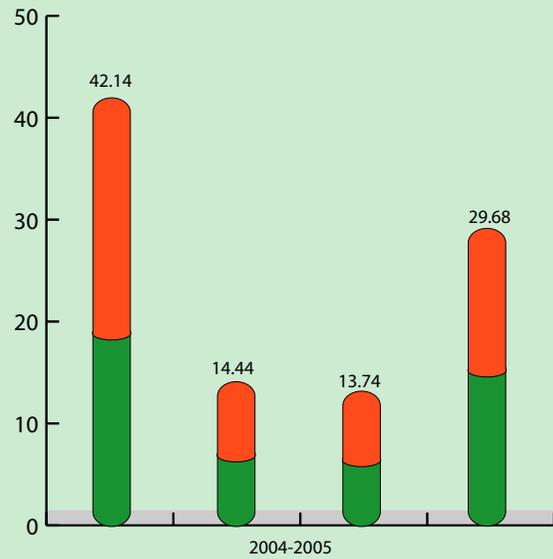
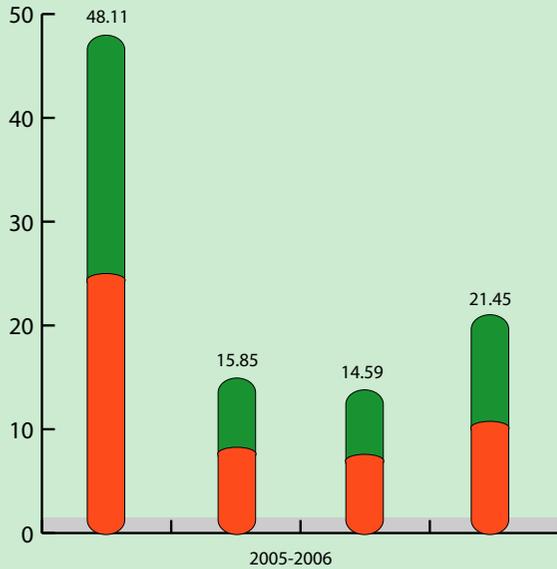
SQUARE PHARMACEUTICALS LTD.

VALUE ADDED STATEMENT

for the year ended 31 March 2006

(Figures in thousand Taka)

	2005-2006		2004-2005	
	Amount	%	Amount	%
Turnover (Gross)	7,085,553		6,199,135	
Less: Purchase of Materials & Services	3,850,555		3,306,691	
Value Added	3,234,998	100.00	2,892,444	100.00
Applications:				
National Exchequer	1,556,320	48.11	1,218,867	42.14
Employees Salaries, Wages & Other Benefits	512,813	15.85	417,729	14.44
Shareholders Dividend	471,960	14.59	397,440	13.74
Reserve & Surplus	693,905	21.45	858,408	29.68
	3,234,998	100.00	2,892,444	100.00



AUDITORS' REPORT

TO THE SHAREHOLDERS OF

SQUARE PHARMACEUTICALS LTD.

We have audited the accompanying Financial Statement of Square Pharmaceuticals Limited comprising Balance Sheet as at 31 March, 2006 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. 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 subsidiary as at 31 March, 2006 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 and payments were for the purpose of the company's business.

Dated, Dhaka
30 July 2006



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

SQUARE PHARMACEUTICALS LTD.**BALANCE SHEET**

as at 31 March 2006

		31-03-06	31-03-05
ASSETS:	Notes		
Non-Current Assets:		5,267,302,357	4,665,430,350
Property, Plant and Equipment-Carrying Value	2	2,273,761,161	2,317,358,471
Capital Work-in-Progress	3	1,077,707,832	687,238,515
Investment - Long Term (at Cost)	4	1,915,833,364	1,660,833,364
Current Assets:		4,031,684,955	3,242,502,312
Inventories	5	1,342,364,478	1,144,912,356
Trade Debtors	6	288,732,137	267,527,741
Advances, Deposits and Prepayments	7	166,492,706	146,042,777
Investment in Marketable Securities (at Cost)	8	20,250,000	20,250,000
Short Term Loan	9	1,897,124,652	1,281,695,105
Cash and Cash Equivalents	10	316,720,982	382,074,333
TOTAL ASSETS		9,298,987,312	7,907,932,662
SHAREHOLDERS' EQUITY AND LIABILITIES:			
Shareholders' Equity:		6,402,014,772	5,568,790,156
Share Capital	11	496,800,000	432,000,000
Share Premium	12	2,035,465,000	2,035,465,000
General Reserve		105,878,200	105,878,200
Tax Holiday Reserve	13	947,678,690	919,636,288
Retained Earnings		2,816,192,882	2,075,810,668
Non-Current Liabilities:		636,217,059	389,193,080
Long Term Loans - Secured	14	602,349,621	389,193,080
Deferred Tax Liability	15	33,867,438	-
Current Liabilities:		2,260,755,481	1,949,949,426
Short Term Bank Loans	16	1,471,158,187	1,370,262,208
Long Term Loans - Current Portion	17	261,416,941	142,875,686
Trade Creditors	18	79,390,166	83,848,465
Liabilities for Expenses	19	49,771,374	102,395,447
Liabilities for Other Finance	20	399,018,813	250,567,620
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	Tk.	9,298,987,312	7,907,932,662

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


 Tapan Chowdhury
 Managing Director


 Samuel S. Chowdhury
 Director


 Khandaker Habibuzzaman
 Company Secretary


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

Dated, Dhaka: 30 July 2006

SQUARE PHARMACEUTICALS LTD.
INCOME STATEMENT

for the year ended 31 March 2006

		2005-2006	2004-2005
	Notes		
GROSS TURNOVER	22	7,085,553,149	6,199,134,802
Less: Value Added Tax		995,647,753	867,088,167
NET TURNOVER		6,089,905,396	5,332,046,635
COST OF GOODS SOLD	23	(3,525,402,669)	(3,159,453,706)
GROSS PROFIT		2,564,502,727	2,172,592,929
Operating Expenses:		(984,298,192)	(834,867,257)
Selling and Distribution Expenses	27	(798,131,173)	(675,241,846)
Administrative Expenses	28	(186,167,019)	(159,625,411)
PROFIT FROM OPERATIONS		1,580,204,535	1,337,725,672
Other Income	29	169,353,845	357,395,181
Financial Expenses	30	(139,863,636)	(106,451,324)
NET PROFIT BEFORE WPPF		1,609,694,744	1,588,669,529
Allocation for WPPF	31	(76,652,130)	(75,650,930)
NET PROFIT BEFORE TAX		1,533,042,614	1,513,018,599
Provision for Income Tax	32	(333,310,560)	(257,170,446)
Provision for Deferred Income Tax	15	(33,867,438)	-
NET PROFIT AFTER TAX (Transferred to the Statement of Changes in Equity)		1,165,864,616	1,255,848,153
Earnings Per Share (EPS)	33 Tk.	234.67	252.79

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Tapan Chowdhury
Managing Director


Samuel S. Chowdhury
Director


Khandaker Habibuzzaman
Company Secretary


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

Dated, Dhaka: 30 July 2006

SQUARE PHARMACEUTICALS LTD.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2006

	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Retained Earnings	Total
At 31 March 2005	432,000,000	2,035,465,000	105,878,200	919,636,288	2,075,810,668	5,568,790,156
Net Profit (2005-2006)	-	-	-	-	1,165,864,616	1,165,864,616
Transfer to Tax Holiday Reserve	-	-	-	28,042,402	(28,042,402)	-
Cash Dividend (2004-2005)	-	-	-	-	(332,640,000)	(332,640,000)
Stock Dividend (2004-2005)	64,800,000	-	-	-	(64,800,000)	-
At 31 March 2006	Tk. 496,800,000	2,035,465,000	105,878,200	947,678,690	2,816,192,882	6,402,014,772

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2005

	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Retained Earnings	Total
At 31 March 2004	360,000,000	2,035,465,000	105,878,200	853,731,206	1,235,067,597	4,590,142,003
Net Profit (2004-2005)	-	-	-	-	1,255,848,153	1,255,848,153
Transfer to Tax Holiday Reserve	-	-	-	65,905,082	(65,905,082)	-
Cash Dividend (2003-2004)	-	-	-	-	(252,000,000)	(252,000,000)
Stock Dividend (2003-2004)	72,000,000	-	-	-	(72,000,000)	-
Dividend Distribution Tax	-	-	-	-	(25,200,000)	(25,200,000)
At 31 March 2005	Tk. 432,000,000	2,035,465,000	105,878,200	919,636,288	2,075,810,668	5,568,790,156

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Tapan Chowdhury
Managing Director


Samuel S. Chowdhury
Director


Khandaker Habibuzzaman
Company Secretary


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

Dated, Dhaka: 30 July 2006

SQUARE PHARMACEUTICALS LTD.

CASH FLOW STATEMENT

for the year ended 31 March 2006

Cash Flows From Operating Activities:

RECEIPTS:

Collection from Sales
Others

2005-2006
2004-2005

6,075,711,742
10,517,860
6,086,229,602

5,270,874,301
8,055,418
5,278,929,719

PAYMENTS:

Purchase of Raw and Packing Materials
Manufacturing and Operating Expenses
Bank Interest
Income Tax
Workers Profit Participation Fund
Others

3,093,893,074
1,333,348,859
139,863,636
284,812,892
43,530,024
1,625,902

2,865,707,319
1,107,779,843
106,451,324
218,317,027
60,369,785
1,972,994

4,897,074,387

4,360,598,292

Net cash provided by operating activities

1,189,155,215

918,331,427

Cash Flows From Investing Activities:

Purchase of Fixed Assets
Disposal of Fixed Assets
Investment in Square Hospitals Ltd.
Investment in Square Informatix Ltd.
Investment in Beg Rubber Industries Ltd.
Investment in Square Knit Fabrics Ltd.
Investment in Square Fashions Ltd.
Capital Work-in-Progress
Interest Received
Sale of Marketable Securities
Dividend Received

(253,126,399)
5,362,331
(280,000,000)
(100,000,000)
-
400,000,000
220,000,000
(1,239,428,470)
123,100,425
-
35,000,165

(231,031,794)
4,047,289
(243,550,000)
(100,000,000)
(131,747,000)
-
-
(435,867,058)
100,567,310
242,656,464
41,300,150

Net cash used in investing activities

(1,089,091,948)

(753,624,639)

Cash Flows From Financing Activities:

Long Term Loan Received
Long Term Loan Repaid
Short Term Bank Loan Increase
Short Term Loan Increase
Dividend Paid
Dividend Distribution Tax

787,604,783
(323,915,587)
100,895,979
(397,361,793)
(332,640,000)
-

474,055,792
(39,567,371)
474,116,872
(466,117,953)
(252,000,000)
(25,200,000)

Net cash (used)/provided by financing activities

(165,416,618)

165,287,340

Increase/(Decrease) in Cash and Cash Equivalents

(65,353,351)

329,994,128

Cash and Cash Equivalents at the Opening

382,074,333

52,080,205

Cash and Cash Equivalents at the Closing

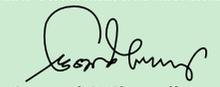
Tk. 316,720,982

382,074,333

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Tapan Chowdhury
Managing Director


Samuel S. Chowdhury
Director


Khandaker Habibuzzaman
Company Secretary


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

Dated, Dhaka: 30 July 2006

SQUARE PHARMACEUTICALS LTD.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION

1.1 Legal Form of the 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 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.

1.2 Registered Office and Factory:

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 Sinnings Ltd. : Sardaganj, Kashimpur, Gazipur, Bangladesh
Beg Rubber Industries Ltd. : 355-356, Tejgaon Industrial Area, Dhaka, Bangladesh
Square Cephalosporins Ltd. : Kaliakoir, Gazipur, Bangladesh

1.3 Business Activities:

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 Basic Chemical Products. The company has also an AgroVet Division producing AgroVet products. The subsidiary company namely Square Spinnings Ltd. owns textiles spinning mills and produces yarns of various counts.

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 (DSE) & Chittagong Stock Exchange (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 - 22 Business Combination
- 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. The assets and liability of the subsidiary-Beg Rubber Industries Ltd. has been measured at the fair value as at the date of acquisition (BAS-22).

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 Spinnings Ltd. (SSL) has followed straight line method of depreciation. 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	SSL
Factory Building and Other Construction	10%	5%
Plant & Machinery	15%	6.67%
Laboratory & Office Equipment	10%	15%
Furniture & Fixture	10%	15%
Motor Vehicles	20%	20%
Electrical Installation	15%	15%
Books & Periodicals	30%	-

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. Stock of raw materials, packing materials and finished goods are valued at the lower of cost and estimated net realizable value. Work-in-process are valued at material cost while other stocks are valued at cost. The cost is determined on weighted average cost basis. Net realisable 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:

Tax Holiday Reserve

The holding company is enjoying tax holiday for seven years in respect of its AgroVet Unit with effect from December 1998. The company is also enjoying tax holiday for five years of its Dhaka Unit with effect from April, 2002. The subsidiary namely Square Spinnings Ltd. has been enjoying tax holiday for five years with effect from January 2001.

Current Tax

Provision for income tax has been made @ 30% on net profit of taxable unit for the year after adjustment of 10% rebate for declaration of Dividend above 20%.

Deferred Tax

A 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 Benefits:

Staff Provident Fund

The company has established a 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.

Employees Retirement 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 (Workers Participation) Act, 1968.

1.12 Turnover:

Turnover comprises the following:

Holding Company:

- Sales of locally manufactured and imported 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:

- Turnover of the subsidiary comprises both local and export sales of locally manufactured yarn only.

1.13 Revenue Recognition:

Local sales of both locally manufactured and imported Pharmaceuticals Drugs and Medicines, AgroVet Products and Pesticide Products are recognised at the time of delivery from depot. Exports of Pharmaceuticals Drugs and Medicines are recognised at the time of delivery from Factory Godown. Local sales of Basic Chemical Products are recognised at the time of delivery from Factory Godown. Dividend income has been accounted for on receipt basis.

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 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 2005-2006 were treated as if they had been in issue in previous years also. Hence, in computing the Basic EPS of 2005-2006, the total number of shares including the said bonus shares has been considered as the Weighted Average Number of Shares Outstanding during the year 2004-2005.

Diluted Earnings per Share

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

1.17 Subsidiary Company:

Profiles of the subsidiary companies namely Square Spinnings Ltd. (Holdings 98% shares), Beg Rubber Industries Ltd. (Holdings 86.53% shares) and Square Cephalosporins Ltd. (Holdings 99.48% shares) are annexed herewith in compliance with the requirement under Section 186 of the Companies Act, 1994.

1.18 Related Party Transactions:

The company did not do any transaction with its 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., Beg Rubber Industries Ltd., Square Cephalosporins Ltd. and Square InformatiX Ltd.

1.19 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.

1.20 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 Spinnings Ltd.	31, December 2005	Un-audited 01-01-2006 to 31-03-2006
Beg Rubber Industries Ltd.	31, March 2006	Audited Balance Sheet
Square Cephalosporins Ltd.	31, March 2006	Audited Balance Sheet

1.21 Concentration of Counterparty Risk:

As of 31st March 2006, 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 relating 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 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.

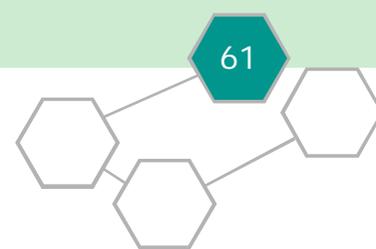
1.28 General:

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.

	31-03-06	31-03-05
2. PROPERTY, PLANT AND EQUIPMENT: Tk. 2,273,761,161		
Details of Property, Plant and Equipment and Depreciation as at 31 March 2006 are shown in the annexed schedule - 01. This is arrived at as follows:		
Opening Balance (Cost)	3,786,220,623	3,408,474,009
Add: Net Addition during the Year	243,917,846	377,746,614
Closing Balance (Cost)	4,030,138,469	3,786,220,623
Less: Accumulated Depreciation	1,756,377,308	1,468,862,152
Written Down Value	Tk. <u>2,273,761,161</u>	<u>2,317,358,471</u>

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

	2005-2006	2004-2005
Factory Overhead	252,299,081	266,535,177
Selling and Distribution Expenses	27,064,744	24,640,202
Administrative Expenses	16,632,948	12,779,153
	Tk. <u>295,996,773</u>	<u>303,954,532</u>



31-03-06

31-03-05

3. CAPITAL WORK-IN-PROGRESS : Tk. 1,077,707,832

This represents expenditure incurred for small volume parental ophthalmic project, civil construction of building and hospital equipments. After completion of construction the building will be used by Square Cephalosporins Ltd. on rental basis and after installation of hospital equipments will be used by Square Hospitals Ltd. on rental basis. The break-up of the above amount are given below:

Building/Civil Work	197,046,245	579,627,805
Plant & Machinery	50,524,804	68,058,356
Other Assets	-	8,888,888
Hospital Equipments	830,136,783	-
Interest during Construction Period	-	30,663,466
	1,077,707,832	687,238,515

Tk.

4. INVESTMENT-Long Term (at Cost) : Tk. 1,915,833,364

This consists of the following:

(a) 10,725,000 Ordinary Shares of Tk. 10/- each including Bonus Shares in Square Textiles Ltd.	88,636,364	88,636,364
(b) 980,000 Ordinary Shares of Tk. 100/- each in Square Spinnings Ltd.	98,000,000	98,000,000
(c) 120,000 Ordinary Shares of Tk.100/- each in United Hospital Ltd.	12,000,000	12,000,000
(d) 200,000 Ordinary Shares of Tk.100/- each in National Housing Finance and Investment Ltd.	20,000,000	20,000,000
(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 500,000 Shares of Tk.1,000/- each	500,000,000	220,000,000
(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 4,000,000 Shares of Tk.100/- each	-	400,000,000
(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 2,200,000 Shares of Tk.100/- each	-	220,000,000
(l) Advance against Share Money with Square Informatix Ltd. for 2,000,000 Shares of Tk.100/- each	200,000,000	100,000,000
(m) 2,596 Ordinary Shares of Tk. 100/- each in Beg Rubber Industries Ltd.	131,747,000	131,747,000
(n) 950,000 Ordinary Shares of Tk. 100/- each in Square Cephalosporins Ltd.	95,000,000	-
(o) Advance against Share Money with Square Cephalosporins Ltd. for 4,000,000 Shares of Tk. 100/-each	400,000,000	-
	1,915,833,364	1,660,833,364

Tk.

5. INVENTORIES : Tk. 1,342,364,478

The break-up is as under:

	31-03-06	31-03-05
Raw Materials	443,869,878	393,822,822
Packing Materials	123,824,124	95,789,420
Work-in-Process	108,390,739	81,224,388
Finished Goods	412,977,382	396,896,698
Spares & Accessories	48,712,229	36,229,340
Goods in Transit	204,590,126	140,949,688
Tk.	1,342,364,478	1,144,912,356

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

6. TRADE DEBTORS : Tk. 288,732,137

(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	131,653,153	101,721,865
Within 31-60 days	63,588,500	29,920,553
Within 61-90 days	20,624,190	17,596,608
Above 90 days	72,866,294	118,288,715
Tk.	288,732,137	267,527,741

(ii) Debtors include Tk. 26,490,877 due from export sales of which Tk. 10,330,471 has since been realised.

(iii) There was no amount due by the Directors (including Managing Director), managing agent, manager and other officers 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. 166,492,706

This consists of as follows:

Advances:	49,253,013	46,188,289
Employees	7,074,183	4,612,907
Motor Cycle Loan - Employees	4,451,534	2,572,761
Suppliers	37,727,296	39,002,621
Deposits:	113,201,330	94,408,652
L.C Margin	34,510,890	10,330,423
Value Added Tax	63,244,562	70,255,304
Earnest Money & Security Deposit	9,797,963	8,172,061
Lease Deposit	126,160	126,160
Others	5,521,755	5,524,704
Prepayments:	4,038,363	5,445,836
Office Rent	2,344,124	1,925,532
Insurance Premium	1,694,239	3,520,304
Tk.	166,492,706	146,042,777

(a) Employees advances of Tk. 7,074,183 includes advance to officers Tk. 6,090,410.

(b) No amount was due by the Directors (including Managing Director) and managing agents, managers and any other officers 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.

31-03-06

31-03-05

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.

20,250,000

20,250,000

9. SHORT TERM LOAN (Unsecured) : Tk. 1,897,124,652

This consists of the following:

(a) Square Spinnings Ltd.

99,185,023

309,986,229

(b) Square Knit Fabrics Ltd.

721,496,099

433,531,770

(c) Square Fashions Ltd.

375,282,626

323,204,005

(d) Square Hospitals Ltd.

446,517,554

214,863,101

(e) Beg Rubber Industries Ltd.

110,000

110,000

(f) Square InformatiX Ltd.

34,894,811

-

(g) Square Cephalosporins Ltd.

219,638,539

-

Tk.

1,897,124,652**1,281,695,105**

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. 316,720,982

This is made-up as follows:

(a) Cash in Hand

776,146

923,824

(b) Cash at Bank :

315,944,836

381,150,509

- Current Account

45,731,545

29,194,703

- STD Account

2,280,730

368,246

- Fixed Deposit Account

267,932,561

351,587,560

Tk.

316,720,982**382,074,333**

The fixed deposit amount of Tk. 267,932,561 had to keep as lien against letter of credits and sanction of overdraft facilities for the company.

11. SHARE CAPITAL : Tk. 496,800,000

This is made-up as follows:

Authorised:

	31-03-06	31-03-05
10,000,000 Ordinary Shares of Tk.100/- each	1,000,000,000	1,000,000,000

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
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b) Other than Cash:

4,002 Ordinary Shares of Tk.100/- each fully paid-up for consideration other than cash	400,200	400,200
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c) By issue of Bonus Share:

3,954,768 Ordinary Shares of Tk.100/- each fully paid-up as Bonus Shares	395,476,800	330,676,800
--------------------------------------------------------------------------	-------------	-------------

Tk. **496,800,000** **432,000,000**

Shareholding Position as on 31 March 2006 is as follows :

	No. of Investors	Number of Shares	% of Share Holding 2005-06	% of Share Holding 2004-05
Sponsors	14	2,691,048	54.17%	54.17%
Foreign Investors	18	441,449	8.88%	8.95%
Others	13,174	1,835,503	36.95%	36.88%
	13,206	4,968,000	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	4,744	230,589	8,174	357,581	588,170	11.84%
501 to 5,000 Shares	72	93,458	167	201,052	294,510	5.93%
5,001 to 10,000 Shares	6	42,565	13	99,016	141,581	2.85%
10,001 to 20,000 Shares	3	37,355	4	55,957	93,312	1.88%
20,001 to 30,000 Shares	-	-	-	-	-	-
30,001 to 40,000 Shares	2	70,851	2	62,459	133,310	2.68%
40,001 to 50,000 Shares	-	-	1	48,825	48,825	0.98%
50,001 to 100,000 Shares	2	175,226	1	56,767	231,993	4.67%
100,001 to 1,000,000 Shares	12	2,699,963	3	736,336	3,436,299	69.17%
Over 1,000,000 Shares	-	-	-	-	-	-
Total	4,841	3,350,007	8,365	1,617,993	4,968,000	100.00%

	31-03-06	31-03-05
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 Securities and Exchange Commission.

13. TAX HOLIDAY RESERVE : Tk. 947,678,690

This has been provided as per provisions of section 45/46 A of the Income Tax Ordinance 1984 which is arrived at as follows:

Opening Balance	919,636,288	853,731,206
Add: Provided during the Year	28,042,402	65,905,082
Closing Balance	Tk. 947,678,690	919,636,288

Tax holiday reserve provided during the year represents 40% of the net profit of tax holiday units viz AgroVet Unit and Dhaka Unit which is to be invested within two years from the end of the exemption period in the same undertaking or in any new industrial undertaking or in stocks and shares of public limited companies or in government bonds or securities.

14. LONG TERM LOANS (Secured) : Tk. 602,349,621

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

(a) Standard Chartered Bank, Dhaka	212,612,334	161,858,887
(b) Dhaka Bank Ltd., Dhaka	-	132,075,470
(c) Commercial Bank of Ceylon Ltd., Dhaka	22,378,336	23,786,668
(d) Minimum Lease Payments	367,358,951	6,011,019
(e) Eastern Bank Ltd., Dhaka	-	65,461,036
	Tk. 602,349,621	389,193,080

(a) Standard Chartered Bank:

(i) The loan of Tk. 61,750,000 is secured on fixed and floating assets of Square Cephalosporins Ltd. which is under process of transfer. 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 18 (eighteen) equal quarterly installment.

(ii) The loan of Tk. 150,862,334 is secured on specific charge over hospital equipments which will be used by Square Hospitals Ltd. on rental basis. 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.

(b) Dhaka Bank Ltd.:

The loan is secured on fixed and floating assets which has shown in the head "Long Term Loan-Current Portion Note-17." The interest rate of loan will remain floating. Currently the rate applied to the loan is 13% per annum.

(c) Commercial Bank of Ceylon Ltd.:

The loan is secured on fixed and floating assets of Square Cephalosporins Ltd. which is under process of transfer. The interest rate of loan will remain floating. Currently the rate applied to the loan is 11.50% per annum and the loan is repayable in 12 (twelve) equal quarterly installment.

(d) Minimum Lease Payments - Tk. 367,358,951

31-03-06

31-03-05

(1) Bangladesh Finance & Investment Co. Ltd.:

An amount of Tk. 8,000,000 was recognized as Minimum Lease Payments under lease of Vehicle. The lease is repayable in 36 (thirty six) equal monthly installment of Tk. 272,800 starting from Nov'03 and the remaining balance is shown under Note-17.

(2) Industrial and Infrastructure Development Company Ltd.:

(i) An amount of Tk. 6,500,000 was recognized as Minimum Lease Payments under lease of Vehicle. The lease is repayable in 36 (thirty six) equal monthly installment of Tk. 213,755 starting from Mar'04 and the remaining balance is shown under Note-17 .

(ii) An amount of Tk. 3,030,000 was recognized as Minimum Lease Payments under lease of Vehicle. The lease is repayable in 36 (thirty six) equal monthly installment of Tk. 99,650 starting from May'04 and the remaining balance stands at Tk. 99,650 as on 31-03-2006.

(iii) An amount of Tk. 2,085,000 was recognized as Minimum Lease Payments under lease of Vehicle. The lease is repayable in 36 (thirty six) equal monthly installment of Tk. 68,570 starting from Apr'04 and the remaining balance is shown under Note-17.

(3) Investment Corporation of Bangladesh (ICB):

An amount of Tk. 500,000,000 is 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. 364,997,533 as on 31-03-2006.

(4) Prime Bank Ltd.:

An amount of Tk. 3,900,000 is recognized as Minimum Lease Payments under lease of vehicles. The lease is repayable in 36 (thirty six) equal monthly installment of Tk. 131,500 starting from November, 2005 and the remaining balance stands at Tk. 2,261,768 as on 31-03-2006.

15. PROVISION FOR DEFERRED INCOME TAX : Tk. 33,867,438

This represents provision is made for deferred income tax to pay future income tax liability for temporary differences.

16. SHORT TERM BANK LOAN : Tk. 1,471,158,187

This consists of as follows:

Cash Credit - Janata Bank, Pabna	175,129,539	133,307,386
Cash Credit - Janata Bank, Local Office, Dhaka	23,220,159	114,267,388
Short Term Loan - Citibank N.A, Dhaka	169,471,866	164,590,163
Trust Receipt - Citibank N.A, Dhaka	96,102,771	49,581,571
Short Term Loan - Commercial Bank of Ceylon Ltd., Dhaka	65,185,593	105,714,025
Trust Receipt -Commercial Bank of Ceylon Ltd., Dhaka	21,304,000	19,051,000
Short Term Loan - Standard Chartered Bank, Dhaka	322,374,389	122,591,425
Trust Receipt - Standard Chartered Bank, Dhaka	104,317,327	32,732,524
Short Term Loan - Bank Alfalah Ltd., Dhaka	100,000,000	100,000,000
Overdraft - Eastern Bank Ltd., Dhaka	5,038,701	26,847,169
Trust Receipt - Eastern Bank Ltd., Dhaka	15,809,033	-
Overdraft - Mercantile Bank Ltd., Dhaka	46,197,411	26,724,011
Trust Receipt - Mercantile Bank Ltd., Dhaka	214,842,947	13,767,993
Short Term Loan - HSBC Ltd., Dhaka	-	250,000,000
Overdraft - Sonali Bank, Dhaka-Secured by FDR	3,164,560	-
Overdraft - Janata Bank, Mohakhali Corporate Br., Dhaka-Secured by FDR	11,831,816	8,352,043
Overdraft - Janata Bank, Mimi Super Market Br, Chittagong-Secured by FDR	6,828,906	4,909,353
Overdraft - The Trust Bank Ltd., Dhaka-Secured by FDR	-	62,589,531
Overdraft - Prime Bank Ltd., Dhaka-Secured by FDR	58,869,613	120,482,436
Overdraft - Janata Bank, Foreign Exchange Corporate Br., Sylhet-Secured by FDR	1,303,239	1,279,982
Overdraft - Janata Bank, Maizdee Court Corporate Br., Noakhali-Secured by FDR	129,749	36,345
Others	30,036,568	13,437,863
	Tk. 1,471,158,187	1,370,262,208

The above loans are secured against pledge and hypothecation of stocks to the bank.

	31-03-06	31-03-05
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17. LONG TERM LOANS - Current Portion : Tk. 261,416,941

This represents current portion of long term loans from financial institutions which are repayable within next 12 months from April, 2006 and consists of as follows:

(a) Standard Chartered Bank, Dhaka	102,875,608	42,397,890
(b) Dhaka Bank Ltd., Dhaka	32,075,470	45,283,020
(c) Commercial Bank of Ceylon Ltd., Dhaka	33,333,332	33,333,332
(d) Minimum Lease Payments	93,132,531	6,675,795
(e) Eastern Bank Ltd., Dhaka	-	15,185,649
Tk.	261,416,941	142,875,686

18. TRADE CREDITORS : Tk. **79,390,166** **83,848,465**

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. 49,771,374

This consists of as follows:

Accrued Expenses	43,485,449	94,828,304
Clearing & Forwarding	6,135,925	7,417,143
Audit Fees	150,000	150,000
Tk.	49,771,374	102,395,447

20. LIABILITIES FOR OTHER FINANCE : Tk. 399,018,813

This consists of as follows:

Sundry Creditors	124,797,208	57,635,534
Income Tax (Deduction at Source)	981,994	1,265,812
Retention Money	820,819	867,256
Workers' Profit Participation Fund	132,497,377	99,375,271
Income Tax Payable (Note-21)	139,921,415	91,423,747
Tk.	399,018,813	250,567,620

21. INCOME TAX PAYABLE : Tk. 139,921,415

This is arrived at as follows:

Income Tax Payable:	424,734,307	309,740,774
- Balance at 01-04-2005	91,423,747	52,570,328
- Provision made during the Year 2004-05 (Note-32)	-	257,170,446
- Provision made during the Year 2005-06 (Note-32)	333,310,560	-
Less: Payment of Income Tax:	284,812,892	218,317,027
- During the Year 2002-03	2,925,490	-
- During the Year 2003-04	5,608,797	36,514,032
- During the Year 2004-05	86,144,288	181,802,995
- During the Year 2005-06	190,134,317	-
Balance at 31-03-2006	139,921,415	91,423,747

		2005 -2006	2004-2005
23. COST OF GOODS SOLD : Tk. 3,525,402,669			
This is arrived at as follows:		Notes	
Raw Materials Consumed	24	2,219,641,169	1,961,452,096
Packing Materials Consumed	25	664,980,934	627,944,685
		2,884,622,103	2,589,396,781
Work-in-Process (Opening)		81,224,388	55,927,314
Work-in-Process (Closing)		(108,390,739)	(81,224,388)
TOTAL CONSUMPTION		2,857,455,752	2,564,099,707
Factory Overhead	26	645,114,645	598,677,945
COST OF PRODUCTION		3,502,570,397	3,162,777,652
Purchase of Finished Goods		38,912,956	82,628,637
Finished Goods (Opening)		396,896,698	310,944,115
Finished Goods (Closing)		(412,977,382)	(396,896,698)
		Tk.3,525,402,669	3,159,453,706

24. RAW MATERIALS CONSUMED : Tk. 2,219,641,169

This is arrived at as follows:

Opening Stock	393,822,822	270,183,695
Purchase	2,269,688,225	2,085,091,223
Closing Stock	(443,869,878)	(393,822,822)
	Tk. 2,219,641,169	1,961,452,096

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

Particulars	Pcs Cap-Shell	Quantity (Kg)					Total Value (Tk.)
		Active	Excipients	Colour	Flavour	Total	
Opening Balance	33,832,184	349,737	694,444	24,739	4,945	1,073,865	393,822,822
Purchase	456,918,800	1,386,853	2,661,950	203,258	17,244	4,269,305	2,269,688,225
Available for use	490,750,984	1,736,590	3,356,394	227,997	22,189	5,343,170	2,663,511,047
Closing Balance (-)	31,686,103	384,905	654,462	69,320	6,839	1,115,526	443,869,878
Consumption	459,064,881	1,351,685	2,701,932	158,677	15,350	4,227,644	2,219,641,169

Raw materials consists of 557 items of which 87.21% (in value) are imported.

25. PACKING MATERIALS CONSUMED : Tk. 664,980,934

This is arrived at as follows:

Opening Stock	95,789,420	79,437,102
Purchase	693,015,638	644,297,003
Closing Stock	(123,824,124)	(95,789,420)
	Tk. 664,980,934	627,944,685

Summarised quantity of packing materials are stated as under:

Name of Item	Unit	Opening	Purchase	Consumption	Closing
Inner Carton	Pcs	18,639,407	94,849,852	94,912,273	18,576,986
Shipper's Carton	Pcs	489,505	1,649,395	1,876,872	262,028
Label	Pcs	9,578,813	57,571,711	54,600,497	12,550,027
Direction Slip	Pcs	13,582,598	71,681,172	70,104,761	15,159,009
Container	Pcs	1,754,240	10,227,180	10,590,870	1,390,550
Blister Foil	Kg	37,064	188,566	170,736	54,894
Strip Foil	Kg	103,385	233,018	285,240	51,163
PVC Film	Kg	150,604	274,174	301,513	123,265
Bottles	Pcs	2,793,917	41,490,128	42,070,944	2,213,101
Ampoules	Pcs	7,150,093	19,041,745	23,535,003	2,656,835
Vials	Pcs	1,311,799	7,438,507	7,095,306	1,655,000
P.P Caps	Pcs	4,155,234	22,543,190	24,685,724	2,012,700
Tubes	Pcs	2,098,416	6,073,525	6,614,086	1,557,855

Packing materials consists of 1,520 items of which 39.61% (in value) are imported.

26. FACTORY OVERHEAD : Tk. 645,114,645

This is made-up as follows:

	2005-2006	2004-2005
Salaries, Allowances and Wages	175,886,149	142,068,760
Factory Employees Free Lunch	11,519,326	9,667,676
Factory Staff Uniform	4,310,515	2,526,702
Travelling & Conveyance	2,784,660	1,422,296
Printing & Stationery	4,958,050	3,793,683
Postage, Telephone & Fax	1,945,391	2,084,191
Repairs & Maintenance	83,083,923	71,000,815
Laboratory Consumable Stores	13,562,391	15,398,048
Fuel, Petrol, Light Diesel etc.	14,181,870	13,481,832
Electricity, Gas & Water	58,895,609	51,442,970
Municipal & Other Tax	1,304,973	1,228,761
Insurance Premium	7,690,000	7,671,022
Factory Sanitation Expenses	4,002,722	4,331,619
Depreciation	252,299,081	266,535,177
Security Services	6,402,416	4,910,092
Other Expenses	2,287,569	1,114,301
Tk.	<u>645,114,645</u>	<u>598,677,945</u>

2005-2006**2004-2005****27. SELLING & DISTRIBUTION EXPENSES : Tk. 798,131,173**

This consists of as follows:

Salaries and Allowances	90,822,132	72,406,698
Travelling and Conveyance	11,590,102	8,487,958
Training Expenses	821,564	678,494
Printing and Stationery	15,444,063	13,737,409
Postage, Telephone, Fax & Telex	5,691,930	5,285,164
Electricity, Gas and Water	4,074,046	2,257,499
Tiffin and Refreshment	2,746,045	2,004,315
Office and Godown Rent	4,761,254	5,110,992
Bank Charges	3,792,198	3,927,720
Repairs and Maintenance including car maintenance	56,997,459	52,168,248
Govt. Taxes and Licence Fees	4,944,027	5,293,383
Field Staff Salaries, Allowances, TA and DA	193,875,706	159,314,956
Marketing and Promotional Expenses	122,913,862	105,297,459
Advertisement	1,613,774	1,269,000
Delivery and Packing Expenses	21,775,965	19,930,428
Export Expenses	22,541,403	12,133,950
Special Discount	165,563,078	148,039,526
Sample Expenses	33,287,027	27,540,306
Security Services	7,241,704	5,349,255
Depreciation	27,064,744	24,640,202
Software & Hardware Support Services	135,000	-
Other Expenses	434,090	368,884
Tk.	798,131,173	675,241,846

	2005-2006	2004-2005
28. ADMINISTRATIVE EXPENSES : Tk. 186,167,019		
This consists of as follows:		
Salaries and Allowances	52,228,777	43,938,755
Directors Remuneration	10,162,004	9,232,500
Travelling and Conveyance	17,237,214	14,771,019
Training Expenses	120,875	83,400
Printing and Stationery	5,668,583	5,153,253
Postage, Telephone, Fax & Telex	4,952,949	5,431,169
Electricity, Gas & Water	5,563,051	4,742,345
Tiffin and Refreshment	7,543,218	6,483,613
Office Rent	1,824,000	1,869,000
Sanitation Expenses	1,074,724	821,358
Books and Periodicals	761,901	1,452,223
Subscription and Donation	2,474,044	2,092,853
Advertisement	3,065,565	1,198,399
Repairs and Maintenance	12,017,749	8,747,910
Bank Charges	8,483,146	7,435,228
Insurance	7,504,041	3,870,561
Govt. Taxes, Stamp Duty & Licence Fee	4,779,824	4,996,315
Lease Rent	3,698,561	3,284,302
Security Services	5,416,745	3,668,172
Management Consultant Fees	551,375	1,900,798
Legal Charges	317,747	461,916
Audit Fees	150,000	150,000
Depreciation	16,632,948	12,779,153
Annual General Meeting Expenses	3,410,541	2,154,568
Software & Hardware Support Services	9,946,806	9,556,556
Other Expenses	580,631	3,350,045
Tk.	186,167,019	159,625,411

Audit fees of Tk. 150,000 represents fees for auditing the accounts of the company for the year 2005-2006.

	2005-2006	2004-2005
29. OTHER INCOME : Tk. 169,353,845		
This is arrived at as follows:		
Interest on FDR	25,864,683	26,769,685
Interest on Savings Account	52,616	52,127
Interest on Loan to Sister Concern	97,183,126	73,745,498
Rental Income	126,000	-
Sale of Scrap	8,767,378	5,852,836
Dividend	35,000,165	41,300,150
Foreign Exchange Fluctuation Gain/(Loss) on Retention Quota Account	1,378,294	385,614
Foreign Exchange Fluctuation Gain/(Loss) against Collection on Export Bill	48,744	(15,054)
Gain on Sale of Marketable Securities	-	206,292,828
Technology Transfer Fee	197,444	1,832,022
	<u>168,618,450</u>	<u>356,215,706</u>
Profit on Sale of Property, Plant and Equipment (Note-36)	735,395	1,179,475
Tk.	<u>169,353,845</u>	<u>357,395,181</u>

30. FINANCIAL EXPENSES : Tk. 139,863,636

This is made-up as follows:

Interest on Cash Credit	24,659,934	14,325,935
Interest on Overdraft	17,844,221	12,696,945
Interest on LATR & LPO	33,062,734	21,729,359
Interest on Short Term Loan	62,887,476	55,729,913
Interest on Lease	1,409,271	1,969,172
Tk.	<u>139,863,636</u>	<u>106,451,324</u>

31. ALLOCATION FOR WPPF :

Tk. **76,652,130** **75,650,930**

This represents 5% of Net Profit before Tax after charging the allocation as per provisions of the Companies Profit (Workers Participation) Act, 1968 and is payable to workers as defined in the said Act.

32. PROVISION FOR INCOME TAX : Tk. 333,310,560

This represents estimated Income Tax liability for the year 2005-06 as follows:

1) 30% Income Tax on the aggregate amount of Net Profit of Tk. 1,206,825,502 of Taxable Unit	362,047,651	291,066,964
2) Half of 30% Income Tax on Export Net Profit of Tk. 31,206,263	4,680,939	3,035,763
	<u>366,728,590</u>	<u>294,102,727</u>
Less: 10% Exemption for declaration of Dividend above 20%	36,672,859	29,410,273
	<u>330,055,731</u>	<u>264,692,454</u>
Add: Short/(Excess) Provision of Income Tax (2004-2005)	3,254,829	(7,522,008)
Tk.	<u>333,310,560</u>	<u>257,170,446</u>

	2005-2006	2004-2005
33. BASIC EARNINGS PER SHARE (EPS): Tk. 234.67		
The computation is given below:		
Surplus for the year attributable to Shareholders (Net Profit after Tax)	1,165,864,616	1,255,848,153
Weighted average number of shares outstanding during the year	4,968,000	4,968,000
Basic EPS	Tk. 234.67	252.79

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".

During the year under review, an amount of Tk. 28,042,402 has been transferred to Tax Holiday Reserve being 40% of Net Profit of Tax Holiday Units as per section 45/46 A of the Income Tax Ordinance, 1984. A part of the 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. 75 per share and will be recognised as liability in the accounts and when approved by the Shareholders in the Annual General Meeting. The total amount of Proposed Cash Dividend for the year 2005-2006 is calculated at Tk. 372,600,000.

The Board of Directors also proposed Bonus Shares (Stock Dividend) @ 20% per share and total amount of proposed Bonus Share (Stock Dividend) for the year is calculated at Tk. 99,360,000.

35. PAYMENTS/PERQUISITES TO DIRECTORS AND OFFICERS

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

Directors' Remuneration	10,162,004
Managerial Remuneration	25,910,230
Managerial Benefits:	
Company's Contribution to Provident Fund	2,502,247
Bonus	6,453,831
House Rent	9,052,991
Conveyance	664,000

- (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 Up to 31-03-05	WDV as on 31-03-05	Sales Price	Profit/ (Loss)	Name of Parties	Mode of Disposal
Toyota Corona Premio	725,000	261,000	464,000	537,167	73,167	Mr. Quamrul Ahsan	Negotiation
Toyota Corolla Salon	775,000	378,200	396,800	481,000	84,200	Mr. Prabir Ghosh	Negotiation
Toyota Corolla LX Ltd.	400,000	295,142	104,858	100,000	(4,858)	Mr. Goutam Basak	Negotiation
Toyota Corolla XE Salon	620,000	416,838	203,162	226,292	23,130	Mr. Mohammad Hanif	Negotiation
Toyota Corolla DX	550,000	369,776	180,224	165,000	(15,224)	Mr. Shahriar Zaman	Negotiation
Toyota Corolla DX	570,000	383,222	186,778	185,000	(1,778)	Mr. Mahbubur Rahman	Negotiation
Toyota Corolla LX Ltd.	550,000	405,821	144,179	158,583	14,404	Mr. Kh. Habibuzzaman	Negotiation
Toyota Corolla LX Ltd.	560,000	376,499	183,501	168,583	(14,918)	Mr. Majibur Rahman Bhuiyan	Negotiation
Toyota Corolla DX	505,000	339,522	165,478	135,417	(30,061)	Mr. Shahidul Islam Khan	Negotiation
Toyota Corolla SE Ltd.	700,000	470,624	229,376	210,000	(19,376)	Mr. Momtazuddin Ahmed	Negotiation
Toyota Corona	800,000	537,856	262,144	218,000	(44,144)	Mr. Kabir Reza	Negotiation
Toyota Corolla LX	550,000	369,776	180,224	165,000	(15,224)	Ms. Julia Yasmat	Negotiation
Toyota Toyoace	345,000	317,217	27,783	57,000	29,217	Sarker Traders	Negotiation
Toyota Liteace	349,000	290,448	58,552	50,000	(8,552)	Help Bangladesh	Negotiation
Toyota Townace	325,000	311,600	13,400	96,000	82,600	Mr. L. B Saha Swapan	Negotiation
Toyota Corolla	405,000	372,385	32,615	219,500	186,885	Pragati Insurance Ltd.	Negotiation
Honda CG 125 CC Motor Cycle	115,208	68,019	47,189	57,604	10,415	Mr. Afzal Hossain	Negotiation
Honda CG 125 CC Motor Cycle	115,208	68,019	47,189	57,604	10,415	Mr. Uday Sanker Chowdhury	Negotiation
Honda CG 125 CC Motor Cycle	111,371	65,753	45,618	55,686	10,068	Mr. Kafil Uddin Ahmed	Negotiation
Honda CG 125 CC Motor Cycle	113,244	66,859	46,385	56,622	10,237	Mr. Santo Kumar Ghosh	Negotiation
Honda CG 125 CC Motor Cycle	84,255	49,745	34,510	42,128	7,618	Mr. Moshir Rahman Khan	Negotiation
Honda CG 125 CC Motor Cycle	99,756	58,896	40,860	49,878	9,018	Mr. Mahbubul Alam	Negotiation
Honda CG 125 CC Motor Cycle	65,488	38,664	26,824	32,744	5,920	Mr. Yasin Miah	Negotiation
Honda CG 125 CC Motor Cycle	90,480	53,419	37,061	45,240	8,179	Mr. Abu Ibrahim Sohel	Negotiation
Honda CG 125 CC Motor Cycle	89,243	52,689	36,554	44,622	8,068	Mr. Zohirul Islam Mollah	Negotiation
Honda CG 125 CC Motor Cycle	63,281	37,361	25,920	31,641	5,721	Mr. Subrata Chakraborty	Negotiation
Honda CG 125 CC Motor Cycle	60,855	35,929	24,926	30,428	5,502	Mr. Farhad Ahmed	Negotiation
Honda CG 125 CC Motor Cycle	108,419	64,011	44,408	54,210	9,802	Mr. Golam Kabir	Negotiation
Honda CG 125 CC Motor Cycle	94,611	55,858	38,753	47,306	8,553	Mr. Abdullah Hel Kabir	Negotiation
Honda CG 125 CC Motor Cycle	50,380	29,745	20,635	25,190	4,555	Mr. Abdul Malek	Negotiation
Honda CG 125 CC Motor Cycle	99,756	58,896	40,860	49,878	9,018	Mr. Sarwar Alam Khan	Negotiation
Honda CG 125 CC Motor Cycle	115,083	67,945	47,138	57,542	10,404	Mr. Nurul Absar	Negotiation
Honda CG 125 CC Motor Cycle	105,142	62,076	43,066	52,571	9,505	Mr. A S M Mahbub Morshed	Negotiation
Honda CG 125 CC Motor Cycle	72,527	42,820	29,707	36,264	6,557	Mr. Momenuddin	Negotiation
Honda CG 125 CC Motor Cycle	55,367	32,689	22,678	27,684	5,006	Mr. Sayed Abdul Quaium	Negotiation
Honda CG 125 CC Motor Cycle	85,630	50,556	35,074	42,815	7,741	Mr. Imtiaz Hossain	Negotiation
Honda CG 125 CC Motor Cycle	57,254	33,803	23,451	28,627	5,176	Mr. Zahidur Reza	Negotiation
Honda CG 125 CC Motor Cycle	87,707	51,782	35,925	43,854	7,929	Mr. Jasim Uddin	Negotiation
Honda CG 125 CC Motor Cycle	76,848	45,371	31,477	38,424	6,947	Mr. Habibur Rahman	Negotiation
Honda CG 125 CC Motor Cycle	98,141	57,943	40,198	49,071	8,873	Mr. Bahar Uddin	Negotiation
Honda CG 125 CC Motor Cycle	60,354	35,633	24,721	30,177	5,456	Mr. Kazi Shahidul Islam	Negotiation
Honda CG 125 CC Motor Cycle	59,365	35,049	24,316	29,683	5,367	Mr. Mosharaf Hossain Khan	Negotiation
Honda CG 125 CC Motor Cycle	89,248	52,693	36,555	44,624	8,069	Mr. Ranjit Das	Negotiation
Honda CG 125 CC Motor Cycle	69,166	40,836	28,330	34,583	6,253	Mr. Momen Darjee	Negotiation
Honda CG 125 CC Motor Cycle	92,782	54,778	38,004	46,391	8,387	Mr. Abdus Sabur	Negotiation
Honda CG 125 CC Motor Cycle	59,136	34,914	24,222	29,568	5,346	Mr. S M Moniruzzaman	Negotiation
Honda CG 125 CC Motor Cycle	77,142	45,544	31,598	38,571	6,973	Mr. Siddiqur Rahman	Negotiation
Honda CG 125 CC Motor Cycle	87,159	51,458	35,701	43,580	7,879	Mr. Amir Hossain	Negotiation
Honda CG 125 CC Motor Cycle	81,755	48,269	33,486	40,878	7,392	Mr. Swapan Kumar Banik	Negotiation
Honda CG 125 CC Motor Cycle	69,987	41,320	28,667	34,994	6,327	Mr. Ahsan-uz Zaman	Negotiation
Honda CG 125 CC Motor Cycle	81,793	48,291	33,502	40,897	7,395	Mr. Dipak Kumar	Negotiation
Honda CG 125 CC Motor Cycle	79,476	46,922	32,554	39,738	7,184	Mr. Shajahan	Negotiation
Honda CG 125 CC Motor Cycle	68,565	40,480	28,085	34,283	6,198	Mr. Mizanul Haque	Negotiation
Honda CG 125 CC Motor Cycle	78,366	46,268	32,098	39,183	7,085	Mr. Mahbubur Rahman	Negotiation
Honda CG 125 CC Motor Cycle	119,479	70,541	48,938	59,740	10,802	Mr. Jahangir Alam	Negotiation
Honda CG 125 CC Motor Cycle	82,870	48,926	33,944	41,435	7,491	Mr. Monsur Rahman Khan	Negotiation
Honda CG 125 CC Motor Cycle	93,062	54,944	38,118	46,531	8,413	Mr. Kh. Ferdous Hasan	Negotiation
Honda CG 125 CC Motor Cycle	69,798	41,209	28,589	34,899	6,310	Mr. Animesh Chandra Sarker	Negotiation
Honda CG 125 CC Motor Cycle	59,883	35,355	24,528	29,942	5,414	Mr. Sirajuddin	Negotiation
Honda CG 125 CC Motor Cycle	64,152	37,875	26,277	32,076	5,799	Mr. Khalid Hasan	Negotiation
Honda CG 125 CC Motor Cycle	82,861	48,921	33,940	41,431	7,491	Mr. Mian Md. Moniruzzaman	Negotiation
Honda CG 125 CC Motor Cycle	95,162	56,184	38,978	47,581	8,603	Mr. Subrata Banik	Negotiation
Honda CG 125 CC Motor Cycle	69,460	41,010	28,450	34,730	6,280	Mr. Fazlul Haque	Negotiation
Honda CG 125 CC Motor Cycle	64,827	38,273	26,554	32,414	5,860	Mr. Shahjahan Patwary	Negotiation
Honda CG 125 CC Motor Cycle	62,705	37,021	25,684	31,353	5,669	Mr. Enamul Haque Mazumder	Negotiation
Honda CG 125 CC Motor Cycle	62,602	36,960	25,642	31,301	5,659	Mr. Mozammel Haque	Negotiation
Honda CG 125 CC Motor Cycle	84,224	49,726	34,498	42,112	7,614	Mr. Anisur Rahman	Negotiation
Honda CG 125 CC Motor Cycle	64,166	37,884	26,282	32,083	5,801	Mr. Mortuzur Rahman	Negotiation
Honda CG 125 CC Motor Cycle	77,871	45,975	31,896	38,936	7,040	Mr. Imdadul Haque	Negotiation
Honda CG 125 CC Motor Cycle	56,883	33,584	23,299	28,442	5,143	Mr. Sajjad Parvez	Negotiation
Total Tk.	13,108,553	8,481,617	4,626,936	5,362,331	735,395		

37. PRODUCTION CAPACITY AND UTILISATION

(Quantity in thousand)

Category	Unit	Rated Capacity	Actual Production	Capacity Utilisation
Tablets	Pcs	2,176,256	2,204,659	101%
Capsules	Pcs	307,320	449,267	146%
Liquids	Bottle	61,000	31,241	51%
Injectables (Vials & Ampouls)	Pcs	45,000	26,111	58%
ENT Preparations & Others	Phials	15,000	11,828	79%
Ophthal Preparations & Others	Phials	2,000	1,559	78%
Dry Syrups	Bottle	6,000	3,888	65%
Suppository	Pcs	10,000	4,439	44%
Inhalers	Pcs	2,000	676	34%
Basic Chemicals	Kg	340	244	72%
Tablets - AgroVet	Pcs	12,000	5,055	42%
Powder - AgroVet	Gm	13,200	16,542	125%
Injection - AgroVet	Pcs	4,480	300	7%
Liquids - AgroVet	Bottle	1,100	69	6%
Aerosol	Pcs	1,470	160	11%

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 2,108 for the whole year and 493 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 2006.

40. EXPATRIATE CONSULTANTS FEES:

During the year under review an amount of USD 4,510 equivalent to Tk. 334,707 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 dividend for 2004-2005 amounting to Tk. 332,640,000 has been paid to the Shareholders and also bonus shares for the year 2004-2005 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 31-03-2006.

43. UN-AVAILED CREDIT FACILITIES:

There was no credit facility available to the company under any contract but not availed of as on 31-03-06 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. 832,099,713 as on 31-03-06 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. 2,273,761,161

Schedule-01

PARTICULARS	COST			DEPRECIATION				Written Down Value as at 31 March 2006	Rate of Depn
	At 31 March 2005	During the year		At 31 March 2005	During the year		At 31 March 2006		
		Additions	Sales/Transfer		Charged	Adjustments/Transfer			
FACTORIES:									
Freehold Land	166,710,683	2,564,654	-	-	-	-	-	169,275,337	-
Building	1,335,019,173	15,118,012	-	1,350,137,185	414,816,048	93,532,114	-	841,789,023	10%
Building under Construction	2,474,349	21,298,922	15,118,012	8,655,259	-	-	-	8,655,259	-
Plant & Machinery	1,499,801,169	82,425,836	-	1,582,227,005	712,098,137	130,519,331	-	739,609,537	15%
Laboratory Equipment	105,014,211	16,165,714	-	121,179,925	34,595,440	8,658,449	-	77,926,036	10%
Furniture & Fixture	79,946,284	10,524,201	-	90,470,485	22,199,520	6,827,097	-	61,443,868	10%
Office Equipment	64,382,825	6,542,623	-	70,925,448	27,960,675	4,314,027	-	38,650,746	10%
Motor Vehicle	61,357,685	13,973,534	2,445,000	72,886,219	40,972,823	6,682,874	1,500,974	26,731,496	20%
Motor Vehicle-Lease	2,085,000	-	-	2,085,000	417,000	333,600	-	1,334,400	20%
Plant & Machinery in Transit	11,990,161	24,244,770	10,275	36,224,656	-	-	-	36,224,656	-
Electrical Installation	15,419,410	-	-	15,419,410	10,851,491	685,188	-	3,882,731	15%
Gas Line Installation	6,938,009	-	-	6,938,009	1,962,001	746,401	-	4,229,607	15%
TOTAL	3,351,138,959	192,858,266	17,573,287	3,526,422,938	1,265,873,135	252,299,081	1,500,974	2,009,752,696	
HEAD OFFICE & OTHERS:									
Land	47,716,247	-	-	47,716,247	-	-	-	47,716,247	-
Building	72,919,357	-	-	72,919,357	49,069,952	2,384,941	-	21,464,464	10%
Building under Construction	-	6,725,902	-	6,725,902	-	-	-	6,725,902	-
Furniture & Fixture	19,257,065	1,727,192	-	20,984,257	10,249,142	1,073,511	-	9,661,604	10%
Office Equipment	57,211,926	4,970,351	-	62,182,277	27,609,504	3,457,278	-	31,115,495	10%
Motor Vehicle	140,490,038	52,524,275	6,284,000	186,730,313	73,232,417	23,578,569	4,394,952	94,314,279	20%
Motor Vehicle-Lease	17,530,000	3,900,000	-	21,430,000	5,826,000	3,120,800	-	12,483,200	20%
Motor Cycle	79,324,392	8,664,500	4,379,553	83,609,339	36,417,590	9,955,488	2,585,691	39,821,952	20%
Books & Periodicals	528,794	-	-	528,794	513,857	4,481	-	10,456	30%
Electrical Installation	103,845	784,200	-	888,045	70,555	122,624	-	694,866	15%
TOTAL	435,081,664	79,296,420	10,663,553	503,714,531	202,989,017	43,697,692	6,980,643	264,008,465	
GRAND TOTAL Tk.	3,786,220,623	272,154,686	28,236,840	4,030,138,469	1,468,862,152	295,996,773	8,481,617	2,273,761,161	
TOTAL - 2005 Tk.	3,408,474,009	388,424,676	10,678,062	3,786,220,623	1,171,335,118	303,954,532	6,427,498	2,317,358,471	

CONSOLIDATED AUDITORS' REPORT

TO THE SHAREHOLDERS OF

SQUARE PHARMACEUTICALS LTD.

We have audited the accompanying Consolidated Financial Statement of Square Pharmaceuticals Limited comprising Consolidated Balance Sheet as at 31 March, 2006 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. 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, 2006 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 Consolidated Balance Sheet and Income Statement dealt with by the report are in agreement with the books of account;
- (d) the expenditure incurred and payments were for the purpose of the company's business.

Dated, Dhaka
30 July 2006



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

**SQUARE PHARMACEUTICALS LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED BALANCE SHEET

as at 31 March 2006

		31-03-06	31-03-05
ASSETS:	Notes		
Non-Current Assets:		6,467,101,625	5,428,111,388
Property, Plant and Equipment-Carrying Value	2.1	2,977,837,267	3,062,620,493
Capital Work-in-Progress	3.1	1,928,287,970	687,238,515
Investment - Long Term (at Cost)	4.1	242,000,000	142,000,000
Investment - Associate Undertakings	4.2	1,318,876,588	1,536,252,380
Preliminary Expenses		99,800	-
Current Assets:		4,477,330,627	3,537,099,059
Inventories	5.1	1,638,743,097	1,340,212,173
Trade Debtors	6.1	692,961,015	643,407,683
Advances, Deposits and Prepayments	7.1	180,602,402	158,418,668
Investment in Marketable Securities (at Cost)	8.1	32,578,000	20,250,000
Short Term Loan	9.1	1,578,191,090	971,598,876
Cash and Cash Equivalents	10.1	354,255,023	403,211,659
TOTAL ASSETS		10,944,432,252	8,965,210,447
SHAREHOLDERS' EQUITY AND LIABILITIES:			
Shareholders' Equity:		7,193,808,239	6,171,919,150
Share Capital	11.1	496,800,000	432,000,000
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	1,271,446,233	1,208,110,872
Retained Earnings		3,284,218,806	2,390,465,078
Minority Interest	13.2	31,602,456	29,766,940
Non-Current Liabilities:		794,538,287	389,193,080
Long Term Loans - Secured	14.1	718,601,020	389,193,080
Deferred Tax Liability	15.1	75,937,267	-
Current Liabilities:		2,924,483,270	2,374,331,277
Short Term Bank Loans	16.1	1,631,550,590	1,564,847,537
Long Term Loans - Current Portion	17.1	281,056,941	142,875,686
Trade Creditors	18.1	488,886,128	284,559,469
Liabilities for Expenses	19.1	109,188,687	123,021,706
Liabilities for Other Finance	20.1	413,800,924	259,026,879
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES:	Tk.	10,944,432,252	8,965,210,447

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Tapan Chowdhury
Managing Director


Samuel S. Chowdhury
Director


Khandaker Habibuzzaman
Company Secretary


B.K. Bhattacharjee, FCA
Partner

Chowdhury Bhattacharjee & Co.
Chartered Accountants

Dated, Dhaka: 30 July 2006

SQUARE PHARMACEUTICALS LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

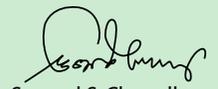
for the year ended 31 March 2006

		2005-2006	2004-2005
	Notes		
GROSS TURNOVER	22.1	8,251,692,437	7,236,322,694
Less: Value Added Tax		995,647,753	867,088,167
NET TURNOVER		7,256,044,684	6,369,234,527
COST OF GOODS SOLD	23.1	(4,509,513,272)	(4,039,823,510)
GROSS PROFIT		2,746,531,412	2,329,411,017
Operating Expenses:		(997,503,407)	(846,098,656)
Selling and Distribution Expenses	27.1	(800,790,468)	(682,846,792)
Administrative Expenses	28.1	(196,712,939)	(163,251,864)
PROFIT FROM OPERATIONS		1,749,028,005	1,483,312,361
Other Income	29.1	122,064,376	291,579,789
Financial Expenses	30.1	(171,017,382)	(124,660,954)
NET PROFIT BEFORE WPPF		1,700,074,999	1,650,231,196
Allocation for WPPF	31.1	(82,320,245)	(80,368,159)
NET PROFIT BEFORE TAX		1,617,754,754	1,569,863,037
Provision for Income Tax	32.1	(337,827,255)	(257,170,446)
Provision for Deferred Income Tax	15.1	(75,937,267)	-
NET PROFIT AFTER TAX		1,203,990,232	1,312,692,591
Profit from Associate Undertakings	32.2	151,874,373	530,928
Minority Interest		(1,335,516)	(1,886,292)
Balance transferred to the Statement of Changes in Equity	Tk.	1,354,529,089	1,311,337,227
Earnings Per Share (EPS)	33.1	272.65	263.96

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Tapan Chowdhury
Managing Director


Samuel S. Chowdhury
Director


Khandaker Habibuzzaman
Company Secretary


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

Dated, Dhaka: 30 July 2006

SQUARE PHARMACEUTICALS LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2006

	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Retained Earnings	Total
At 31 March 2005	432,000,000	2,035,465,000	105,878,200	1,208,110,872	2,390,465,078	6,171,919,150
Net Profit (2005-2006)	-	-	-	-	1,354,529,089	1,354,529,089
Transfer to Tax Holiday Reserve	-	-	-	63,335,361	(63,335,361)	-
Cash Dividend (2004-2005)	-	-	-	-	(332,640,000)	(332,640,000)
Stock Dividend (2004-2005)	64,800,000	-	-	-	(64,800,000)	-
At 31 March 2006 Tk.	496,800,000	2,035,465,000	105,878,200	1,271,446,233	3,284,218,806	7,193,808,239

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2005

	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Retained Earnings	Total
At 31 March 2004	360,000,000	2,035,465,000	105,878,200	1,104,467,955	1,531,970,768	5,137,781,923
Net Profit (2004-2005)	-	-	-	-	1,311,337,227	1,311,337,227
Transfer to Tax Holiday Reserve	-	-	-	103,642,917	(103,642,917)	-
Cash Dividend (2003-2004)	-	-	-	-	(252,000,000)	(252,000,000)
Stock Dividend (2003-2004)	72,000,000	-	-	-	(72,000,000)	-
Dividend Distribution Tax	-	-	-	-	(25,200,000)	(25,200,000)
At 31 March 2005 Tk.	432,000,000	2,035,465,000	105,878,200	1,208,110,872	2,390,465,078	6,171,919,150

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Tapan Chowdhury
Managing Director


Samuel S. Chowdhury
Director


Khandaker Habibuzzaman
Company Secretary


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

Dated, Dhaka: 30 July 2006

**SQUARE PHARMACEUTICALS LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2006

Cash Flows From Operating Activities:

RECEIPTS:

Collection from Sales
Others

2005-2006

2004-2005

7,213,502,094
10,517,860
7,224,019,954

6,248,311,093
8,063,738
6,256,374,831

PAYMENTS:

Purchase of Raw and Packing Materials
Manufacturing and Operating Expenses
Bank Interest
Income Tax
Workers Profit Participation Fund
Others

3,803,129,401
1,422,267,552
171,017,382
285,151,076
46,410,960
1,625,902

3,459,222,520
1,236,751,093
124,660,954
218,757,274
63,654,473
1,972,994

5,729,602,273

5,105,019,308

Net cash provided by operating activities

1,494,417,681

1,151,355,523

Cash Flows From Investing Activities:

Purchase of Fixed Assets
Disposal of Fixed Assets
Preliminary Expense
Investment in Square Textiles Ltd.
Investment in Square Hospitals Ltd.
Investment in Square Informatix Ltd.
Investment in Square Knit Fabrics Ltd.
Investment in Square Fashions Ltd.
Acquisition of Subsidiary
Capital Work-in-Progress
Interest Received
Sale of Marketable Securities
Dividend Received

(266,980,713)
5,362,331
(99,800)
16,922,165
(280,000,000)
(100,000,000)
400,000,000
220,000,000
-
(1,241,049,455)
105,061,121
-
5,750,000

(310,910,604)
4,047,289
-
37,500,150
(243,550,000)
(100,000,000)
-
-
(131,837,296)
(435,867,058)
72,243,748
242,656,464
3,800,000

Net cash used in investing activities

(1,135,034,351)

(861,917,307)

Cash Flows From Financing Activities:

Issuance of Share Capital
Long Term Loan Received
Long Term Loan Repaid
Short Term Loan Increase
Short Term Bank Loan Increase
Dividend Paid
Dividend Distribution Tax

500,000
787,604,782
(323,915,587)
(606,592,214)
66,703,053
(332,640,000)
-

-
474,055,792
(39,567,371)
(417,220,455)
318,853,789
(252,000,000)
(25,200,000)

Net cash (used)/provided by financing activities

(408,339,966)

58,921,755

Increase/(Decrease) in Cash and Cash Equivalents

(48,956,636)

348,359,971

Cash and Cash Equivalents at the Opening

403,211,659

54,851,688

Cash and Cash Equivalents at the Closing

Tk. 354,255,023

403,211,659

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Tapan Chowdhury
Managing Director


Samuel S. Chowdhury
Director


Khandaker Habibuzzaman
Company Secretary


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

Dated, Dhaka: 30 July 2006

SQUARE PHARMACEUTICALS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2006

31-03-06

31-03-05

2.1 CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT : Tk. 2,977,837,267

Details of Property, Plant and Equipment and Depreciation as at 31 March 2006 are shown in the annexed schedule - 02. This is arrived at as follows:

Opening Balance (Cost)	4,736,356,795	4,126,391,075
Add: Net Addition during the Year	257,772,160	609,965,720
Closing Balance (Cost)	4,994,128,955	4,736,356,795
Less: Accumulated Depreciation	2,016,291,688	1,673,736,302
Written Down Value	Tk. 2,977,837,267	3,062,620,493

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

	2005-2006	2004-2005
Factory Overhead	307,339,311	320,307,463
Selling and Distribution Expenses	27,064,744	24,640,202
Administrative Expenses	16,632,948	12,779,153
Tk.	351,037,003	357,726,818

31-03-06

31-03-05

3.1 CONSOLIDATED CAPITAL WORK-IN-PROGRESS : Tk. 1,928,287,970

This represents expenditure incurred in respect of the following:

Building/Civil Work	197,046,245	579,627,805
Plant & Machinery	281,468,614	68,058,356
Other Assets	546,954,081	8,888,888
Hospital Equipments	830,136,783	-
Installation Cost	72,682,247	-
Interest during Construction Period	-	30,663,466
Tk.	1,928,287,970	687,238,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31-03-06

31-03-05

4.1 CONSOLIDATED INVESTMENT-Long Term (at Cost) : Tk. 242,000,000

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) 200,000 Ordinary Shares of Tk.100/- each in National Housing Finance and Investment Ltd.	20,000,000	20,000,000
(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 2,000,000 Shares of Tk.100/- each	200,000,000	100,000,000
Tk.	242,000,000	142,000,000

4.2 INVESTMENT-Associate Undertakings : Tk. 1,318,876,588

This is arrived at as follows:

Opening Balance	1,536,252,380	1,366,035,238
Add: Investment made/(disposed off) during the Year	(340,000,000)	207,186,364
Add: Profit/(Loss) during the Year (Note-32.2)	151,874,373	530,928
Less: Dividend during the Year	(29,250,165)	(37,500,150)
Closing Balance	1,318,876,588	1,536,252,380

List of Associate Undertakings (As per BAS 28) :

Name of Company	Country of Incorporation	Proportion of Ownership Interest
Square Textiles Ltd.	Bangladesh	29.08%
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. 1,638,743,097

The break-up is as under:

Raw Materials	596,673,798	548,163,061
Packing Materials	126,203,623	96,938,782
Work-in-Process	112,402,564	85,294,715
Finished Goods	414,080,998	407,938,729
Spares & Accessories	76,345,053	59,410,396
Goods in Transit	313,037,061	142,466,490
Tk.	1,638,743,097	1,340,212,173

The basis of valuation is stated in Note-1 (1.19)

	31-03-06	31-03-05
6.1 CONSOLIDATED TRADE DEBTORS (Considered Good) :	Tk. 692,961,015	643,407,683

7.1 CONSOLIDATED ADVANCES, DEPOSITS & PREPAYMENTS (Considered Good) : Tk. 180,602,402

This consists of as follows:

Advances:	50,906,316	47,317,546
Employees	7,139,702	5,108,024
Motor Cycle Loan - Employees	4,451,534	2,572,761
Suppliers	39,315,080	39,636,761
Deposits:	123,778,964	105,655,286
L.C Margin	41,894,890	18,383,423
Value Added Tax	63,244,562	70,255,304
Earnest Money & Security Deposit	12,991,597	11,365,695
Lease Deposit	126,160	126,160
Others	5,521,755	5,524,704
Prepayments:	5,917,122	5,445,836
Office Rent	2,344,124	1,925,532
Insurance Premium	3,572,998	3,520,304
Tk.	180,602,402	158,418,668

8.1 CONSOLIDATED INVESTMENT IN MARKETABLE SECURITIES (at Cost) : Tk. 32,578,000

(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) 150,000 Ordinary Shares of Tk. 10/- each in Square Textiles Ltd. (at market price)	12,328,000	-
Tk.	32,578,000	20,250,000

9.1 CONSOLIDATED SHORT TERM LOAN (Unsecured) : Tk. 1,578,191,090

This consists of the following:

(a) Square Knit Fabrics Ltd.	721,496,099	433,531,770
(b) Square Fashions Ltd.	375,282,626	323,204,005
(c) Square Hospitals Ltd.	446,517,554	214,863,101
(d) Square InformatiX Ltd.	34,894,811	-
Tk.	1,578,191,090	971,598,876

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31-03-05

10.1 CONSOLIDATED CASH AND CASH EQUIVALENTS : Tk. 354,255,023

This is made-up as follows:

(a) Cash in Hand	2,550,253	1,874,425
(b) Cash at Bank :	351,704,770	401,337,234
◇ Current Account	81,302,904	49,200,400
◇ STD Account	2,469,305	549,274
◇ Fixed Deposit Account	267,932,561	351,587,560
Tk.	354,255,023	403,211,659

The fixed deposit amount of Tk. 267,932,561 had to keep as lien against letter of credits and sanction of overdraft facilities for the company.

11.1 SHARE CAPITAL :

Tk. **496,800,000** **432,000,000**

12.1 SHARE PREMIUM :

Tk. **2,035,465,000** **2,035,465,000**

13.1 CONSOLIDATED TAX HOLIDAY RESERVE : Tk. 1,271,446,233

This has been provided as per provisions of section 45/46A of the Income Tax Ordinance 1984 which is arrived at as follows:

Opening Balance	1,208,110,872	1,104,467,955
Add: Provided during the Year	63,335,361	103,642,917
Closing Balance	1,271,446,233	1,208,110,872

13.2 MINORITY INTEREST : Tk. 31,602,456

This represents minority interest of Square Spinings Ltd., Beg Rubber Industries Ltd. and Square Cephalosporins Ltd. are as follows:

Paid-up Capital	2,540,400	2,040,400
Retained Earnings	5,346,123	4,544,813
Tax Holiday Reserve	3,281,573	2,747,367
Revaluation Surplus	20,434,360	20,434,360
Tk.	31,602,456	29,766,940

List of Subsidiary (As per BAS -27):

Name of Company	Country of Incorporation	Proportion of Ownership Interest
Square Spinings Ltd.	Bangladesh	98.00%
Beg Rubber Industries Ltd.	Bangladesh	86.53%
Square Cephalosporins Ltd.	Bangladesh	99.48%

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

31-03-06

31-03-05

14.1 CONSOLIDATED LONG TERM LOANS (Secured) : Tk. 718,601,020

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

(a) Standard Chartered Bank, Dhaka	212,612,334	161,858,887
(b) Eastern Bank Ltd., Dhaka	39,258,301	65,461,036
(c) Dhaka Bank Ltd., Dhaka	-	132,075,470
(d) Commercial Bank of Ceylon Ltd., Dhaka	22,378,336	23,786,668
(e) HSBC Ltd., Dhaka	76,993,098	-
(f) Minimum Lease Payments	367,358,951	6,011,019
Tk.	718,601,020	389,193,080

15.1 PROVISION FOR DEFERRED INCOME TAX : TK. 75,937,267

This represents provision is made for deferred income tax to pay future income tax liability for temporary differences

16.1 CONSOLIDATED SHORT TERM BANK LOAN : Tk. 1,631,550,590

This consists of as follows:

Cash Credit - Janata Bank, Pabna	175,129,539	133,307,386
Cash Credit - Janata Bank, Local Office, Dhaka	23,220,159	114,267,388
Short Term Loan - Citibank N.A, Dhaka	169,471,866	164,590,163
Trust Receipt - Citibank N.A, Dhaka	96,102,771	49,581,571
Short Term Loan - Commercial Bank of Ceylon Ltd., Dhaka	216,022,377	209,662,796
Trust Receipt - Commercial Bank of Ceylon Ltd., Dhaka	21,304,000	19,051,000
Short Term Loan - Standard Chartered Bank, Dhaka	322,374,389	122,591,425
Trust Receipt & LBD - Standard Chartered Bank, Dhaka	104,317,327	32,732,524
Short Term Loan- Bank Alfalah Ltd., Dhaka	100,000,000	100,000,000
Overdraft - Eastern Bank Ltd., Dhaka	5,038,701	26,847,169
Trust Receipt - Eastern Bank Ltd., Dhaka	15,809,033	-
Overdraft - Mercantile Bank Ltd., Dhaka	46,197,411	26,724,011
Trust Receipt - Mercantile Bank Ltd., Dhaka	214,842,947	13,767,993
Short Term Loan - HSBC Ltd., Dhaka	9,555,619	264,227,570
Trust Receipt & LBD - HSBC Ltd., Dhaka	-	76,408,988
Overdraft - Sonali Bank, Dhaka-Secured by FDR	3,164,560	-
Overdraft - Janata Bank, Mohakhali Corporate Br., Dhaka-Secured by FDR	11,831,816	8,352,043
Overdraft - Janata Bank, Mimi Super Market Br, Chittagong-Secured by FDR	6,828,906	4,909,353
Overdraft - The Trust Bank Ltd., Dhaka-Secured by FDR	-	62,589,531
Overdraft - Primre Bank Ltd., Dhaka-Secured by FDR	58,869,613	120,482,436
Overdraft - Janata Bank, Foreign Exchange Corporate Br., Sylhet-Secured by FDR	1,303,239	1,279,982
Overdraft - Janata Bank, Maizdee Court Corporate Br., Noakhali-Secured by FDR	129,749	36,345
Others	30,036,568	13,437,863
TK.	1,631,550,590	1,564,847,537

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31-03-06

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17.1 CONSOLIDATED LONG TERM LOANS - Current Portion : Tk. 281,056,941

This represents current portion of long term loans from financial institutions which are repayable within next 12 months from April, 2006 and consists of as follows:

(a) Standard Chartered Bank, Dhaka	102,875,608	42,397,890
(b) Eastern Bank Ltd., Dhaka	19,640,000	15,185,649
(c) Dhaka Bank Ltd., Dhaka	32,075,470	45,283,020
(d) Commercial Bank of Ceylon Ltd., Dhaka	33,333,332	33,333,332
(e) Minimum Lease Payments	93,132,531	6,675,795
Tk.	281,056,941	142,875,686

18.1 CONSOLIDATED TRADE CREDITORS :

Tk.

488,886,128

284,559,469

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

19.1 CONSOLIDATED LIABILITIES FOR EXPENSES : Tk. 109,188,687

This consists of as follows:

Accrued Expenses	102,877,762	115,429,563
Clearing & Forwarding	6,135,925	7,417,143
Audit Fees	175,000	175,000
Tk.	109,188,687	123,021,706

20.1 CONSOLIDATED LIABILITIES FOR OTHER FINANCE : Tk. 413,800,924

This consists of as follows:

Sundry Creditors	124,940,789	58,386,408
Income Tax (Deduction at Source)	1,011,914	1,331,277
Retention Money	925,819	972,256
Workers' Profit Participation Fund	145,024,852	109,115,567
Income Tax Payable (Note- 21.1)	141,897,550	89,221,371
Tk.	413,800,924	259,026,879

	31-03-06	31-03-05
21.1 CONSOLIDATED INCOME TAX PAYABLE : Tk. 141,897,550		
This is arrived at as follows:		
Income Tax Payable:	427,048,626	307,978,645
Balance at 01-04-2005	89,221,371	50,808,199
- Provision made during the Year 2004-05 (Note-32.1)	-	257,170,446
- Provision made during the Year 2005-06 (Note-32.1)	337,827,255	-
Less: Payment of Income Tax:	285,151,076	218,757,274
- During the Year 2002-03	2,925,490	-
- During the Year 2003-04	5,608,797	36,514,032
- During the Year 2004-05	86,144,288	182,243,242
- During the Year 2005-06	190,472,501	-
Balance at 31-03-2006	Tk. 141,897,550	89,221,371

	2005-2006	2004-2005
22.1 CONSOLIDATED GROSS TURNOVER : Tk. 8,251,692,437		
Square Pharmaceuticals Ltd.	7,085,553,149	6,199,134,802
Square Spinnings Ltd.	1,166,139,288	1,037,187,892
Gross Turnover	Tk. 8,251,692,437	7,236,322,694

		2005-2006	2004-2005
23.1 CONSOLIDATED COST OF GOODS SOLD : Tk. 4,509,513,272			
This is arrived at as follows:			
	Notes		
Raw Materials Consumed	24.1	3,016,518,834	2,700,942,194
Packing Materials Consumed	25.1	680,169,603	639,321,083
		3,696,688,437	3,340,263,277
Work-in-Process (Opening)		85,294,715	59,506,204
Work-in-Process (Closing)		(112,402,564)	(85,294,715)
TOTAL CONSUMPTION		3,669,580,588	3,314,474,766
Factory Overhead	26.1	807,161,997	734,513,538
COST OF PRODUCTION		4,476,742,585	4,048,988,304
Purchase of Finished Goods		38,912,956	82,628,637
Finished Goods (Opening)		407,938,729	316,145,298
Finished Goods (Closing)		(414,080,998)	(407,938,729)
	Tk.	4,509,513,272	4,039,823,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2005-2006

2004-2005

24.1 CONSOLIDATED RAW MATERIALS CONSUMED : Tk. 3,016,518,834

This is arrived at as follows:

Opening Stock	548,163,061	345,821,946
Purchase	3,065,029,571	2,903,283,309
Closing Stock	(596,673,798)	(548,163,061)
Tk.	<u>3,016,518,834</u>	<u>2,700,942,194</u>

25.1 CONSOLIDATED PACKING MATERIALS CONSUMED : Tk. 680,169,603

This is arrived at as follows:

Opening Stock	96,938,782	81,073,943
Purchase	709,434,444	655,185,922
Closing Stock	(126,203,623)	(96,938,782)
Tk.	<u>680,169,603</u>	<u>639,321,083</u>

26.1 CONSOLIDATED FACTORY OVERHEAD : Tk. 807,161,997

This is made-up as follows:

Salaries, Allowances and Wages	189,263,702	153,530,621
Factory Employees Free Lunch	11,912,235	9,871,467
Factory Staff Uniform	4,333,630	2,536,346
Travelling & Conveyance	2,786,395	1,424,341
Printing & Stationery	5,160,578	3,914,122
Postage, Telephone & Fax	1,979,009	2,111,588
Repairs & Maintenance	135,872,896	104,465,402
Laboratory Consumable Stores	13,591,571	15,398,048
Fuel, Petrol, Light Diesel etc.	15,975,535	14,880,478
Electricity, Gas & Water	93,397,036	82,595,129
Municipal & Other Tax	1,319,973	1,267,261
Insurance Premium	10,643,663	11,083,000
Factory Sanitation Expenses	4,002,722	4,331,619
Depreciation	307,339,311	320,307,463
Security Services	7,276,089	5,515,978
Other Expenses	2,307,652	1,280,675
Tk.	<u>807,161,997</u>	<u>734,513,538</u>

2005- 2006**2004-2005****27.1 CONSOLIDATED SELLING & DISTRIBUTION EXPENSES : Tk. 800,790,468**

This consists of as follows:

Salaries and Allowances	90,822,132	72,406,698
Travelling and Conveyance	11,590,102	8,487,958
Training Expenses	821,564	678,494
Printing and Stationery	15,444,063	13,737,409
Postage, Telephone, Fax & Telex	5,691,930	5,285,164
Electricity, Gas and Water	4,074,046	2,257,499
Tiffin and Refreshment	2,746,045	2,004,315
Office and Godown Rent	4,161,254	5,110,992
Bank Charges	5,412,173	5,415,445
Repairs and Maintenance including car maintenance	56,997,459	52,168,248
Govt. Taxes and Licence Fees	5,626,511	5,982,483
Field Staff Salaries, Allowances, TA and DA	193,875,706	159,314,956
Marketing and Promotional Expenses	123,633,350	105,297,459
Advertisement	1,773,774	1,289,000
Delivery and Packing Expenses	21,853,313	20,130,653
Export Expenses	22,541,403	12,133,950
Special Discount	165,563,078	148,039,526
Sample Expenses	33,287,027	27,540,306
Security Services	7,241,704	5,349,255
Distribution Commission	-	5,207,896
Depreciation	27,064,744	24,640,202
Software & Hardware Support Services	135,000	-
Other Expenses	434,090	368,884
Tk.	800,790,468	682,846,792

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2005-2006

2004-2005

28.1 CONSOLIDATED ADMINISTRATIVE EXPENSES : Tk. 196,712,939

This consists of as follows:

Salaries and Allowances	54,435,874	45,489,811
Directors' Remuneration	11,174,003	9,232,500
Travelling and Conveyance	21,861,312	14,797,793
Training Expenses	128,712	112,386
Printing and Stationery	5,956,208	5,393,878
Postage, Telephone, Fax & Telex	5,018,804	5,462,883
Electricity, Gas & Water	5,902,883	5,047,801
Tiffin and Refreshment	7,793,844	6,739,156
Office Rent	2,331,563	2,283,398
Sanitation Expenses	1,106,354	859,167
Books and Periodicals	761,901	1,452,223
Subscription and Donation	2,597,714	2,145,785
Advertisement	3,065,565	1,198,399
Repairs and Maintenance	12,562,078	9,303,001
Bank Charges	8,801,412	7,499,167
Insurance	7,553,631	3,872,630
Govt. Taxes, Stamp Duty & Licence Fee	4,888,527	4,996,315
Lease Rent	3,698,561	3,284,302
Security Services	5,454,470	3,702,657
Management Consultant Fees	551,375	1,900,798
Legal Charges	317,747	461,916
Audit Fees	175,000	175,000
Depreciation	16,632,948	12,779,153
Annual General Meeting Expenses	3,410,541	2,154,568
Software & Hardware Support Services	9,946,806	9,556,556
Other Expenses	585,106	3,350,621
Tk.	<u>196,712,939</u>	<u>163,251,864</u>

29.1 CONSOLIDATED OTHER INCOME : Tk. 122,064,376

This is arrived at as follows:

Interest on FDR	26,060,459	26,769,685
Interest on Savings Account	52,616	60,447
Rental Income	126,000	-
Sale of Scrap	8,767,378	5,852,836
Foreign Exchange Fluctuation Gain/(Loss) on Retention Quota Account	1,378,294	385,614
Foreign Exchange Fluctuation Gain/(Loss) against Collection on Export Bills	48,744	(15,054)
Dividend	5,750,000	3,800,000
Gain on Sale of Marketable Securities	-	206,292,828
Interest on Loan to Sister Concern	78,948,046	45,421,936
Technology Transfer Fee	197,444	1,832,022
	<u>121,328,981</u>	<u>290,400,314</u>
Profit on Sale of Property, Plant and Equipment (Note-36)	735,395	1,179,475
Tk.	<u>122,064,376</u>	<u>291,579,789</u>

2005-2006**2004-2005****30.1 CONSOLIDATED FINANCIAL EXPENSES : Tk. 171,017,382**

This is made-up as follows:

Interest on Cash Credit	24,659,934	14,325,935
Interest on Overdraft	20,592,636	14,426,021
Interest on LATR, PAD & LPO	35,134,198	31,032,135
Interest on Short Term Loan	89,221,343	62,907,691
Interest on Lease	1,409,271	1,969,172
Tk.	171,017,382	124,660,954

31.1 CONSOLIDATED ALLOCATION FOR WPPF : Tk. 82,320,245

This consists of as follows:

Square Pharmaceuticals Ltd.	76,652,130	75,650,930
Square Spinnings Ltd.	5,668,115	4,717,229
Tk.	82,320,245	80,368,159

32.1 CONSOLIDATED PROVISION FOR INCOME TAX : Tk. 337,827,255

This is made-up as follows:

Square Pharmaceuticals Ltd.	333,310,560	257,170,446
Square Spinnings Ltd.	4,516,695	-
Tk.	337,827,255	257,170,446

32.2 PROFIT FROM ASSOCIATE UNDERTAKINGS : Tk. 151,874,373

This is arrived at as follows:

a) Square Textiles Ltd.	74,298,434	63,557,438
b) Square Knit Fabrics Ltd.	26,338,858	(28,040,734)
c) Square Fashions Ltd.	51,237,081	(34,985,776)
Tk.	151,874,373	530,928

33.1 CONSOLIDATED BASIC EARNINGS PER SHARE (EPS):

The computation is given below:

Surplus for the year attributable to Shareholders (Net Profit after Tax)	1,354,529,089	1,311,337,227
Weighted average number of shares outstanding during the year	4,968,000	4,968,000
Basic EPS	272.65	263.96

Consolidated Property, Plant and Equipment: Tk. 2,977,837,267

Schedule-02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PARTICULARS	COST			DEPRECIATION			Written Down Value as at 31 March 2006	Rate of Depn	
	At 31 March 2005	During the year		At 31 March 2005	During the year				At 31 March 2006
		Additions	Sales/ Transfer		Charged	Adjustments/ Transfer			
FACTORIES:									
Freehold Land	333,058,185	2,564,654	-	335,622,839	-	-	335,622,839	-	
Building	1,453,219,424	15,629,654	-	1,468,849,078	-	99,757,638	929,369,806	10%	
Building under Construction	2,474,349	21,298,922	15,118,012	8,655,259	-	-	8,655,259	-	
Plant & Machinery	2,120,981,582	93,493,261	-	2,214,474,843	-	172,690,262	1,174,321,911	15%	
Laboratory Equipment	105,014,211	16,165,714	-	121,179,925	-	8,658,449	77,926,036	10%	
Furniture & Fixture	82,250,351	10,524,201	-	92,774,552	-	7,172,707	30,817,443	10%	
Office Equipment	65,519,265	6,583,623	-	72,102,888	-	4,490,643	38,961,296	10%	
Motor Vehicle	62,972,685	16,207,781	2,445,000	76,735,466	-	7,452,723	28,471,394	20%	
Motor Vehicle-Lease	2,085,000	-	-	2,085,000	-	333,600	1,334,400	20%	
Plant & Machinery in Transit	11,990,161	24,244,770	10,275	36,224,656	-	-	36,224,656	-	
Deep Tubewell	1,265,772	-	-	1,265,772	-	88,605	800,600	-	
Workshop Tools	490,588	-	-	490,588	-	73,588	75,440	-	
Electrical Installation	47,614,421	-	-	47,614,421	-	5,514,440	11,935,752	15%	
Gas Line Installation	12,339,137	-	-	12,339,137	-	1,106,656	8,172,304	15%	
TOTAL	4,301,275,131	206,712,580	17,573,287	4,490,414,424	1,470,747,285	307,339,311	2,713,828,802		
HEAD OFFICE & OTHERS:									
Land	47,716,247	-	-	47,716,247	-	-	47,716,247	-	
Building	72,919,357	-	-	72,919,357	-	2,384,941	21,464,464	10%	
Building under Construction	-	6,725,902	-	6,725,902	-	-	6,725,902	-	
Furniture & Fixture	19,257,065	1,727,192	-	20,984,257	10,249,142	1,073,511	9,661,604	10%	
Office Equipment	57,211,926	4,970,351	-	62,182,277	27,609,504	3,457,278	31,066,782	10%	
Motor Vehicle	140,490,038	52,524,275	6,284,000	186,730,313	73,232,417	23,578,569	94,314,279	20%	
Motor Vehicle-Lease	17,530,000	3,900,000	-	21,430,000	5,826,000	3,120,800	12,483,200	20%	
Motor Cycle	79,324,392	8,664,500	4,379,553	83,609,339	36,417,590	9,955,488	39,821,952	20%	
Books & Periodicals	528,794	-	-	528,794	513,857	4,481	10,456	30%	
Electrical Installation	103,845	784,200	-	888,045	70,555	122,624	694,866	15%	
TOTAL	435,081,664	79,296,420	10,663,553	503,714,531	202,989,017	43,697,692	264,008,465		
GRAND TOTAL Tk.	4,736,356,795	286,009,000	28,236,840	4,994,128,955	1,673,736,302	351,037,003	2,977,837,267		
TOTAL- 2005 Tk.	4,126,391,075	620,643,782	10,678,062	4,736,356,795	1,322,436,982	357,726,818	3,062,620,493		





SQUARE SPINNINGS LTD.

SQUARE SPINNINGS LTD.
DIRECTORS' REPORT TO THE SHAREHOLDERS
UNDER SECTION 184 OF THE COMPANIES ACT 1994

Dear Shareholders,

I feel delighted to welcome you on behalf of the Board of Directors of the company to the Sixth Annual General Meeting and place their Report along with the Audited Accounts containing Balance Sheet as at 31 December, 2005, Income Statement and Cash Flow Statement together with Notes and Auditors' Report thereon for the year ended 31 December, 2005.

COMPANY'S OPERATIONS:

1. PRODUCTION/CAPACITY:

The company's installed production facilities during the year 2005 remained at the same level of the previous year at 2,880 Rotor Heads. A year wise comparative position of capacity, output and productive efficiencies are highlighted hereunder:

	2005	2004
(1) Installed Production Facilities:		
Rotor Heads	2,880	2,880
(2) In Operations:		
Rotor Heads	2,880	2,880
(3) Production Capacity (Kg)	9,600,000	8,875,000
(4) Actual Production (Kg)	9,493,386	7,985,642
(5) Operating Efficiency Attained	99%	90%

The production capacity increased by 8.17% compared to previous year and the capacity utilization attained the level of 99% as against 90% in the previous year.

2. COST OF PRODUCTION:

The cost of goods sold, unit costs, raw materials costs and cost of other materials/services have been varying at varying degree over the last two years as analyzed below:

	2005	2004
(1) Total Output Produced (Kg)	9,493,386	7,985,642
(2) Cost of Production (Tk.)	947,954,044	821,983,115
(3) Raw Materials Consumed (Tk.)	776,530,588	686,863,939
(4) Packing Materials Consumed (Tk.)	15,258,820	10,959,867
(5) Factory Overhead (Tk.)	154,898,778	124,911,259
(6) Power, Gas & Water (Tk.)	33,244,426	28,236,443
(7) Unit Cost (Tk.):		
(a) Cost of Production per Kg	99.85	102.93
(b) Raw Materials per Kg	81.80	86.02
(c) Packing Materials per Kg	1.61	1.37
(d) Factory Overhead per Kg	16.32	15.64
(e) Power, Gas & Water per Kg	3.50	3.54

From the above information it will transpire that the cost of production per kg has decreased by 2.99% during 2005 over that 2004 and the cost of raw materials decreased by 4.89% during 2005 over the previous year. While cost of packing materials increased by 17.52% during 2005 over the previous year 2004, the factory overhead increased by 4.35% during 2005 over 2004. Cost of utilities (power, gas & water) however decreased by 1.13% in 2005 from that of 2004. Factors responsible for increase are mostly extraneous and beyond the control of management.

3. MARKETING OPERATIONS:

The Company's marketing operations continued to concentrate on export over the years as depicted below:

	2005		2004	
(1) Quantity Sold (Kg) :				
(a) Local Sales	304,072	2.98%	92,198	1.24%
(b) Export Sales	9,883,242	97.02%	7,332,200	98.76%
Total Sales	10,187,314	100.00%	7,424,398	100.00%
(2) Sales Revenue (Tk) :				
(a) Local Sales	32,683,038	2.88%	11,547,642	1.16%
(b) Export Sales	1,102,605,686	97.12%	982,649,268	98.84%
Total Sales	1,135,288,724	100.00%	994,196,910	100.00%
(3) Selling Prices :				
(a) Local Sales (Tk/Kg)	107.48		125.25	
(b) Export Sales (Tk/Kg)	111.56		134.02	
(c) Average Sales (Tk/Kg)	111.44		133.91	

The quantity sold during 2005 rose by 37.21% over that of 2004 while the sales revenue increased by only 14.19% over the same period. This is primarily due to fall in export prices by 16.76% in 2005 over 2004. The overall prices declined by 16.78% in 2005 over that of 2004. The fall in the export prices was primarily due to increase in competition in RMG sector after withdrawal of quota system.

4. CAPITAL EXPENDITURES:

The company made a capital investment of Tk. 91,498,877 during the year 2005 as against Tk. 973,565 during the year 2004 for plant and machinery for increasing productivity.

5. DEBT SERVICE:

The medium term loan from SPL has been fully redeemed during the year 2005 by payment of Tk. 30.00 million to SPL. The Company does not have any term loan.

6. CONTRIBUTION TO NATIONAL EXCHEQUER:

The Company contributed an amount of Tk. 19.35 million to the National Exchequer consisting of the following:

	2005	2004
(1) Advance Income Tax (Deducted at Source)	1.78	0.24
(2) Excise/VAT/Import Duties/Taxes etc.	17.46	13.40
(3) Govt. Taxes/Stamp Duties/License Fees etc.	0.11	3.37
Total Tk. (Million)	<u>19.35</u>	<u>17.01</u>

The above is 13.76% higher than that of 2004.

7. FOREIGN EXCHANGE EARNED/SAVED:

The company contributed a net amount of Tk. 315.32 million to the Foreign Exchange Reserve of the country during the year 2005 as follows:

	2005	2004
(1) Total Export Earnings	1,102.60	982.65
(2) Less: Import Costs/Expenses:		
(a) Raw Cotton (Tk.)	739.70	686.86
(b) Spare Parts (Tk.)	47.58	49.48
	<u>787.28</u>	<u>736.34</u>
(3) Net Export Earnings in million (Tk.)	<u>315.32</u>	<u>246.31</u>
Net Export Earnings in US Dollar (At average Tk. 68.2778/\$)	<u>4,618,192.15</u>	<u>3,992,058.35</u>

The foreign exchange earnings increased by 15.68% during 2005 over 2004.

8. CORPORATE OWNERSHIP:

The share paid-up capital of the company as at 31 December 2005 stood at Tk. 100 million, which is held as follows:

(1) Square Pharmaceuticals Ltd.	98%
(2) Sponsors/Directors of SPL	2%
Total	<u>100%</u>

9. FINANCIAL RESULTS:

The Company's operating financial results, as compared to the previous year, are summarized hereunder:

	Year 2005 (Taka)	Year 2004 (Taka)
(1) Sales Turnover	1,135,288,724	994,196,910
(2) Cost of Goods Sold	953,913,471	816,294,891
(3) Gross Profit	181,375,253	177,902,019
(4) Operating & Financial Expenses	65,893,917	63,183,869
(5) Operating Income	115,481,336	114,718,150
(6) Other Income	195,684	9,575
(7) Net Profit before WPPF	115,677,020	114,727,725
(8) Contribution to WPPF	5,508,430	5,463,225
(9) Net Profit for the Year	110,168,590	109,264,500
(10) Provision for Deferred Taxes	41,057,800	-
(11) Net profit (After Tax)	69,110,790	-
(12) Performance Analysis :		
• Gross Margin	15.98%	17.90%
• Operating Margin	10.17%	11.54%
• Net Margin	6.09%	11.00%
• Outstanding Shares	1,000,000	1,000,000
• Earning per Share (Tk.)	69.11	109.26

The Sales Turnover in 2005 increased by 14.19% over the previous year while Net Profit (AT) decreased by 36.75% over the same period due to increase in operating and financial expenses and provision for corporate taxes due to expiry of Tax Holiday. Though Earnings per Share (EPS) decreased by 36.75%, the Net Asset Value (NAV) per share stood at Tk. 514.71 as at 31 December 2005 as against Tk. 445.60 as at 31 December 2004 showing an increase of 15.51% in Net Asset Value.

10. APPROPRIATION:

The net profit of Tk. 69,110,790 has been proposed by the Directors to be appropriated as follows:

Tax Holiday Reserve	44,067,436
Transferred to General Reserve & Surplus	25,043,354
Total Tk.	<u>69,110,790</u>

11. DECLARATION OF DIVIDEND:

The Board of Directors have not recommended for declaration of dividend as yet due to the future need of ploughing back of profits for expansion and investment for cost reduction schemes arising from the need for increasing competitive ability of the company.

12. CORPORATE GOVERNANCE:

Though the Company is a private limited one the Management considers it necessary to uphold the principles of good-governance in matters of disclosures, transparency, accountability to shareholders and government, authenticity of text & public, communicable language, timely and concerted action as a good corporate citizen. We also maintain superiority in matters of legal and professional standards.

13. APPOINTMENT OF AUDITORS:

M/s. Chowdhury Bhattacharjee & Co., Chartered Accountants, retire at this Annual General Meeting and being eligible offer themselves for reappointment for the year 2006 and refix their remuneration.

14. MANAGEMENT APPRECIATION:

In line with moderate growth in the economy and rise in exports, especially the RMG products, the company's out-put and sales increased due to earnest efforts by the workers, staff and officers of the company. The supports from the customers, suppliers, banks and various government agencies are also recorded with appreciation. It is hoped that with success in world peace efforts, trade, commerce and industry will flourish to the ultimate benefits of the mankind.



Samson H. Chowdhury
Chairman

AUDITORS' REPORT

TO THE SHAREHOLDERS OF

SQUARE SPINNINGS LTD.

We have audited the accompanying Financial Statements of Square Spinnings Limited comprising Balance Sheet as at 31 December, 2005 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 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 made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, prepared in accordance with BAS, give a true and fair view of the state of the company's affairs as of 31 December, 2005 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, proper books of accounts as required by law have been kept by the Company so far 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 were for the purpose of the Company's business.

Dated, Dhaka
13 May, 2006



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

SQUARE SPINNINGS LTD.
BALANCE SHEET

as at 31 December 2005

	Notes	31-12-05	31-12-04
NET ASSETS:			
Fixed Assets:			
At cost less depreciation	2	566,624,673	529,719,176
Current Assets:			
Stocks	3	244,604,574	271,336,344
Trade Debtors	4	448,578,241	357,362,450
Advances, Deposits and Prepayments	5	16,967,000	22,313,891
Investment in Marketable Securities	6	12,328,000	-
Cash and Bank Balances	7	23,701,149	12,491,077
		746,178,964	663,503,762
Less: Current Liabilities:			
Short Term Loan	8	286,824,916	320,171,264
Liabilities for Expenses	9	470,199,941	396,634,692
Liabilities for Other Finance	10	9,375	816,167
		757,034,232	717,622,123
Net Current Assets		(10,855,268)	(54,118,361)
Less: Deferred Tax Liability		(41,057,800)	-
		514,711,605	475,600,815
		Tk.	
FINANCED BY:			
SHAREHOLDERS' EQUITY:			
Share Capital	11	100,000,000	100,000,000
General Reserve & Surplus		239,566,532	214,523,178
Tax Holiday Reserve		175,145,073	131,077,637
		514,711,605	445,600,815
Term Loan:			
Medium Term Loan	12	-	30,000,000
		514,711,605	475,600,815
		Tk.	

Attached notes form an integral part of these Statements.

As per our annexed report of even date.



Anjan Chowdhury
Managing Director



Samuel S. Chowdhury
Director



Khandaker Habibuzzaman
Company Secretary



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

Dated, Dhaka: 13 May 2006

SQUARE SPINNINGS LTD.

INCOME STATEMENT

for the year ended 31 December 2005

		2005	2004
	Notes		
SALES	13	1,135,288,724	994,196,910
LESS: COST OF GOODS SOLD	14	953,913,471	816,294,891
GROSS PROFIT		181,375,253	177,902,019
Less: Operating Expenses	15	11,009,173	13,445,733
Less: Finance Cost	16	54,884,744	49,738,136
Operating Income		115,481,336	114,718,150
Add: Other Income		195,684	9,575
NET PROFIT BEFORE WPP & WF		115,677,020	114,727,725
Less: Allocation for WPP & WF		(5,508,430)	(5,463,225)
NET PROFIT BEFORE TAX		110,168,590	109,264,500
Less: Provision for Deferred Income Tax		(41,057,800)	-
NET PROFIT FOR THE YEAR	TK.	69,110,790	109,264,500
(Transferred to the Statement of Changes in Equity)			
Basic Earnings Per Share (Par Value Taka 100/-)	TK.	69.11	109.26

Attached notes form an integral part of these Statements.

As per our annexed report of even date.



Anjan Chowdhury
Managing Director



Samuel S. Chowdhury
Director



Khandaker Habibuzzaman
Company Secretary



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

Dated, Dhaka: 13 May 2006

SQUARE SPINNINGS LTD.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2005

	Share Capital	Tax Holiday Reserve	Retained Earnings	Total
At 31 December 2004	100,000,000	131,077,637	214,523,178	445,600,815
Net Profit for the Year 2005	-	-	69,110,790	69,110,790
Transfer to Tax Holiday Reserve	-	44,067,436	(44,067,436)	-
At 31 December 2005 Tk.	100,000,000	175,145,073	239,566,532	514,711,605

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2004

	Share Capital	Tax Holiday Reserve	Retained Earnings	Total
At 31 December 2003	100,000,000	87,371,837	148,964,478	336,336,315
Net Profit for the Year 2004	-	-	109,264,500	109,264,500
Transfer to Tax Holiday Reserve	-	43,705,800	(43,705,800)	-
At 31 December 2004 Tk.	100,000,000	131,077,637	214,523,178	445,600,815

Attached notes form an integral part of these Statements.

As per our annexed report of even date.



Anjan Chowdhury
Managing Director



Samuel S. Chowdhury
Director



Khandaker Habibuzzaman
Company Secretary



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

Dated, Dhaka: 13 May 2006

SQUARE SPINNINGS LTD.

CASH FLOW STATEMENT

for the year ended 31 December 2005

	2005	2004
Cash Flows from Operating Activities :		
RECEIPTS:		
Collection from Sale	1,044,072,933	962,370,987
Others	195,684	9,575
	<u>1,044,268,617</u>	<u>962,380,562</u>
PAYMENTS:		
Purchase of Raw and Packing Materials	717,674,332	391,348,248
Manufacturing and Operating Expenses	89,362,162	101,709,588
Bank Interest	54,884,744	49,738,136
Income Tax Paid	320,647	237,281
Workers Profit Participation Fund	3,643,435	2,626,787
	<u>865,885,320</u>	<u>545,660,040</u>
Net cash provided by operating activities (A)	<u>178,383,297</u>	<u>416,720,522</u>
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	(91,498,877)	(973,565)
Investment in Marketable securities	(12,328,000)	
Net cash used in investing activities (B)	<u>(103,826,877)</u>	<u>(973,565)</u>
Cash Flows from Financing Activities:		
Medium Term Loan Received/(Repaid)	(30,000,000)	(120,000,000)
Short Term Loan Received/(Repaid)	(33,346,348)	(294,235,321)
Net cash used in financing activities (C)	<u>(63,346,348)</u>	<u>(414,235,321)</u>
Increase in Cash and Bank Balances (A+B+C)	11,210,072	1,511,636
Cash and Bank Balance at Opening	12,491,077	10,979,441
Cash and Bank Balance at Closing	Tk. <u>23,701,149</u>	<u>12,491,077</u>

Attached notes form an integral part of these Statements.

As per our annexed report of even date.



Anjan Chowdhury
Managing Director



Samuel S. Chowdhury
Director



Khandaker Habibuzzaman
Company Secretary



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

Dated, Dhaka: 13 May 2006

BEG RUBBER INDUSTRIES LIMITED

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS FOR THE PERIOD: 2005-06

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 for the year ended 31 March 2006 in the following paragraphs:

1. OPERATIONS:

As reported in the Annual General Meeting for the previous year (2004-05), the operations -production and marketing of rubber products, remained suspended due to scraping of old machinery.

2. FINANCIAL POSITION:

Since the operations remained suspended the building space was rented to SPL at an annual rent of Tk. 600,000. Accordingly Income Statement and Balance Sheet as at 31 March 2006 duly audited is placed hereunder.

3. PROPOSAL FOR MERGER WITH SPL:

A proposal for merger of company (BRIL) with Square Pharmaceuticals Ltd (SPL) has been received from SPL which is the majority (86.53%) shareholder of BRIL. As per proposal, SPL will buy entire share (404) held by the minority shareholders (Directors) at cost price i.e. at the rate of Tk. 50,000 per share. The merger will be effected by taking over of all the assets and liabilities of the company (BRIL) after approval of the shareholders of SPL and BRIL and that of the Court of Jurisdiction. The shareholders are requested to approve the proposal of merger with SPL on payment by SPL of Tk. 50,000 per share to the minority shareholders of BRIL and pass the following special resolution:

"Resolved that the proposal for merger of BRIL with SPL on payment in cash of Tk. 50,000 per share for 404 shares of BRIL held by the minority shareholders is approved subject to approval by the Court of Jurisdiction."

4. APPOINTMENT OF AUDITORS:

I, Irshadullah Patwary & Co., Chartered Accountants, the present auditors, retire at this AGM and being eligible, have offered for re-appointment for the year 2006-2007 at the existing remuneration till the merger with SPL is effected.

5. ACKNOWLEDGEMENT:

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



Samson H. Chowdhury
Chairman

AUDITORS REPORT

We have audited the accompanying Balance Sheet of BEG RUBBER INDUSTRIES LTD. as of 31st March 2006 and the related Income Statement for the year then ended. The preparation of these financial statement is 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 Bangladesh Standards of 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 made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standard (BAS) give a true and fair view of the state of affairs of the company as at 31st March 2006 and the results of its operation for the year then ended and comply with the companies Act. 1994 and other applicable laws and regulations.

We further 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, proper books of accounts as required by law have been kept by the company to fair as it appeared from our examination of those books proper return adequate for the purpose of our audit have been received.
- c) The company's Balance Sheet and the Income Statement dealt with report are in agreement with the books of account and returns.

Dated: May 21, 2006



Irshadullah Patwary & Co.
Chartered Accountants

BEG RUBBER INDUSTRIES LTD.

BALANCE SHEET

as at 31st March 2006

CAPITAL AND LIABILITIES:

AUTHORISED CAPITAL

25,000 Ordinary Shares of Tk. 100/- each

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

3,000 Ordinary Shares of Tk. 100/- each

Loan from Square Pharmaceuticals Ltd.

Profit and Loss Appropriation Account

	Amount
	2,500,000
	300,000
	110,000
	809,704
Tk.	1,219,704

PROPERTY AND ASSETS:

Fixed Assets

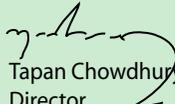
CURRENT ASSETS:

Rent Recivable

Cash and Bank Balances

600,000	
619,704	
600,000	
19,704	
Tk.	1,219,704


Samuel S. Chowdhury
Managing Director


Tapan Chowdhury
Director


Irshadullah Patwary & Co.
Chartered Accountants

Dated: May 21, 2006

BEG RUBBER INDUSTRIES LTD.
INCOME STATEMENT

for the year ended 31st March 2006

PARTICULARS:

Rental Income

2005-06

600,000

Tk. **600,000**


Samuel S. Chowdhury
Managing Director


Tapan Chowdhury
Director


Irshadullah Patwary & Co.
Chartered Accountants

Dated: May 21, 2006

SQUARE CEPHALOSPORINS LIMITED
DIRECTOR'S REPORT TO THE SHAREHOLDERS
FOR THE PERIOD 2005-06

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 for the period ended 31 March, 2006 in the following paragraphs:

1. IMPLEMENTATION:

The company has already taken on long term lease a piece of land measuring 215 decimals and an under-construction building thereon covering 60,955 sft from Square Pharmaceuticals Ltd (SPL) at an annual rent of Tk. 9,600,000. In addition the company (SCL) has purchased from SPL the following plant & machinery and other assets at cost as follows:

(1) Plant & Machinery	238,440,584
(2) Laboratory Equipment	84,534,888
(3) Electo Machanical Equipment	453,301,435
(4) Installation/Services Cost	<u>72,682,247</u>
Total: Tk.	<u><u>850,581,139</u></u>

The Cephalosporin project is estimated to start commercial production by end of 2006.

2. SHAREHOLDING:

The company has issued 950,000 shares of Tk. 100 each to SPL for consideration of purchase of the machinery & other assets, lease advance and cash received. In addition 5,000 shares of Tk.100 each have been issued to the individual shareholders as follows:

(1) Mr. Samson H. Chowdhury	1,000	Shares
(2) Mr. Samuel S. Chowdhury	1,000	"
(3) Mr. Tapan Chowdhury	1,000	"
(4) Mr. Anjan Chowdhury	1,000	"
(5) Mr. Charles C R Patra	<u>1,000</u>	"
Total:	<u><u>5,000</u></u>	

On the basis of the above shareholdings, SCL will have the status of subsidiary to SPL.

3. PRODUCTION CONTRACT:

The company (SCL) has entered into a contract which SPL for manufacturing its products of Cephalosporin which will be marketed by SPL. The production will be on cost basis and the profit will be shared by SCL and SPL equally.

4. ACCOUNTING YEAR-

Financial Position:

The company's (SCL) Accounting Year will end on 31 March each year. Since the company has not started commercial production, no Income Statement has been prepared. The Balance Sheet, Statement of Changes in Equity and Cash Flow Statement as at 31 March 2006 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 (6) of section 210 of the Companies Act 1994, the Board of Directors have appointed M/s. Chowdhury Bhattachajee & Co., Chartered Accountant, as the First Auditors of the company. Being eligible, they have offered to be reappointed as Auditors for the year 2006-2007 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 balance sheet of the Square Cephalosporins Limited as of 31 March, 2006 and the related cash flows and statement of changes in equity for the period then ended. The preparation of these financial statements is 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 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 made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, prepared in accordance with BAS, give a true and fair view of the state of the company's affairs as of 31 March, 2006 and its cash flow for the period 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, proper books of accounts as required by law have been kept by the Company so far it appeared from our examination of those books;
- (c) the Company's Balance Sheet dealt with by the report are in agreement with the books of account;

Dated, Dhaka
25 June, 2006



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

SQUARE CEPHALOSPORINS LTD.

BALANCE SHEET

as at 31 March 2006

PROPERTY & ASSETS:

Non Current Assets:

Pre-operating Cost

Capital Work in Progress

CURRENT ASSETS:

Cash and Cash Equivalents

CAPITAL & LIABILITIES:

Non Current Liabilities

Long Term Bank Loan

Current Liabilities:

Short Term Borrowings

Liabilities for Expenses

Current Portion of Long Term Bank Loan

SHAREHOLDERS EQUITY:

Share Capital

Share Money Deposit

Note

850,694,939

2 114,800
850,580,139

3 350,000
350,000

Tk. 851,044,939

4 116,251,400
116,251,400

5 239,293,539
219,638,539
15,000
19,640,000

6 495,500,000
95,500,000
400,000,000

Tk. 851,044,939

Attached notes form an integral part of this Financial Statement.

Signed as per our annexed report of even date.


Director


Director


Company Secretary


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

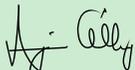
Dated, Dhaka: 25 June 2006

SQUARE CEPHALOSPORINS LTD.
Statement of Changes in Equity
for the period ended March 31, 2006

	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Retained Earnings	Total
At March 31, 2005	-	-	-	-	-	-
Share Issued	95,500,000	-	-	-	-	95,500,000
At March 31, 2006	95,500,000	-	-	-	-	95,500,000

Attached notes form an integral part of this Financial Statement.

Signed as per our annexed report of even date.


Director


Director


Company Secretary


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

Dated, Dhaka: 25 June 2006

SQUARE CEPHALOSPORINS LTD.

Cash Flow Statement

for the period ended March 31, 2006

Cash Flow from Operating Activities	-
Cash Flow from Investing Activities	(1,720,785)
Capital Work in Progress	(1,620,985)
Pre-operating Cost	(99,800)
Cash flow from Financing Activities	2,070,785
Share Capital	500,000
Short Term Borrowing	1,570,785
Net Cash inflow/(outflow)	350,000
Opening Cash & Cash Equivalent	-
Closing Cash & Cash Equivalent	Tk. 350,000

Attached notes form an integral part of this Financial Statement.

Signed as per our annexed report of even date.


Director


Director


Company Secretary


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

Dated, Dhaka: 25 June 2006

Square in International Business

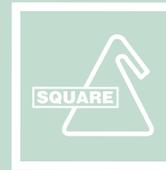


SQUARE's participation at CPhI Madrid, Spain

The leading and the largest pharmaceutical company of the Country Square Pharmaceuticals Ltd. participated at the CPHI Fair at Madrid, held in Feria de Madrid in Spain from the 1st of November to the 3rd of November 2005. It is to be noted that CPHI is the largest pharmaceutical fair and meeting ground for pharmaceutical companies coming from all corners of the globe for showcasing their products and technologies, making partnerships and networks and promoting their entities at the global level. This year there was a participation of some 955 pharmaceutical companies coming from 40 different countries. Square Pharmaceuticals Ltd. was the first company from Bangladesh to have an independent stand at the CPHI and was represented by a five member team headed by its Managing Director Mr. Tapan Chowdhury. Mr. Tapan Chowdhury also gave a talk on "Unexplored Opportunities in Contract Manufacturing and Import", at the CPHI Fair Ground in front of a large audience which comprised representatives from some of the leading pharmaceutical companies in the world on the 2nd day of the Fair. It was well received and helped promote Square's image to a whole new level. Its Stand at Hall 10 at the Fair Ground also drew a large audience who were keenly interested in knowing about Square, its



manufacturing facilities, its world-wide presence and its capabilities in producing world-class pharmaceuticals. These represented the countries in Asia, the Eastern and Western Europe, Africa and North and South America. They have keenly expressed their willingness to cooperate in mutual business opportunities with Square and were enthralled to found that such global competencies in pharmaceutical manufacturing exist in Bangladesh that seem to be a perfect match with respect to their quality expectations, price comparisons, customization requirements and meeting their individual business needs.



Maldives's Minister of Economic and Trade Visited to Square's Dhaka Plant

The Honorable Minister of Economic Development and Trade of Maldives His Excellency Mr. Mohamed Jaleel visited to Square Pharmaceuticals' state-of-the-art Dhaka Plant on the 21st April, 2006. Higher officials from the Export Promotion Bureau accompanied the honorable minister during the visit.

The visiting Minister was delighted to see first-hand such world-class pharmaceutical production facility in Bangladesh. He was particularly attracted to the Plant's adoption of the latest technologies in manufacturing and quality assurance. The Plant has been built in conformance with the US FDA and UK MHRA requirements. During the course of the Plant visit, at a discussion, he expressed his willingness to expand relations in pharmaceuticals between Maldives and Bangladesh. Square has already completed the necessary regulatory measures for exporting its pharmaceuticals products to Maldives.



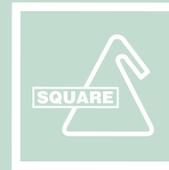
Myanmar Ministry of Health Officials Visited Square Pharmaceuticals Ltd.

Four high-level officials from the Ministry of Health (MOH), Myanmar recently visited Square Pharmaceutical's state-of-the-art Pharmaceutical Manufacturing Plant and Cephalosporin Plant at Kaliakoir, Dhaka, for a 3-day orientation program on W.H.O. c-GMP requirements. The orientation was focused on current GMP requirements on manufacturing and quality assurance of pharmaceutical products. The program covered all the essential components of GMP with especial emphasis given on documentation, production-environment control, personnel hygiene, raw material inspection and inventory control, quality audits, good laboratory practice (GLP), and the maintenance of consistent product quality through effective control and prevention of cross-contamination.

The issue of cGMP requirements about a stand-alone Cephalosporin Production Facility was also focused and the officials of MOH, Myanmar highly appreciated the timely step of Square Pharmaceuticals Ltd. in constructing the Cephalosporin Manufacturing facility with an investment of about 15.00 Million US Dollar, meeting the US FDA and UK MHRA requirements.

After the completion of the 3-day orientation program, Mr. Tapan Chowdhury, Managing Director of Square Pharmaceuticals Ltd. handed over certificates to the team members of the delegation, in presence of the Honorable Ambassador of Union of Myanmar in Bangladesh, Mr. U Thane Myint. High-level officials from the Embassy of Union of Myanmar in Bangladesh were also present during this program.

This is a matter of pride for Bangladesh that Ministry of Health of Myanmar has chosen Bangladesh for such an orientation on W.H.O. c-GMP requirements to its officials. And, Square Pharmaceuticals Ltd. has been chosen by the MOH, Myanmar, the market-leader of Bangladesh Pharmaceutical Industry since 1985, who has the most-advanced Pharmaceutical Manufacturing Facilities in Bangladesh and in this South-East Asia region, meeting the US FDA and UK MHRA requirements. Moreover, MOH Myanmar has considered the consistent quality-commitment of Square Pharmaceuticals in exporting its products to Myanmar since 1997, which made SQUARE Pharma the leader of Pharmaceutical Exporters from Bangladesh into Myanmar.



Squar's Particiaption At The 7Th Saarc Trade Fair At Karachi, Pakistan

Recently Square Pharmaceuticals Ltd. the leading and the largest pharmaceutical company from Bangladesh participated at the 7th SAARC Trade Fair at Karachi, Pakistan. The Fair was held at the Karachi Expo Centre from the 16th to the 18th of June, 2006. Square's stand situated at a prime location at the Main Hall of the Expo Centre attracted a large number of audiences who were keen to know about the company, its world-class manufacturing facilities and its quality products being presently exported to 28 countries world-wide. On the inaugural day, the 16th of June, 2006, Dr. Saeeda Malik the Minister for Women Development of the Sindh Province in Pakistan who made the official opening of the Trade Fair took a particular interest in the company by visiting its stand with other high-ranking government officials, and inquired about its products and its global activities. She was delighted to know that Square being the only local pharmaceutical entity from Bangladesh, which is on the verge of entering the regulatory markets of UK and the European Union. During its participation at the 7th SAARC Trade Fair at Karachi, the company has made contacts with some of the most influential and respected local and global pharmaceutical entities that are operating in Pakistan. They have shown great interest in Square's products, especially its huge range of products in different therapeutic classes to offer to the Pakistan Pharmaceutical Market, and most importantly, its wide range of newer molecules, combination drugs and some of its specialized products like inhalers, suppositories, nasal sprays that have a very unique demand in the Pakistan Pharmaceutical Market. The company has already forged ahead to evaluating these potential prospects for the final selection of partners who would best serve its long-term interest in this highly lucrative market. Square plans to launch its operation in Pakistan very soon.



SQUARE joined the 1st Sudan Pharma Exhibition

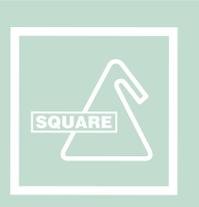
Square Pharmaceuticals Ltd, the market leader of Bangladesh Pharma Industry since 1985, puts another giant leap in pursuing its "Global Horizon Expansion Plan" by exhibiting its world-class pharmaceutical products in the 1st Sudan Pharma Exhibition, held in Khartoum.

Square Pharma's manufacturing plant have already been registered with the Ministry of Health, Sudan, the largest country in Africa, after the audit by the regulatory inspectors from Sudan in July 2005, a mandatory step before product-wise registration applications are accepted.

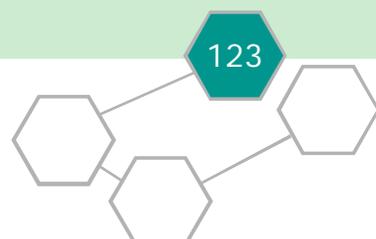
Square Pharma already approved, after the approval of its plants, to register about 40 products and expecting to formally launch its products at the end of 2006.

By showcasing its products, Square pharma drew the attention of a handsome number of the visiting doctors, pharmacists, businessman and citizen of Sudan and its neighboring countries; who highly appreciated the quality and attractive presentation of Square's products.





39th 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 40th Annual General Meeting of the Company to be held on Thursday the 21st September 2006 at 11:30 a.m. at Bangladesh-China Friendship Conference Centre, Agargaon, Sher-E-Bangla Nagar, Dhaka and at any adjournment thereof.

As witness my hand this day of _____ September 2006.

Affix
Revenue
Stamp

(Signature of the Proxy)

(Signature of the Shareholder)

Register Folio/BOID No. _____

Dated

Dated _____

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

Signature Verified

Authorized Signatory
Square Pharmaceuticals Ltd.

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ

রেজিষ্টার্ড অফিসঃ স্কয়ার সেন্টার, ৪৮ মহাখালী বাণিজ্যিক এলাকা, ঢাকা-১২১২

প্রস্তুতি ফরম

আমি/আমরা _____

ঠিকানা _____

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ এর সদস্য হিসেবে

জনাব/বেগম _____

ঠিকানা _____

আমার/আমাদের প্রতিনিধি হিসেবে আগামী বৃহস্পতিবার ২১শে সেপ্টেম্বর ২০০৬ সকাল ১১:৩০ মিনিটে বাংলাদেশ-চীন মৈত্রী সম্মেলন কেন্দ্র, আগারগাও, শেরেবাংলা নগর, ঢাকা-এ অনুষ্ঠিতব্য কোম্পানীর ৪০তম বার্ষিক সাধারণ সভায় এবং এর মূলতবী ঘোষিত সভায় আমার/আমাদের পক্ষে উপস্থিত থাকার এবং ভোট প্রদান করার জন্য নিযুক্ত করলাম।

স্বাক্ষর হিসেবে অদ্য _____ সেপ্টেম্বর ২০০৬ তারিখে আমি/আমরা এই দলিলে সজ্ঞানে স্বাক্ষর করলাম।

রেজিষ্টার্ড স্ট্যাম্প
সংযুক্ত করুন

প্রতিনিধির স্বাক্ষর

সদস্যের স্বাক্ষর

তারিখ _____

রেজিষ্টার্ড ফলিও/বিওআইডি নম্বর _____

তারিখ _____

বিঃ দ্রঃ প্রস্তুতি ফরম যথাযথ পূরণের পর সভা অনুষ্ঠানের ৪৮ ঘণ্টা পূর্বে কোম্পানীর রেজিষ্টার্ড অফিসে জমা দিতে হবে।

স্বাক্ষর পরীক্ষিত

অনুমোদনকারীর স্বাক্ষর
স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ

Countries where we are exporting

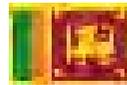
Asia



Myanmar



Bhutan



Sri Lanka



Nepal



Uzbekistan



Cambodia



Yemen



Vietnam



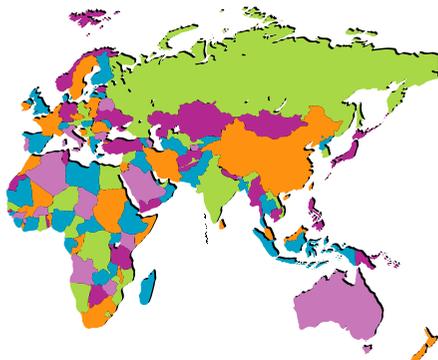
Tajikistan



Papua New Guinea



Iraq



Europe



Kosovo

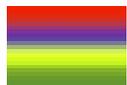


Ukraine

Africa



Kenya



Mauritius



Libya



Mozambique



Malawi



Sierra Leone



Ghana



Somalia



Benin



Gambia



Botswana



Niger



Rwanda



Comoro Islands



SQUARE
PHARMACEUTICALS LTD.
BANGLADESH