



**SQUARE**  
PHARMACEUTICALS LTD.  
BANGLADESH

# Annual Report

## 2007-2008



**SQUARE**



77th ICAB National Awards  
Best Published Article and E-Book 2018

*First Prize*

Best Published Article and E-Book 2018

**SQUARE PHARMACEUTICALS LTD**

THE INSTITUTE OF CHEMISTS,  
BANGLADESH

2018-19

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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, 2008**

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, 2008, Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended March 31, 2008 along with notes thereon and all related consolidated financial statements for your record/necessary measures.

Yours sincerely

Khandaker Habibuzzaman  
Company Secretary

Dated: 21st August, 2008

## **SQUARE PHARMACEUTICALS LTD.**

### **NOTICE TO THE SHAREHOLDERS**

Notice is hereby given that the 42nd ANNUAL GENERAL MEETING of the shareholders of Square Pharmaceuticals Ltd. will be held on **Tuesday the 16th September, 2008 at 11:00 a.m.** at **Bangladesh-China Friendship Conference Centre**, Agargaon, Sher-E-Bangla Nagar, Dhaka to transact the following business:

Agenda -1: To receive, consider and adopt the Accounts for the year ended March 31, 2008 together with the Report of the Directors and the Auditors thereon.

Agenda -2: To declare dividend for the year ended March 31, 2008.

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

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

By order of the Board



Khandaker Habibuzzaman  
Company Secretary

Dated: 21st August, 2008

#### Notes:

- (i) The proxy form must be affixed with requisite revenue stamp and be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
- (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 development goals for the human civilization

## Corporate Governance:

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

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

### **BOARD OF DIRECTORS:**

#### **(a) Constitution:**

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

#### **(b) Role & Responsibilities:**

The main role of the Board of Directors, which is the highest level of authority, is to provide general superintendence, oversee the operations and control the affairs of the company through appropriate delegation and accountability processes via the lines of command. However the Board of Directors hold the ultimate responsibility & accountability with due 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 carries out its responsibilities as per the provisions of law and submits its report to the Board of Directors from time to time. The Audit Committee shall also 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 including Legal experts, Bankers, Insurers and Technical experts who continuously assist the Board of Directors and the Executive Management in properly discharging their duties to all the shareholders, stakeholders, the Government and the public as highlighted below:

### **(1) Independent Director:**

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

### **(2) Legal Advisers:**

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

Mr. Rafiqul-ul Huq, Bar-at-Law  
Mr. Rokonuddin Mahmud, Bar-at-Law  
Mr. M. Moniruzzaman Khan, Bar-at-Law  
Ms. Nihad Kabir, Bar-at-Law

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

### **(3) Bankers:**

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

Janata Bank Ltd.  
Citibank 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 today naturally believe in dividend payouts today with less regard for the consequence tomorrow and those living tomorrow would prefer dividend payouts tomorrow without regard for the sacrifices we make today to allow their greater consumption tomorrow.

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

## **SHAREHOLDERS' RELATIONSHIP**

Corporate Governance issues include how major policy decisions are made in business corporations, how various stakeholders can influence the process, who is held accountable for performance and what performance standards are applied. In a nutshell power and influence are crucial in corporate governance. As shareholders belong to the most important stakeholders, ownership structure has an impact on the balance of power among shareholders. Though sponsors usually hold majority shares required for ordinary resolutions, public shareholders have a definite role and influence in the passing of special resolutions required for changes in the business object, sale of business/productive assets, merger and amalgamation, winding up or dissolution and amendments to Memorandum and Articles of Association for protection of minority interest up to 49.9% of the shareholdings. The position of shareholders as on 31-03-2008 indicates that the sponsors of the company do not hold the required shareholdings (75%) for passing special resolutions. This allows the public shareholders (individuals & institutions) to play an effective role in protecting their legal corporate rights.

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

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

## **CORPORATE SOCIALISATION**

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

## **RESEARCH AND NEW PRODUCTS DEVELOPMENT**

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

## **BEYOND THE BORDER**

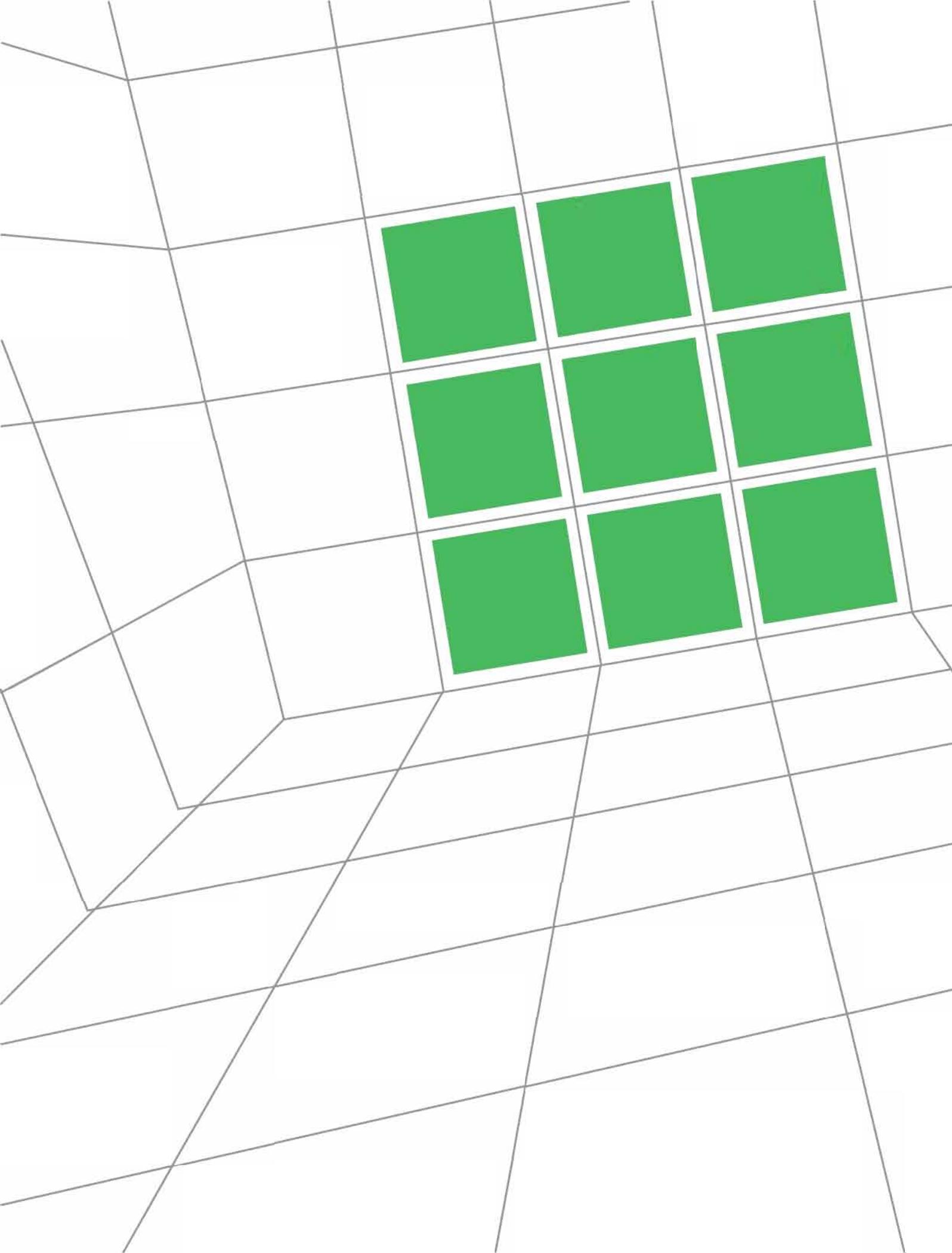
Corporate social responsibility, an element of Good Corporate Governance, extend to the society to the government and beyond the borders of the country for social good as well as for contribution of Foreign Exchange Resources to the National Exchequer. To this end, the company is making entry into foreign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

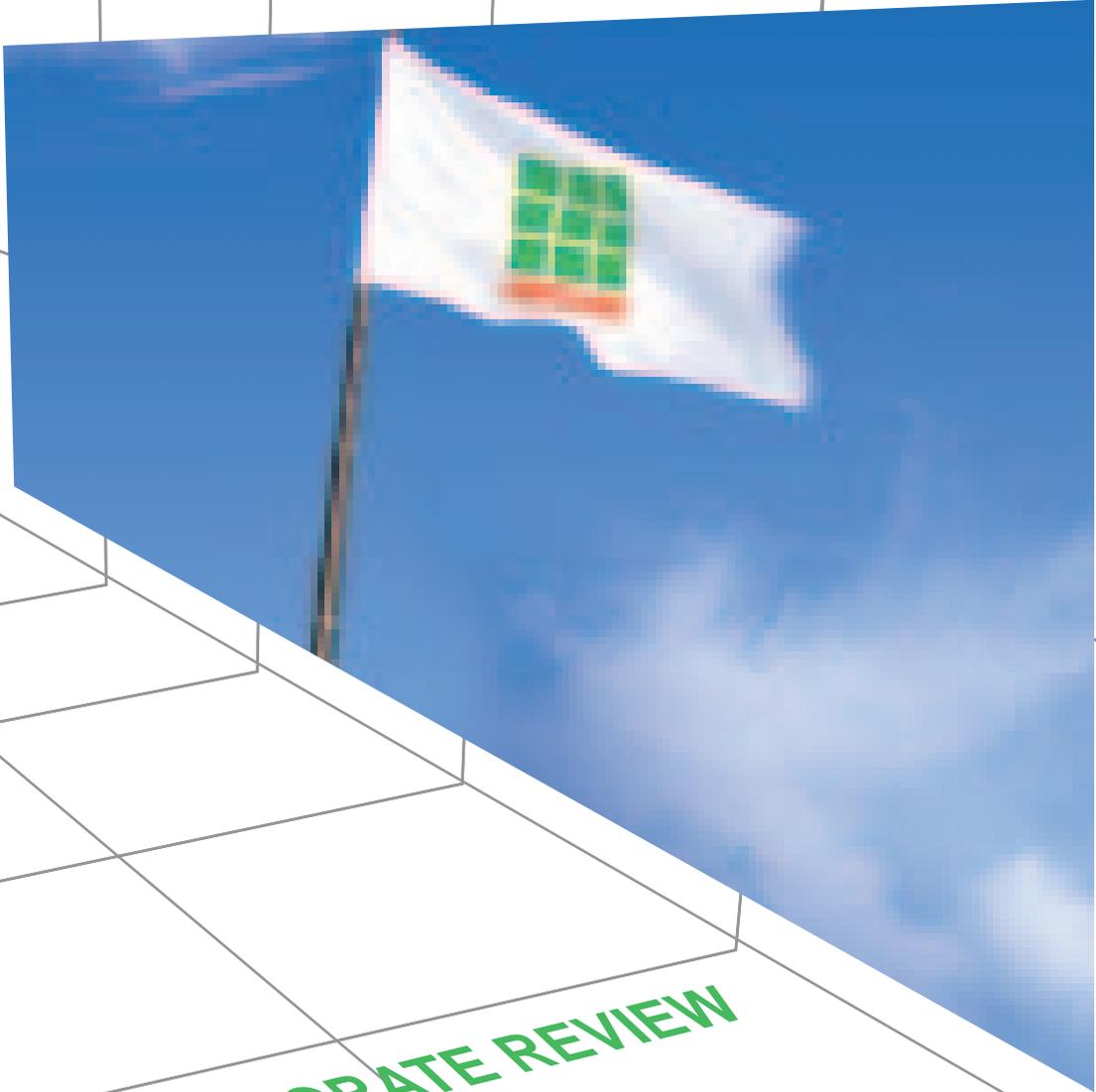
## **SEGMENT REPORT**

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

## **RISK PERCEPTION**

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





**CORPORATE REVIEW**



## MANAGEMENT APPARATUS

### BOARD OF DIRECTORS

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

### AUDIT COMMITTEE

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

### MANAGEMENT COMMITTEE

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

### SENIOR CORPORATE OFFICIALS

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

### COMPANY SECRETARY

Mr. Khandaker Habibuzzaman, MBA, ACS

### AUDITORS

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

### LEGAL ADVISORS

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

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

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

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

### BANKERS

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

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

Standard Chartered Bank  
67, Gulshan Avenue, Gulshan, Dhaka

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

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

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

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

### INSURERS

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

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

### LISTING

Dhaka Stock Exchange Ltd.  
Chittagong Stock Exchange Ltd.

### REGISTERED OFFICE

"Square Centre"  
48, Mohakhali C.A  
Dhaka-1212, Bangladesh  
Phone: 8833047-56, 8859007 (10 Lines)  
[www.squarepharma.com.bd](http://www.squarepharma.com.bd)

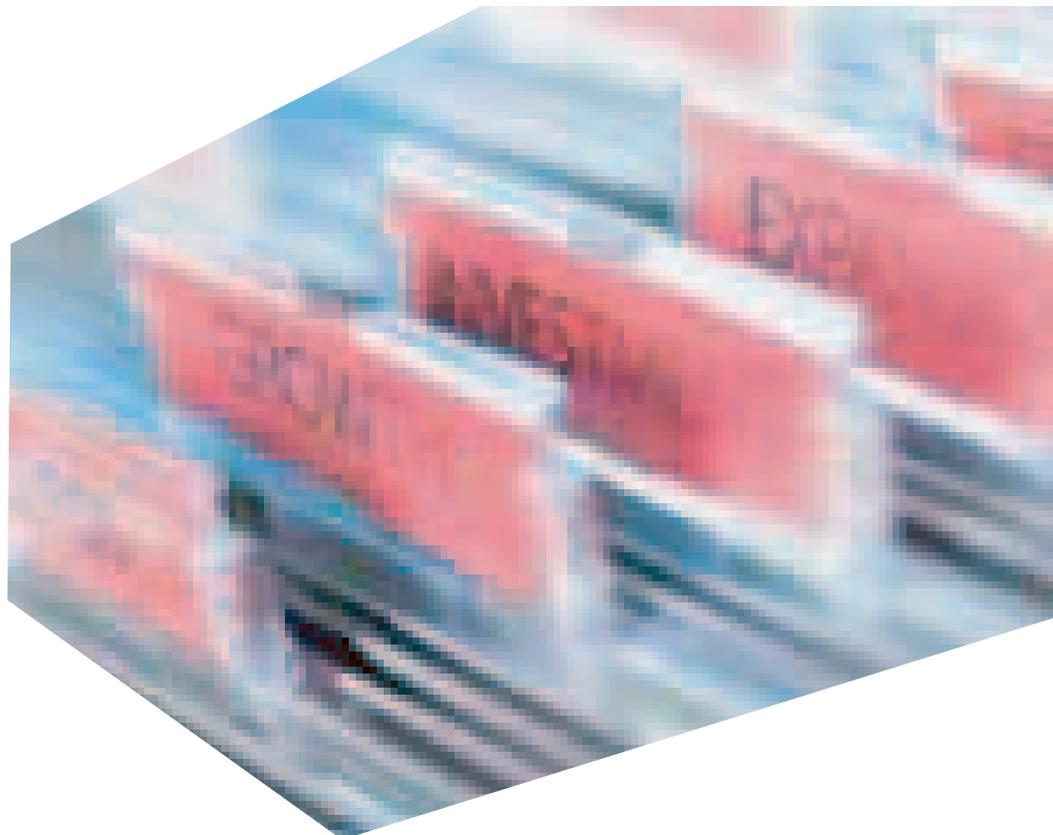
### FACTORIES

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



## CORPORATE HISTORY:

- Year of Establishment (Initially as a Partnership) : 1958
- Incorporated as a Private Limited Company : 1964
- Technical Collaboration Agreement with Janssen Pharmaceuticals of Belgium ( a subsidiary of Johnson & Johnson International Ltd.) : 1975
- Technical Collaboration Agreement with F. Hoffman-La Roche & Co. Ltd. : 1984
- Converted into Public Limited Company : 1991
- Initially Public Offering (IPO) : 1994
- Stock Exchange Listings : 1995
- Agreement with M/s. Bovis Tanvec Ltd. of UK for implementation of Dhaka Plant : 1996
- Awarded ISO-9001 Certificate : 1998
- Awarded UK-MHRA Certificate : 2007
- Business Lines : Manufacturing and Marketing of Pharmaceutical Finished Products, Basic Chemicals, AgroVet Products and Pesticide Products
  
- Authorized Capital : Tk. 5,000 million
- Paid-up Capital : Tk. 894.24 million
- Number of Employees : 3,564
- Subsidiary Company
  - Square Spinnings Ltd.
  - Square Cephalosporins Ltd.
  - Square Biotechs Ltd.
  
  - Square Textiles Ltd.
  - Square Knit Fabrics Ltd.
  - Square Fashions Ltd.
  - Square Hospitals Ltd.
  
- Associate Company



## CORPORATE OPERATIONAL RESULTS:

(Figure in thousand)

	2007-08	2006-07	2005-06	2004-05	2003-04
Turnover (Gross)	9,565,716	8,711,035	7,085,553	6,199,135	5,482,088
Value Added Tax	1,307,872	1,210,223	995,648	867,088	760,536
Turnover (Net)	8,257,844	7,500,811	6,089,905	5,332,047	4,721,552
Gross Profit	3,401,782	3,232,364	2,564,503	2,172,593	1,906,592
Net Profit before Tax	1,868,634	1,722,906	1,533,043	1,513,019	1,151,636
Net Profit after Tax	1,381,863	1,303,243	1,165,865	1,255,848	970,044
Shareholders' Equity	8,417,041	7,333,258	6,402,015	5,568,790	4,590,142
Total Assets	12,703,127	10,486,940	9,298,987	7,907,933	6,021,497
Total Bank Borrowings	3,569,280	2,536,524	2,334,925	1,902,331	988,611
Total Current Assets	4,411,836	3,682,511	4,031,685	3,242,502	2,016,056
Total Current Liabilities	3,500,845	2,555,566	2,260,755	1,949,949	1,250,676
Current Ratio	1.26	1.44	1.78	1.66	1.61
No. of Share Outstanding	8,942,400	5,961,600	4,968,000	4,320,000	3,600,000
Dividend per Share (Cash)	40	50	75	77	70
Dividend per Share (Stock)	35%	50%	20%	15%	20%
Shareholders' Equity per Share	941	820	716	623	513
EPS at original capital at IPO	690.93	651.62	582.93	627.92	485.02
Earning per Share (SPL)	154.53	145.74	130.37	140.44	108.48
Earning per Share (Consolidated)	170.28	163.06	151.47	146.64	112.70
Quoted Price per Share - DSE	4,110	2,447	2,276	3,768	2,272
Quoted Price per Share - CSE	4,107	2,462	2,289	3,766	2,316
Price Earning Ratio-DSE (Time)	26.60	16.79	17.46	26.83	20.94
Number of Shareholders	31,688	13,009	13,206	10,486	9,270
Human Resources:					
Executives	1,525	1,242	1,143	949	895
Staff	1,110	913	796	740	686
Workers	929	846	764	705	661



## GOODWILL MESSAGE FROM THE CHAIRMAN

### Dear Shareholder, Colleague and Ladies & Gentlemen

I wish the best in life to you all who have so kindly taken the trouble of assembling in the august occasion of the 42nd Annual General Meeting of your Company to consider and approve the Directors' Report and Audited Accounts together with Auditors' Report thereon for the year 2007-2008 as placed hereunder.

Historical events in the country during the year under review have had different degrees of impacts not only on the life of individuals but also on the operational conditions of corporate bodies. The devastations caused by repeated floods and the SIDR had enormous effects on life and properties of the people with reduced purchasing power which was further adversely affected by serious level of price rises of almost all consumers goods leaving the poorer sector pauper. Though the exports, especially RMG sector grew by about 15.8% and reached USD 12 billion mark, import grew at 16.6% and reached USD 15.5 billion level. Remittance from wage earners had impressive growth of 24.5% reaching USD 5.98 billion with very positive impact on balance of payment. However, as the price of crude oil continues to move-up and up every day, the danger for Bangladesh which depends heavily on imports of fuel oil, looms large. This threat, is likely to have serious balance of payment and inflationary pressure, reduced purchasing power etc. with consequential impact on our sales and profitability. In order to survive from the possible crisis pharmaceutical sector would need certain degree of support as follows:

- (a) Investment for expansion units should be allowed tax holiday upto 2020.
- (b) VAT should be withdrawn in totality if not reduced minimum 50% of the present rate from life saving drugs so that consumers' price could be brought down.

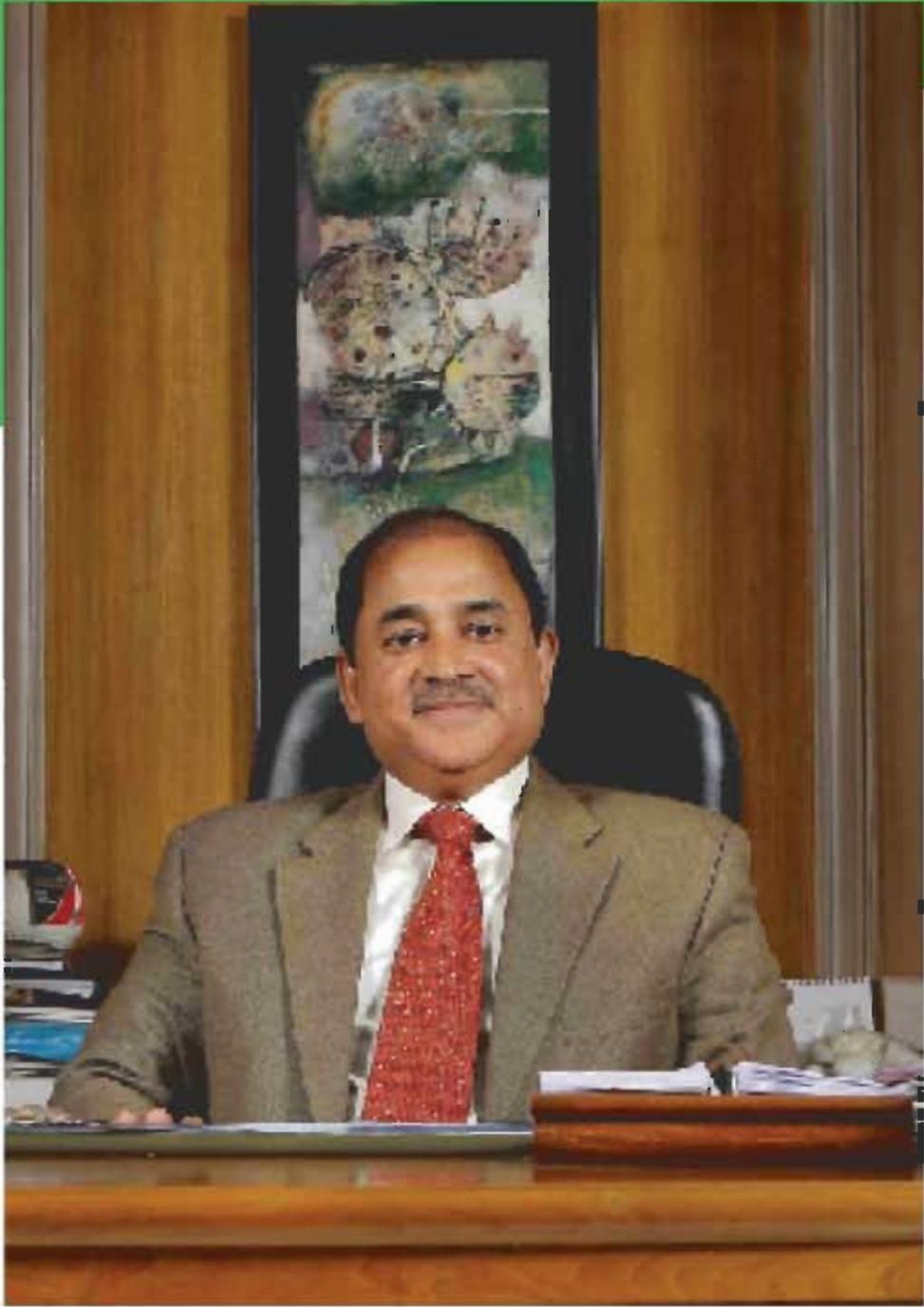
The scenario, though appears apprehensive, is expected to change for better from the expected ensuing events in the country and abroad which might ease crude crisis in the international market having positive impact on our GDP with resultant contribution to effective growth in various industrial including pharmaceutical sector. We, therefore, should get neither disillusioned nor disappointed, but look for a better days ahead.

With best wishes to you all.



Samson H. Chowdhury

Chairman



## ADDRESS OF WELCOME BY THE MANAGING DIRECTOR

### **Respected shareholders,**

I, as the CEO, feel obliged to take the opportunity to address you for submission of the state of affairs of the Company with a sense of accountability to all the shareholders and other stakeholders. The Management Team leads the entire range of activities with dedication, deft, dependability, determination, devotion, dexterity, dignity, diligence, discipline, discretion, distinction, drive, dutifulness and dynamism that are rarely available in a society of ours. The life-line is provided by all employees, staff members and officers of each echelon of organization hierarchy. We take them into full confidence for holding the top position in the market and offering the highest return to the providers of capital our valued shareholders. I would like to assure you all that we never forget the onus due to your trust on us. We continue our endeavour to run our business with full transparency and ethical codes, our Corporate Social Responsibility to our government, our neighbours, our society and the people in general. We plead to you all to accord us your support and co-operation to enable us to keep holding on to the top position.

Looking forward to further better days.



Tapan Chowdhury  
Managing Director



Mr. Samson H. Chowdhury  
Chairman

## Board of Directors



Mr. Tapan Chowdhury  
Managing Director



Dr. Kazi Harunar Rashid  
Director



Mr. Samuel S. Chowdhury  
Director



Mr. M. Sekander Ali  
Independent Director



Mrs. Ratna Patra  
Director



Mr. Anjan Chowdhury  
Director



Mr. Kazi Iqbal Harun  
Director



Mr. K. M Saiful Islam  
Director

SQUARE PHARMACEUTICALS LTD.

**Directors' Report**

TO THE SHAREHOLDERS FOR THE YEAR 2007-2008

**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 2008 in the following paragraphs:

**1. ECONOMIC & ENVIRONMENTAL SITUATION :**

Growth in industrial production, exports and remittance from NRB helped maintain GDP growth rate above earlier performances, though marginally at lower rate of 6.5% than that of 6.7% in the previous year. The period has however experienced continuous rise in prices of essential items. This is primarily attributed to abnormal price increase of crude oil in international market. This had obviously negative impact on disposable income of general masses whose expenditures on healthcare would decline as a resultant impact.

**2. PHARMACEUTICAL SECTOR :**

The pharmaceutical sector attained a growth of 15.80% during the year 2007 as against 4.08% 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
2003	5.90%	15.91%
2004	8.60%	13.08%
2005	17.50%	14.30%
2006	4.08%	23.17%
2007	15.80%	28.60%

**স্কয়ার ফার্মাসিউটিক্যালস লিঃ**

২০০৭-২০০৮ 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 একাউন্ট্যান্টস্ অব বাংলাদেশ কর্তৃক গৃহীত আইএএস-১ (আন্তর্জাতিক হিসাব মানদণ্ড-১) অনুসারে ৩১শে মার্চ ২০০৮ তারিখে সমাপ্ত আর্থিক বছরের প্রতিবেদন সম্মানিত শেয়ারহোল্ডারবৃন্দের কাছে নিম্নোক্ত পরিচ্ছদগুলোতে পেশ করছেন :

**১. অর্থনৈতিক ও বাণিজ্যিক পরিস্থিতি:**

দেশের শিল্প কারখানায় উৎপাদন, রপ্তানী এবং বিদেশে অবস্থিত বাংলাদেশী কর্তৃক বৈদেশিক অর্থ প্রেরণ জিডিপি'র লক্ষ্যমাত্রার প্রবৃদ্ধিতে সহায়ক ভূমিকা পালন করেছে যদিও গত বছরের জিডিপি ৬.৭% হতে সামান্য মাত্রাই কমে হয়েছে ৬.৫%।

তবে আলোচ্য বছরে নিত্য প্রয়োজনীয় দ্রব্যসামগ্রীর মূল্য বৃদ্ধি পেয়েছে। আন্তর্জাতিক বাজারে অস্বাভাবিকভাবে অপরিশোধিত তেলের মূল্য বৃদ্ধি হওয়ার ফলশ্রুতি। যার ফলে সাধারণ মানুষের আওতাধীন আয়ের উপর বিরূপ প্রতিক্রিয়া সৃষ্টি হওয়ায় চিকিৎসা খাতেও ব্যয় হ্রাস পেয়েছে।

**২. ফার্মাসিউটিক্যালস সেক্টর:**

ফার্মাসিউটিক্যাল সেক্টর অত্র ২০০৭ সালে শতকরা ১৫.৮০ ভাগ প্রবৃদ্ধি অর্জন করেছে যা বিগত ২০০৬ সালে ছিল ৪.০৮ ভাগ। বিগত কয়েক বছরের ঊষধ খাত ও কোম্পানীর প্রবৃদ্ধির তুলনামূলক চিত্র নিম্নে উপস্থাপন করা হলো:

### 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	100,738,657	(ক) জমি	১০০,৭৩৮,৬৫৭
(b) Building	110,410,593	(খ) ভবন	১১০,৪১০,৫৯৩
(c) Plant & Machinery	409,853,600	(গ) যন্ত্রপাতি	৪০৯,৮৫৩,৬০০
(d) Laboratory Equipments	36,424,234	(ঘ) গবেষণার যন্ত্রপাতি	৩৬,৪২৪,২৩৪
(e) Other Equipment/Assets	149,169,150	(ঙ) অন্যান্য যন্ত্রপাতি/সম্পদ	১৪৯,১৬৯,১৫০
Total Tk.	<u>806,596,234</u>	মোট টাকা	<u>৮০৬,৫৯৬,২৩৪</u>

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

Sl. No.	Particulars/ Product	Unit	Capacity	Actual Output		Capacity Utilisation	
				2006-07	2007-08	2006-07	2007-08
1	Tablets	Pcs	2,870,000	2,460,024	2,645,055	86%	92%
2	Capsules	Pcs	411,667	491,713	599,305	119%	146%

#### (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)
2003-04	9	242	129.71	112.29	53.60%	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
2006-07	9	318	160.25	157.75	50.39%	270.88
2007-08	11	308	214.44	117.83	69.62%	356.99

#### ৩. কার্যক্রম পর্যালোচনা:

##### (১) ফার্মা প্লান্ট:

পাবনা এবং কালিয়াকৈর-এ অবস্থিত কারখানার উৎপাদন ক্ষমতা, দক্ষতা, পরিমাণগত এবং গুণগত মান বৃদ্ধির লক্ষ্যে উন্নত প্রযুক্তি, গবেষণা এবং প্রশিক্ষণ কার্যক্রম অব্যাহত আছে। এই বিষয়ে আলোচ্য বছরে কোম্পানীর প্রকৃত বিনিয়োগের বিবরণ নিম্নে প্রদত্ত হলো :

পাবনা এবং ঢাকা প্লান্টের মিলিত উৎপাদিত পণ্যের পরিমাণ (ট্যাবলেট ও ক্যাপসুল) গত বছরের তুলনায় বৃদ্ধি পেয়েছে যা নিম্নে প্রদত্ত হলো :

(Quantity in thousand)

##### (২) কেমিক্যাল প্লান্ট:

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

**(3) PRODUCT DEVELOPMENT:**

The following table shows the position of existing, discarded and new products introduced during the year 2007-2008:

**(৩) নতুন ঔষধ সম্প্রসারণ:**

আলোচ্য ২০০৭-০৮ সালে বিদ্যমান, নতুন সংযোজিত এবং বাতিলকৃত ঔষধের বিবরণ নিম্নের সারণীতে উপস্থাপন করা হলো:

Sl. No.	Products Categories	Position as on 31-03-07	Added during the year	Discarded	Total Net 31-03-08
1	Tablets	218	17	-	235
2	Capsules	56	4	-	60
3	Liquids	56	4	-	60
4	Injectables	42	2	-	44
5	E N T Preparations & Others	45	2	-	47
6	Ophthal Preparations & Others	10	1	-	11
7	Dry Syrup	19	1	-	20
8	Suppository	5	1	-	6
9	Inhaler	10	-	-	10
10	Basic Chemicals	9	2	-	11
11	Tablet, Powder, Liquid, Injectable -AgroVet	26	1	-	27
12	Aerosol	1	-	-	1
	<b>Total</b>	<b>497</b>	<b>35</b>	<b>-</b>	<b>532</b>

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

**Fexo**<sup>®</sup>  
Fexofenadine HCl

**Anti-histamine**  
with excellence

60 mg Tablet  
120 mg Tablet  
180 mg Tablet

Relieves all types of allergic symptoms

#### (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	
			2006-07	2007-08		2006-07	2007-08
1	Tablets	Pcs	2,460,024	2,645,055	7.52	113%	92%
2	Capsules	Pcs	491,713	599,305	21.88	160%	146%
3	Liquids	Bottles	36,135	56,615	56.68	59%	57%
4	Injectables (Vials & Ampoules)	Pcs	30,631	29,171	(4.77)	68%	62%
5	ENT Preparations & Others	Phials	13,435	13,040	(2.94)	90%	87%
6	Ophthal Preparations & Others	Phials	1,866	1,799	(3.59)	93%	45%
7	Dry Syrup	Bottles	5,157	3,420	(33.68)	86%	34%
8	Suppository	Pcs	7,767	8,582	10.49	78%	57%
9	Inhalers	Can	881	1,222	38.71	44%	36%
10	Basic Chemicals	Kg	318	308	(3.27)	94%	75%
11	Tablet -AgroVet	Pcs	2,501	3,333	33.27	21%	28%
12	Powder- AgroVet	Gm	25,493	31,177	22.30	93%	236%
13	Injection-AgroVet	Pcs	511	1,357	165.56	11%	30%
14	Liquids -AgroVet	Bottles	107	120	12.15	10%	11%
15	Aerosol	Pcs	246	152	(38.11)	17%	10%

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

#### (5) QUALITY CONTROL:

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

#### (৪) উৎপাদন/উৎপাদন ক্ষমতার ব্যবহার:

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

#### (৫) মান নিয়ন্ত্রণ:

ফার্মাসিউটিক্যালস 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 গ্রহণ করে গবেষণা কার্যক্রমে ব্রতী হয়েছেন। আমরা তাঁদের জন্য গর্বিত।

**(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 (2007-2008) the company invested an amount of Tk. 36,424,234 in improving its Laboratory.

**(7) EXPORT:**

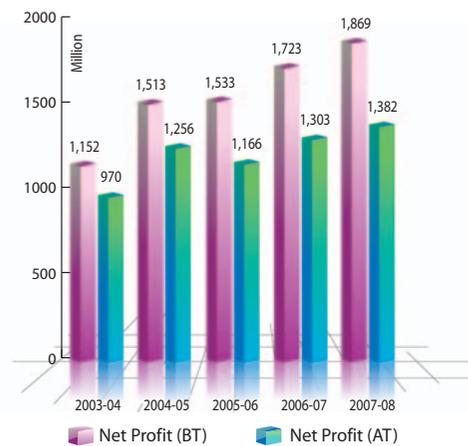
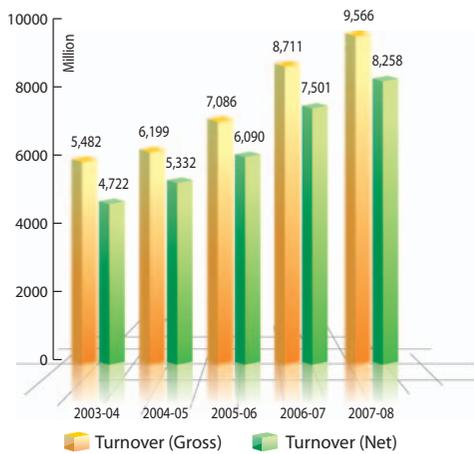
The company is continuously pressing hard for expanding its export sales. During the year under review, the exports amounted to Tk. 212.49 million as against Tk. 192.95 million in previous year, a 10.13% increase. The exports are expected to rise in the coming years. Present export market covers Myanmar, 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, Rwanda, Afganistan, Tanzania and Macau countries. As the Company has secured licence under UK MHRA, it is expected that the export potential will increase substantially in the near future. It may be mentioned that the company has, for the first time, exported basic chemicals for over Tk. 2 million during the year.

**(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 ২০০৭-২০০৮ অর্থ বছরে কোম্পানী ল্যাবরেটরী আধুনিকায়নে বিনিয়োগ করেছে ৩৬,৪২৪,২৩৪ টাকা।

**(৭) রপ্তানি:**

কোম্পানী প্রতিনয়িতই রপ্তানি বাজার সম্প্রসারণে সর্বাত্মক প্রচেষ্টা চালাচ্ছে। পর্যালোচিত বছরে কোম্পানীর মোট রপ্তানির পরিমাণ ২১২.৪৯ মিলিয়ন টাকা যেখানে গত বছর ছিল ১৯২.৯৫ মিলিয়ন টাকা যা বিগত বছরের তুলনায় ১০.১৩ 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, বস্‌নিয়া, কম্বোডিয়া, কমোরস আইল্যান্ড, তাজিকিস্তান, মোজাম্বিক, জাম্বিয়া, নাইজার, রুয়ান্ডা, আফগানিস্তান, তানজানিয়া এবং ম্যাকাও। কোম্পানী ইউ কে, এম এইচ আর এ এর স্বনামধন্য সনদ অর্জন করেছে যার পরিপ্রেক্ষিতে ভবিষ্যতে রপ্তানীর পরিমাণ উল্লেখযোগ্য হারে বৃদ্ধি পাবে। উল্লেখ্য যে আলোচ্য বছরে কোম্পানী প্রথমবার তার বেসিক কেমিক্যালস রপ্তানী করেছে যার পরিমাণ ২.০০ মিলিয়ন টাকা।



## (8) SUBSIDIARY OPERATION:

### (a) Square Spinings Ltd. (SSL):

The company (SPL) holds 98% equity (out of Tk. 100 million) in Square Spinings Ltd. which has a production capacity of 10,650,000 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 (2004-2007) is given below:

	2004	2005	2006	2007
Production (Kg)	7,985,642	9,493,386	9,403,898	9,430,524
Sales Revenue (Tk.)	994,196,910	1,135,288,724	1,254,047,877	1,267,718,266
Gross Profit (Tk.)	177,902,019	181,375,253	203,054,427	181,485,387
Net Profit (BT)	109,264,500	110,168,590	119,227,412	113,298,350
Net Profit (AT)	109,264,500	69,110,790	101,343,300	96,177,020
Gross Margin	17.90%	15.98%	16.19%	14.32%
Net Margin	11.00%	9.70%	8.08%	7.59%
EPS (Tk.)	109.26	69.11	101.34	96.18
NAV (Tk.)	445.60	514.71	616.05	712.23

### Capacity Utilisation (SSL):

The capacity utilisation and operating profitability (BT) show improvement resulting in increase in Net Asset Value to shareholders. The Net Asset Value (NAV) per share increased by 15.61% over 2006. The company did not declare any dividend. There is no Long Term Loan. This has made the investments free of any encumbrances except for current liabilities which is covered by current assets with a positive current ratio of 1:1.58 which is highly satisfactory.

## (৮) সাবসিডিয়ারি প্রতিষ্ঠানগুলোর কার্যক্রম:

### (ক) স্কয়ার স্পিনিংস্ লিঃ (এসএসএল):

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ, স্কয়ার স্পিনিংস্ লিঃ (এসএসএল) এর ইকুইটির ৯৮ শতাংশ স্বত্বাধিকারী (১০০ মিলিয়ন টাকার মধ্যে) এবং কোম্পানীটি ২০০১ এর ১০ই জানুয়ারী হতে বাণিজ্যিক ভাবে সুতা উৎপাদন শুরু করে এবং এর বাৎসরিক উৎপাদন ক্ষমতা ১০,৬৫০,০০০ কেজি। কোম্পানীটির তুলনামূলক কার্যক্রম (২০০৪-২০০৭) নিম্নে উপস্থাপন করা হলো:

### উৎপাদন ক্ষমতার প্রয়োগ:

শেয়ারহোল্ডারদের নীট সম্পদের মূল্য বৃদ্ধি পেয়েছে। উৎপাদন ক্ষমতার প্রয়োগের ফলে নীট সম্পদের মূল্য গত বছরের তুলনায় ২৫.৬১% বৃদ্ধি পেয়েছে। কোম্পানীটির দীর্ঘ মেয়াদী কোন দেনা নেই এবং আলোচ্য বছরে কোন লভ্যাংশ ঘোষণা করে নাই। এ ব্যবস্থা গ্রহণের ফলে কোম্পানীর বিনিয়োগ সমূহ সকল প্রকার দায় থেকে মুক্ত হয়েছে। চলতি দায় ব্যতিরেকে যা চলতি সম্পদ দ্বারা সুরক্ষিত এবং এর অনুপাত হলো ১:১.৫৮ যা অত্যন্ত সন্তোষজনক।

**Penrif<sup>®</sup> 15 Cream**  
Methyl Salicylate BP 15% & Menthol BP 10%

&

**Penrif<sup>®</sup> 30 Cream**  
Methyl Salicylate BP 30% & Menthol BP 8%

**Relieve pain on the spot**

- ✓ Muscle ache & backache
- ✓ Joint pain
- ✓ Minor arthritis
- ✓ Strains & Sprains

**Pain Relieving Cream**



The following changes took place in the position as on 31-12-2007 and 31-03-2008 being the dates of closure of accounting year for Square Spinnings Ltd. and the company (SPL) respectively:

অর্থবছর সমাপ্তির দিনে যথাক্রমে ৩১-১২-২০০৭ এবং ৩১-০৩-২০০৮ তারিখে স্কয়ার স্পিনিংস লিঃ এবং স্কয়ার ফার্মাসিউটিক্যালস লিঃ এর পরিবর্তিত অবস্থা নিম্নে উপস্থাপন করা হলো:

(Taka)

Sl. No.	Particulars	Position as on 31-12-2007	Position as on 31-03-2008
(1)	Fixed Asset Cost of Square Spinnings Ltd.	812,269,240	812,269,240
(2)	Investment by Square Pharmaceuticals Ltd.		
	- Share Capital	98,000,000	98,000,000
	- Short Term Loan	188,839,144	124,298,035

Report of the Directors of the Company together with Audited Accounts containing Balance Sheet, Income Statement, Statement of Changes in Equity and Cash Flow Statement and Auditors Report thereon are included herein. In order to achieve economy in operations and efficiency in management of SSL has been proposed to be merged with Square Textiles Ltd. (STXL). By this merger the Shareholders of SSL would have received 11.5 Shares of Tk. 10 each of STXL for 1(one) Share of Tk. 100 each of SSL. The compensation plan was based on the EPS of both STXL and SSL for 2006 which stood at Tk.10.17 and Tk. 10.13 for STXL and SSL respectively (For SSL Share converted at Tk. 10 each for comparison) and Bonus Shares issued by STXL to its Shareholders after 31 December, 2006 at the ratio of 15:100. The proposal was approved by Shareholders of STXL on 7th June 2007 at its AGM. SPL would have received 11,270,000 shares of Tk. 10 each against of 980,000 shares of Tk. 100 each. The effective date of amalgamation of SSL with STxL was proposed to be April 01, 2007 subject to approval by the Court which recently has passed order for amalgamation of SSL with STXL on their 7th day after issuing consent for the required share issue by SEC. As such the effective date would now be after SEC's consent in future.

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

কোম্পানী ব্যবস্থাপনা, পরিচালনায় দক্ষতা বৃদ্ধি এবং ব্যয় সংকোচন এর লক্ষ্যে স্কয়ার স্পিনিংস লিঃ, স্কয়ার টেক্সটাইলস লিঃ এর সাথে একীভূত হওয়ার প্রস্তাব করেছে। এর ফলে স্কয়ার স্পিনিংস এর শেয়ার হোল্ডারগণ তার ১০০/- টাকা মূল্য মানের ১টি শেয়ারের বিপরীতে ১০ টাকা মূল্যমানের ১১.৫টি স্কয়ার টেক্সটাইলস লিঃ এর শেয়ার পাবে। কোম্পানী সমূহের ২০০৬ সালের শেয়ার প্রতি আয় যথাক্রমে ১০.১৩ টাকা এবং ১০.১৭ টাকা (স্কয়ার স্পিনিংস এর শেয়ার ১০০ টাকা থেকে ১০ টাকায় পরিবর্তন পূর্বক) এবং ২০০৬ অর্থ বছরের স্কয়ার টেক্সটাইলস কর্তৃক ঘোষিত বোনাস (১০০:১৫) কে গণ্য করে ক্ষতিপূরণ পরিকল্পনা গ্রহণ করা হয়েছে। এই প্রস্তাব স্কয়ার টেক্সটাইলস এর বিগত ৭ জুন, ২০০৭ তারিখে অনুষ্ঠিত সাধারণ সভার শেয়ারহোল্ডার কর্তৃক অনুমোদিত হয়েছে। এর প্রেক্ষিতে স্কয়ার ফার্মা, স্কয়ার স্পিনিংস-এর ১০০ টাকা মূল্যমানের ৯৮০,০০০ টি শেয়ারের বিপরীতে ১০ টাকা মূল্য মানের ১১,২৭০,০০০ টি শেয়ার পাবে। মহামান্য আদালত কর্তৃক অনুমোদন সাপেক্ষে ১ এপ্রিল, ২০০৭ইং তারিখ হতে কোম্পানীদ্বয় একীভূত হওয়ার প্রস্তাব করা হয়েছিল যা সম্প্রতি মাননীয় আদালত কর্তৃক এই মর্মে একীভূত হওয়ার অনুমোদন করেছে যে, এসইসি কর্তৃক সম্মতি পাওয়ার ৭ (সাত) দিনের মধ্যে কার্যকর হবে। এখন এসইসি কর্তৃক ভবিষ্যতে সম্মতি পাওয়ার পর একীভূতকরণ কার্যকর হবে।

**(b) Square Cephalosporins Ltd. (SCL):**

SCL has fully implemented the pharmaceuticals project for production of Drugs & Medicines at Kaliakoir, Gazipur at a cost of Tk. 954,520,884. For this purpose SPL has leased out a building covering 60,955 Sq. ft. on a piece of land measuring 215 decimals at an annual lease rent of Tk. 10,080,000 The project cost is as follows:

1) Plant & Machinery	341,279,537
2) Laboratory Equipment	96,816,034
3) Electro Mechanical Equipment	510,935,147
4) Other Assets	5,490,166
Total Tk.	<u>954,520,884</u>

The SCL commenced production from November, 2006. The operating results of SCL for the period ended 31 March 2007 and 2008 are given below:

	2007	2008
Gross Turnover	Tk. 72,355,039	1,129,832,873
Net Turnover	Tk. 60,848,505	967,339,849
Gross Profit/(Loss)	Tk. (96,331,009)	399,808,653
Net Profit/(Loss)	Tk. (120,466,871)	85,347,129

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

**(খ) স্কয়ার সেফালস্পেরিনস লিঃ (এসসিএল):**

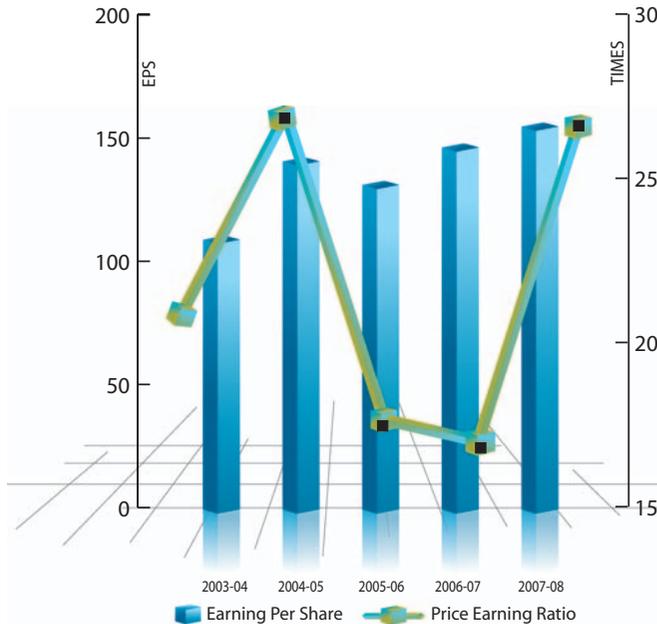
স্কয়ার সেফালস্পেরিনস লিমিটেড ৯৫৪,৫২০,৮৮৪ টাকা ব্যয়ে ঔষধ ও ঔষধ সামগ্রী প্রস্তুতের জন্য কালিয়াকৈর গাজীপুর এ একটি অত্যাধুনিক ফার্মাসিউটিক্যালস্ ফর্মুলেশন প্রকল্প স্থাপন করেছে। স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ তার ২১৫ শতাংশ একটি জমির উপর ৬০,৯৫৫ বর্গফুট আকৃতির দালান বার্ষিক ১০,০৮০,০০০ টাকায় স্কয়ার সেফালস্পেরিনস লিঃ এর নিকট ইজারা প্রদান করেছে। প্রকল্পটির ব্যয় নিম্নে উপস্থাপন করা হলো:

১) যন্ত্রপাতি	৩৪১,২৭৯,৫৩৭
২) গবেষণার যন্ত্রপাতি	৯৬,৮১৬,০৩৪
৩) ইলেক্ট্রো মেকানিক্যাল যন্ত্রপাতি	৫১০,৯৩৫,১৪৭
৪) অন্যান্য সম্পদ	৫,৪৯০,১৬৬
মোট টাকা	<u>৯৫৪,৫২০,৮৮৪</u>

প্রকল্পটি ২০০৬ সালের নভেম্বর মাস হতে উৎপাদন শুরু করেছে। ৩১ মার্চ ২০০৭ এবং ২০০৮ তারিখে প্রকল্পের কার্যকরী ফলাফল নিম্নে প্রদত্ত হলো:

	২০০৭	২০০৮
মোট বিক্রয়	৭২,৩৫৫,০৩৯	১,১২৯,৮৩২,৮৭৩
নীট বিক্রয়	৬০,৮৪৮,৫০৫	৯৬৭,৩৩৯,৮৪৯
মোট মূনাফা/(ক্ষতি)	(৯৬,৩৩১,০০৯)	৩৯৯,৮০৮,৬৫৩
নীট মূনাফা/(ক্ষতি)	(১২০,৪৬৬,৮৭১)	৮৫,৩৪৭,১২৯

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



**(c) Square Biotech Ltd. (SBL):**

The company was incorporated on June 12, 2006 with Authorised Capital of Tk. 100 crore of which Tk. 67,000,000 was paid up. SPL holds 99.25% shares of the company. SPL has also made a share money deposit of Tk. 268,000,000 as on 31 March 2008. As on that date the company has incurred a capital expenditures of Tk. 559,592,674 as follows:

(a) Building/Civil work	Tk.	66,218,289
(b) Plant/Machinery	Tk.	490,525,868
(c) Pre-operating Expenses	Tk.	2,848,517
	Total Tk.	<u>559,592,674</u>

The company is expected to commence trial/commercial operation w.e.f. March 2009. Directors Report and Audited Accounts are enclosed.

**(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. 3,611,744,164**

The above investments include minority investments in ordinary shares/advance as Share Money Deposit in 11 (eleven) different companies as follows:

**(গ) স্কয়ার বায়োটেকস্ লিঃ (এসবিএল):**

এসবিএল গত ১২-০৬-২০০৬ তারিখে নিবন্ধনকৃত হয়েছে। কোম্পানীটির ১০০ কোটি টাকার অনুমোদিত মূলধন যার মধ্যে পরিশোধিত মূলধনের পরিমাণ ৬৭,০০০,০০০ টাকা। স্কয়ার ফার্মাসিউটিক্যালস লিমিটেড শতকরা ৯৯.২৫ ভাগ শেয়ারের মালিক। এসপিএল ২৬৮,০০০,০০০ টাকা শেয়ার মানি ডিপোজিট হিসেবে প্রদান করেছে। কোম্পানীটি ৩১ মার্চ ২০০৮ তারিখ পর্যন্ত ৫৫৯,৫৯২,৬৭৪ টাকা মূলধনী ব্যয় হিসেবে খরচ করেছে যা নিম্নে প্রদত্ত হলো:

(ক) দালান/নির্মাণ খরচ	টাকা	৬৬,২১৮,২৮৯
(খ) যন্ত্রপাতি	টাকা	৪৯০,৫২৫,৮৬৮
(গ) প্রাক পরিচালনা খরচসমূহ	টাকা	২,৮৪৮,৫১৭
	মোট টাকা	<u>৫৫৯,৫৯২,৬৭৪</u>

কোম্পানীটি আশা করছে যে, আগামী মার্চ ২০০৯ সাল থেকে বাণিজ্যিক ভাবে উৎপাদন শুরু করতে পারবে। পরিচালনা পর্ষদ এবং নিরীক্ষকের প্রতিবেদন অত্র প্রতিবেদনের সাথে সন্নিবেশিত করা হলো।

**(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: ৩,৬১১,৭৪৪,১৬৪ টাকা**

উল্লিখিত বিনিয়োগ ১১টি বিভিন্ন কোম্পানী সাধারণ শেয়ার/শেয়ার মানি ডিপোজিট হিসাবে বিনিয়োগ করা হয়েছে যার বিবরণ নিম্নে উপস্থাপন করা হলো:



**(a) Square Textiles Ltd. (STXL):**

As on 31-03-2008 investment in this company stands at Tk. 88,636,364 (at cost) for 13,875,468 Ordinary Shares of Tk. 10 each including 5,375,468 Bonus Shares. The market value as on 31 March, 2008 stood at Tk. 1,637,305,224 (at Tk. 118 per share). The company is in full operation and declared cash dividend @ 25% and stock dividend @ 20% for the year 2007.

**(b) United Hospital Ltd. (UHL):**

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

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

The company (SPL) holds 245,526 ordinary shares of Tk. 100 each out of total Tk. 4,700,000 (5.22%) and investment in this company stands at Tk. 23,157,800 (at cost). NHFIL is in operation since 1999 and has declared stock dividends @ 12.5% during the year 2007 as against 17.50% stock dividend during the previous year. The company has not yet gone public and hence the market value of shares can not be assessed.

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

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

**(ক) স্কয়ার টেক্সটাইলস্ লিঃ (এসটিএক্সএল):**

৩১-০৩-২০০৮ তারিখে এই কোম্পানীতে বিনিয়োগের পরিমাণ দাঁড়ায় ৮৮,৬৩৬,৩৬৪ টাকা। প্রতিটি ১০ টাকা সমমূল্যের ১৩,৮৭৫,৪৬৮টি সাধারণ শেয়ারের বিপরীতে ৫,৩৭৫,৪৬৮টি বোনাস শেয়ারসহ। ৩১ মার্চ ২০০৮ তারিখে উক্ত শেয়ারের বাজার মূল্য ছিল ১,৬৩৭,৩০৫,২২৪ টাকা (প্রতিটি শেয়ার ১১৮ হিসাবে)। কোম্পানীটি পুরোদমে উৎপাদন করছে এবং ২০০৭ সালে শতকরা ২৫ ভাগ নগদ লাভ্যাংশ এবং শতকরা ২০ ভাগ বোনাস শেয়ার ঘোষণা করেছে।

**(খ) ইউনাইটেড হস্পিটাল লিঃ (ইউএইচএল):**

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১০০ টাকা মূল্য মানের ১২০,০০০টি শেয়ারের মালিক যার মূল্য ১২,০০০,০০০ টাকা। যেহেতু এই কোম্পানীটি স্টক এক্সচেঞ্জ এ তালিকাভুক্ত নয় সেহেতু এর শেয়ারের কোন বাজার দর মূল্যায়ন করা যাচ্ছে না।

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

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ উক্ত কোম্পানীর ৪,৭০০,০০০টি শেয়ারের মধ্যে ২৪৫,৫২৬টি ১০০ টাকা মূল্যমানের সাধারণ শেয়ারের মালিক এবং কোম্পানীটিতে বিনিয়োগের পরিমাণ দাঁড়ায় ২৩,১৫৭,৮০০ টাকা। এই টাকা মোট মূলধনের শতকরা ৫.২২ ভাগ (৪,৭০০,০০০,০০০ টাকার মধ্যে)। ন্যাশনাল হাউজিং ফাইন্যান্স এন্ড ইনভেস্টমেন্ট লিঃ কার্যক্রম শুরু করে ১৯৯৯ সাল থেকে এবং ২০০৭ সালে ১২.৫% হারে বোনাস শেয়ার ঘোষণা করেছে যা পূর্ববর্তী বছরে বোনাস শেয়ার ছিল ১৭.৫০%। কোম্পানীটি এখনও তার শেয়ার বিক্রয়ের জন্য পাবলিক প্রস্তাবে যায়নি সেহেতু এর বাজার দর মূল্যায়ন করা যাচ্ছে না।

**(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, স্ক্রীপ ছাড়াই ট্রেডিং এবং মার্কেট লট এর সমস্যা সমাধানের জন্য। যেহেতু এর শেয়ার তালিকাভুক্ত হয়নি সেহেতু সিডিবিএল এর শেয়ার বাজার দরে মূল্যায়ন করা যাচ্ছে না।

**(e) Square Hospitals Ltd. (SHL):**

SPL holds 198,250 Ordinary Shares of Tk. 1,000/- each including 2,000 Shares with premium of Tk. 5,500/- each. The project originally conceived as a Five-Star Hotel at Panthapath, Dhaka has now been put to operation as a modern hospital with 300 beds and diversified medical services with special emphasis on cardio-vascular remedies. SPL hold 49.56% of SHL. SPL has also advanced a share money of Tk. 1.50 billion for 1,500,000 shares of Tk. 1,000 each. As the company is not listed, the market value cannot be easily ascertained.

The company earned a total revenue of Tk. 173,918,404 for the year ended 30 June, 2007 being about 06 (six) months operations. The net loss for the period amounted to Tk. 488,209,922 of which Tk. 275,185,472 accounted for depreciation and Tk. 87,124,348 for financial expenses. This two items (Tk. 362,309,820) accounted for 74.21% of the total net operating losses of Tk. 488,209,222 with a balance revenue loss of Tk. 125,899,402 which is covered by gross revenue.

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

SPL now holds 1,260,000 Shares of Tk. 100 each which is 48.84% of the capital of SKFL. The company has started earning profit from 2005 and earned Net Profit Tk. 112,310,051 for the year ended 2006 and Tk. 101,662,487 for the year 2007. Now accumulated loss has been reduced to Tk. 35,863,291. It is expected that the balance of the accumulated losses will be fully wiped out during 2008. The company did not declare any dividend. SPL has advanced Tk. 392,000,000 as share money deposit for 3,920,000 shares of Tk. 100 each. The company is not a public/listed one and hence, the market value can not be readily assessed.

**(ঙ) স্কয়ার হসপিটালস্ লিঃ (এসএইচএল):**

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১,০০০ টাকা মূল্যমানের ১৯৮,২৫০ সাধারণ শেয়ারের মালিক যার মধ্যে ২০০০ শেয়ার হচ্ছে ৫,৫০০ টাকা প্রিমিয়াম সহ। প্রকল্পটি বর্তমানে ৩০০ শয্যা বিশিষ্ট আধুনিক হাসপাতাল হিসাবে চালু করা হয়েছে। মূলত: হাটের রোগ নিরাময়ে গুরুত্ব দেয়া সহ এতে আরও থাকছে বহুমুখী চিকিৎসা সেবা। স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ এই প্রতিষ্ঠানের ৪৯.৫৬% শেয়ারের মালিক। এসপিএল ১,০০০ টাকা মূল্যমানের ১,৫০০,০০০ শেয়ারের জন্য ১.৫০ বিলিয়ন টাকা শেয়ার মানি ডিপোজিট হিসাবে প্রদান করেছে। যেহেতু কোম্পানীর শেয়ার তালিকা ভুক্ত নয় সেহেতু এর বাজার দর মূল্যায়ন করা যায়নি।

২০০৭ সালের ৩০ জুন সমাপ্ত বছরে কোম্পানীর ছয় মাস পরিচালনায় মোট আয়ের পরিমাণ দাড়ায় ১৭৩,৯১৮,৪০৪ টাকা। অত্র আর্থিক বছরে নীট ক্ষতির পরিমাণ হয় ৪৮৮,২০৯,৯২২ টাকা যার মধ্যে ২৭৫,১৮৫,৪৭২ টাকা অবচয় এবং ৮৭,১২৪,৩৪৮ টাকা আর্থিক ব্যয়। এই খরচদ্বয় (৩৬২,৩০৯,৮২০ টাকা) নীট ক্ষতির শতকরা ৭৪.২১ ভাগ তথা ১২৫,৯০০,১০২ টাকা উদ্ধৃত্ত রাজস্ব ক্ষতির পরিমাণ দাড়ায় যাহা মোট রাজস্ব দ্বারা পূরণ করেছে।

**(চ) স্কয়ার নীট ফেব্রিকস্ লিঃ (এসকেএফএল):**

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১০০ টাকা মূল্যমানের ১,২৬০,০০০ সাধারণ শেয়ারের মালিক যা মূলধনের শতকরা ৪৮.৮৪ ভাগ। কোম্পানীটি ২০০৫ অর্থ বছর থেকে মূনাফা অর্জন শুরু করেছে। ২০০৬ সালে আর্থিক বছরে নীট মূনাফা অর্জিত হয়েছে ১১২,৩১০,০৫১ টাকা এবং ২০০৭ আর্থিক বছরেও নীট মূনাফা অর্জিত হয়েছে ১০১,৬৬২,৪৮৭ টাকা। এখন একীভূত ক্ষতির পরিমাণ কমে এসে দাড়ায় ৩৫,৮৬৩,২৯১ টাকা। আশা করা যাচ্ছে যে, ২০০৮ আর্থিক বছরে সম্পূর্ণ একীভূত ক্ষতি শেষ হয়ে যাবে। কোম্পানীটি কোন লভ্যাংশ ঘোষণা করেনি। এসপিএল প্রতিটি ১০০ টাকা মূল্যমানের ৩,৯২০,৩০০ শেয়ারের বিপরীতে ৩৯২,০০০,০০০ টাকা শেয়ার মানি ডিপোজিট হিসেবে অগ্রিম প্রদান করেছে। যেহেতু কোম্পানীর শেয়ারগুলি তালিকাভুক্ত নয় সেহেতু শেয়ারগুলোর বাজার দর যাচাই করা সম্ভব নয়।

(g) Square Fashions Ltd. (SFL):

SPL now holds 252,000 Shares of Tk. 100 each (48.46%) in the capital of SFL. The company has started earning profit and earned Net Profit Tk. 136,293,804 for the year ended 2006 and Tk. 115,440,337 during 2007 and now the retained earnings is positive and stands at Tk. 114,313,783. The company did not declare any dividend. It may be mentioned that Tk. 198 million has been advanced by SPL as Share Money Deposit for 1,980,000 shares of Tk. 100 each. 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. 100,000,000 stand invested in SIL as advance against share money deposit for 1,000,000 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. Market value can not be determined as it is not listed. The company earned a net profit of Tk. 3,729,351 during 2006-07 as against Tk. 11,164,382 during the previous year.

(i) Square Cephalosporins Ltd. (SCL):

SPL holds 950,000 ordinary shares of Tk. 100 each out of total 955,000 issued shares of Tk. 100 each. SPL has also advanced Tk. 400,000,000 as Share Money Deposit for 4,000,000 shares. Though the company earned a net profit of Tk. 85,133,762 during 2007-08 (Year Ended 31 March), the accumulated losses stood at Tk. 35,333,109 as 31 March 2008. As such the company did not declare any dividend.

(ছ) স্কয়ার ফ্যাশনস্ লিঃ (এসএফএল):

স্কয়ার ফার্মাসিউটিক্যালস লিঃ প্রতিটি ১০০ টাকা মূল্যমানের ২৫২,০০০ (৪৮.৪৬%) শেয়ারের মালিক। কোম্পানী মূনাফা অর্জন শুরু করেছে এবং ২০০৬ আর্থিক বছরের শেষে নীট মূনাফা অর্জিত হয়েছে ১৩৬,২৯৩,৮০৪ টাকা এবং ২০০৭ আর্থিক বছরেও নীট মূনাফা অর্জিত হয়েছে ১১৫,৪৪০,৩৩৭ টাকা এবং বর্তমানে পূঞ্জীভূত মূনাফা দাড়ায় ১১৪,৩১৩,৭৮৩ টাকা। কোম্পানীটি কোন লভ্যাংশ ঘোষণা করেনি। উল্লেখ্য যে, স্কয়ার ফার্মাসিউটিক্যালস লিঃ প্রতিটি ১০০ টাকা মূল্যমানের ১,৯৮০,০০০ শেয়ারের বিপরীতে ১৯৮ মিলিয়ন টাকা শেয়ার মানি ডিপোজিট হিসেবে অগ্রিম প্রদান করেছে। যেহেতু কোম্পানীর শেয়ারগুলি তালিকাভুক্ত নয় সেহেতু শেয়ারগুলোর বাজার দর যাচাই করা সম্ভব নয়।

(জ) স্কয়ার ইনফরমেটিক্স লিঃ (এসআইএল):

প্রতিটি ১০০ টাকা মূল্যমানের ১,০০০,০০০ সাধারণ শেয়ারের বিপরীতে শেয়ার মানি ডিপোজিট হিসাবে ১০.০০ 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। যেহেতু কোম্পানীর শেয়ারগুলি তালিকাভুক্ত নয় সেহেতু শেয়ারগুলোর বাজারদর যাচাই করা সম্ভব নয়। কোম্পানীটি ২০০৬-২০০৭ আর্থিক বছরে নীট মূনাফা অর্জন করেছে ৩,৭২৯,৩৫১ টাকা যা বিগত বছরে ছিল ১১,১৬৪,৩৮২ টাকা।

(ঝ) স্কয়ার সেফালস্পেরিনস লিঃ (এসসিএল):

স্কয়ার ফার্মাসিউটিক্যালস লিঃ প্রতিটি ১০০ টাকা মূল্যমানের ৯৫৫,০০০ শেয়ারের মধ্যে ৯৫০,০০০ শেয়ারের মালিক। কোম্পানীটি ৪,০০০,০০০ শেয়ারের বিপরীতে ৪০০,০০০,০০০ টাকা শেয়ার মানি ডিপোজিট হিসেবে অগ্রিম প্রদান করেছে। ২০০৭-২০০৮ অর্থ বছরে (৩১ মার্চ পর্যন্ত) কোম্পানীর নীট মূনাফা ৮৫,১৩৩,৭৬২ টাকা অর্জন করা সত্ত্বেও ৩১ মার্চ ২০০৮ তারিখে একীভূত ক্ষতির পরিমাণ দাড়ায় ৩৫,৩৩৩,১০৯ টাকা। ফলশ্রুতিতে কোম্পানীটি কোন লভ্যাংশ ঘোষণা করেনি।

To treat cough and sore throat with safety

With Honey & Ginger Flavor

**Nectar**<sup>®</sup>

Glycerol and Liquid Sugar

100 ml Linctus

Relieves dry, irritating Cough and Sore Throat

- Soothes and relieves cough and sore throat
- A safe cough remedy for children
- Excellent taste and flavor
- A non-drowsy cough medicine

**(j) Square Biotech Ltd (SBL)**

SPL has invested Tk. 66,500,000 for 665,000 shares of Tk. 100 each in the Capital of SBL out of paid-up capital of Tk. 67,000,000 and has also advanced Tk. 268,000,000 for 2,680,000 shares of Tk. 100 each as Share Money Deposit. The company (SBL) is under implementation and is expected to commence operation w.e.f March 2009.

**(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 20% for the year 2007 as well as for the year 2006. The shares are listed and currently quoting at about Tk. 677 per share indicating about 401% capital gains.

**(11) FINANCIAL RESULTS:**

The operating financial results of the Company for the year 2007-2008 as compared to previous year are summarised hereunder:

Particular	2006-2007 (Taka)	2007-2008 (Taka)	% Increase
◆ Gross Turnover	8,711,034,758	9,565,715,902	9.81%
◆ Net Turnover	7,500,811,349	8,257,843,739	10.09%
◆ Gross Profit	3,232,363,687	3,401,781,806	5.24%
◆ Net Profit (BT)	1,722,906,212	1,868,634,190	8.46%
◆ Provision for Taxation	419,663,372	486,771,097	15.99%
◆ Net Profit (AT)	1,303,242,840	1,381,863,093	6.03%
◆ Gross Margin (Net Turnover)	43.09%	41.19%	
◆ Net Margin (BT)	22.97%	22.63%	
◆ Net Margin (AT)	17.37%	16.73%	
◆ Earning Per Share (EPS) (Tk.)	145.74	154.53	
◆ EPS on IPO Paidup Capital	651.62	690.93	
◆ Consolidated Earning Per Share (EPS) (Tk.)	163.06	170.58	

**(ঞ) স্কয়ার বায়োটেকস্ লিঃ (এসবিএল):**

স্কয়ার ফার্মাসিউটিক্যালস লিঃ প্রতিটি ১০০ টাকা মূল্যমানের ৬৬৫,০০০ শেয়ারের বিপরীতে ৬৭,০০০,০০০ টাকা পরিশোধিত মূলধনের মধ্যে ৬৬,৫০০,০০০ টাকা বিনিয়োগ করেছে। তা ছাড়া প্রতিটি ১০০ টাকা মূল্য মানের ২,৬৮০,০০০টি শেয়ারের জন্য ২৬৮,০০০,০০০ টাকা শেয়ার মানি ডিপোজিট হিসেবে অগ্রিম প্রদান করেছে। কোম্পানীটি বাস্তবায়ন চলছে এবং আশা করা যাচ্ছে যে আগামী মার্চ ২০০৯ সাল নাগাদ কার্যক্রম শুরু করতে পারবে।

**(১০) বিক্রয়যোগ্য শেয়ারে বিনিয়োগ:**

**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 ২০০৭ সালে ২০% লভ্যাংশ ঘোষণা করেছে যা বিগত ২০০৬ সালে একই হারে প্রদান করেছিল। শেয়ারগুলো তালিকাভুক্ত এবং প্রতিটি ১০০ টাকার শেয়ার ৬৭৭ টাকার উপরে কেনা বেচা হচ্ছে যা শতকরা ৪০১ ভাগ ক্যাপিটাল গেইন দেখা যাচ্ছে।

**(১১) আর্থিক ফলাফল:**

পূর্ববর্তী বছরের সাথে তুলনা করে ২০০৭-২০০৮ সালের আর্থিক ফলাফল নিম্নে উপস্থাপন করা হলো:

It may be observed that the Gross Turnover increased by 9.81% during the year under review over the previous year of 22.94% and the Gross Profit increased by 5.24% during the current year as against 26.04% in the previous year. The slower growth in gross profit was due to higher rate of increase in cost of raw materials, packing materials & factory overhead with negative impact on gross profit. Cost of power and laboratory consumables increased at over 30% which increased overhead. Operating & financial expenses also increased. Net profit margin slightly declined over previous year due to increase in interest and administrative expenses, and provision for corporate taxes and deferred taxes.

The Earning per Share of Tk. 154.23 is based on increased outstanding 8,942,400 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. 690.93 in 2007-2008 as against Tk. 651.62 in 2006-2007.

#### (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 (2007-2008)		1,381,863,093
(b) Appropriation proposed:		
(i) Cash Dividend @ Tk. 40 per Share	357,696,000	
(ii) Issuance of 3,129,840 Bonus Shares (Stock Dividend) @ 35% : Face Value of Bonus Share	312,984,000	670,680,000
(c) Net unappropriated Profit		Tk. <u>711,183,093</u>

আলোচ্য বছরে লক্ষ্য করা যাচ্ছে যে মোট বিক্রয় বৃদ্ধি পেয়েছে শতকরা ৯.৮১ ভাগ যা গত বছর ছিল শতকরা ২২.৯৪ ভাগ। মোট মুনাফা বৃদ্ধি পেয়েছে ৫.২৪% যা গত বছর ছিল ২৬.০৪%। কাঁচামাল প্যাকিং দ্রব্য সামগ্রী এবং কারখানার খরচ সমূহ বৃদ্ধির ফলে মোট মুনাফার হার কম হয়েছে। বিদ্যুৎ ও রসায়নাগার খরচ ৩০% এর চেয়েও বেশি হয়েছে। তা ছাড়া পরিচালন ও আর্থিক ব্যয়ও বৃদ্ধি পেয়েছে। তা ছাড়া সুদের পরিমাণ ও প্রসাশনিক ব্যয় বৃদ্ধি এবং বিলম্বিত কর সঞ্চিতি বৃদ্ধি পাওয়ায় নীট মুনাফার হার কমেছে।

প্রতিটি ১০০ টাকা মূল্যমানের ৮,৯৪২,৪০০টি শেয়ারের উপর ভিত্তি করে শেয়ার প্রতি আয় হয়েছে ১৫৪.২৩ টাকা। তবে আইপিও সময় ইস্যুকৃত মূলধনের বিবেচনায় শেয়ার প্রতি আয় দাড়ায় ২০০৭-২০০৮ সালে ৬৯০.৯৩ টাকা যা ২০০৬-২০০৭ সালে ছিল ৬৫১.৬০ টাকা।

#### (১২) মুনাফা বন্টন:

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

**(13) DECLARATION OF DIVIDEND:**

In the line of proposed appropriation of profit, the Board of Directors proposes and recommends for declaration of Cash Dividend at the rate of Tk. 40 per share for the year 2007-2008. This will involve an amount of Tk. 357.70 million. The Board also recommended for declaration of Bonus Shares (Stock Dividend) @35%. This will need issuance of 3,129,840 Ordinary Shares of Tk. 100 each with appropriation of Tk. 312,984,000 out of retained earnings (free reserves) to Capital Account.

**(14) CONSOLIDATION OF ACCOUNTS:**

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

**4. HUMAN RESOURCES DEVELOPMENT:**

In order to improve productivity of human input, the company continuously provide formal and informal training to the employees at every echelon of operation and management. During the year under review 2,247 persons received in-house/in operation/on the job training at home and abroad which will ultimately make great contribution to the company's profitability as well their own remuneration in due course.

**5. ENVIRONMENTAL ROLE:**

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

**6. CONTRIBUTION TO NATIONAL EXCHEQUER:**

The company contributed an amount of Tk. 1,872,214,955 (including Tk. 16,657,060 as contribution as duty/taxes towards machinery & spare parts imports) to National Exchequer as against Tk. 1,857,318,336 in the previous year. The contribution constitutes 22.67% of the sales revenue (net) in 2007-2008 as against 24.76% in the previous year (2006-2007).

**(১৩) লভ্যাংশ ঘোষণা:**

মুনাফা বন্টনের প্রস্তাব অনুযায়ী কোম্পানীর পরিচালনা পর্ষদ ২০০৭-২০০৮ আর্থিক বছরে ১০০ টাকা মূল্যমানের প্রতিটি শেয়ারের বিপরীতে ৪০ টাকা হিসেবে নগদ লভ্যাংশ ঘোষণার সুপারিশ করেছেন যার জন্য ৩৫৭.৭০ মিলিয়ন টাকার প্রয়োজন হবে। এ ছাড়াও পরিচালনা পর্ষদ ৩৫% হারে বোনাস শেয়ার ঘোষণার সুপারিশ করেছেন। এর জন্য ৩,১২৯,৮৪০ টি শেয়ার ইস্যু এবং ৩১২,৯৮৪,০০০ টাকা শেয়ার মূলধনের সাথে সম্পৃক্ত করার প্রয়োজন হবে।

**(১৪) হিসাবের একত্রীকরণ:**

এসইসি এর বিধিমালা ও ইন্টারন্যাশনাল একাউন্টিং স্ট্যান্ডার্ড-২৭ (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 ২,২৪৭ 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 ১,৮৭২,২১৪,৯৫৫ টাকা (যন্ত্রপাতি ও খুচরা যন্ত্রাংশ আমদানী ১৬,৬৫৭,০৬০ টাকা সহ) যা গত বছর ছিল ১,৮৫৭,৩১৮,৩৩৬ টাকা। এই অবদান ২০০৭-২০০৮ সালের বিক্রয়ের শতকরা ২২.৬৭ ভাগ যা গত বছর ছিল শতকরা ২৪.৭৬ ভাগ (২০০৬-২০০৭)।

#### 7. ELECTION OF DIRECTORS:

Mr. Samson H. Chowdhury, Mr. Anjan Chowdhury and Mr. Kazi Iqbal Harun retires as per Article-99 of the Articles of Association of the company and as per Article-100 of the Articles of Association of the company, being eligible, have offered themselves for re-election.

#### 8. 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 2008-2009 and refixation of their remuneration.

#### 9. 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.

#### 10. 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

#### ৭. পরিচালক নির্বাচন:

কোম্পানীর সংঘবিধির ৯৯ অনুচ্ছেদ অনুযায়ী জনাব স্যামসন এইচ চৌধুরী, জনাব অঞ্জন চৌধুরী এবং জনাব কাজী ইকবাল হারুন অবসর গ্রহণ করেছেন এবং অনুচ্ছেদ ১০০ অনুসারে তাঁরা পুনঃ নির্বাচিত হওয়ার যোগ্য বিধায় পুনঃ নির্বাচিত হওয়ার ইচ্ছা পোষণ করেছেন।

#### ৮. নিরীক্ষক নিয়োগ:

কোম্পানীর বর্তমান নিরীক্ষক মেসার্স চৌধুরী ভট্টাচার্য্য এন্ড কোং, চার্টার্ড একাউন্ট্যান্টস্ অত্র সভায় অবসর গ্রহণ করেছেন এবং যোগ্য বিধায় ২০০৮-২০০৯ সালের জন্য নিরীক্ষক হিসেবে তাদের পারিশ্রমিক পুনঃ নির্ধারণ করে নিয়োগের ইচ্ছা প্রকাশ করেছে।

#### ৯. কর্পোরেট গভর্নেন্স:

কর্পোরেট গভর্নেন্স হচ্ছে সুনামগরিকত্বের চর্চা যার মাধ্যমে পরিচালনা পর্ষদ কোম্পানীর পরিচালনা করেন, শেয়ার হোল্ডার/স্বার্থ সংশ্লিষ্ট ব্যক্তিবর্গ এবং সমাজের প্রতি জবাবদিহিতার দৃষ্টিভঙ্গি নিয়ে। সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন এর নোটিশ নং এসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/প্রশাসন/০২-০৮ ফেব্রুয়ারি ২০, ২০০৬ এর নিরিখে কোম্পানীর কর্পোরেট গভর্নেন্স এর অবস্থান চিত্রায়িত হয়েছে সংযুক্তি ১ (এক) এর মধ্যে।

#### ১০. 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।

## 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 2007-2008 were as follows:

Name of Directors	Position	Meeting Held	Attended
Mr. Samson H. Chowdhury	Chairman	8	8
Mr. Tapan Chowdhury	Managing Director	8	2 *
Dr. Kazi Harunar Rashid	Director	8	6
Mr. Samuel S. Chowdhury	Director	8	8
Mr. M Sekander Ali	Independent Director	8	8
Mr. Anjan Chowdhury	Director	8	8
Mr. Kazi Iqbal Harun	Director	8	8
Ms. Ratna Patra	Director	8	4 **
Mr. K M Saiful Islam	Director	8	5 **

- The pattern of shareholding (along with name wise detail ) of Parent/Subsidiary/Associated companies and other related parties, Directors, Chief Executives Officer, Company Secretary, Chief Financial Officer, Head of Internal audit and their spouse and minor children, Executives, shareholders holding 10% or more voting interest in the company as at 31 March,2008 were as stated in ANNEXURE-II
  - Securities and Exchange Commission compliance report is enclosed herewith as ANNEXURE-III.
  - Key operating and financial data of last three years have been presented in summarized form in the Corporate Result at Page No. 17.
- \* He was in leave upto Januray'08 due to appointment as adviser to the Caretaker Government of GOB.
- \*\* They were included in the Board of Directors on 16 July, 2008.

## ANNEXURE-II

Pattern of Shareholding as on March 31, 2008

Particulars	Nos. Share holding	Percentage	Remark
Parent Company	-	-	The Company is not subsidiary of any company
<b>Associated Companies:</b>			
Square Textiles Limited	13,875,468	35.19%	
United Hospitals Limited	120,000	0.86%	
National Housing Finance and Investment Ltd.	245,526	5.22%	
Central Depository Bangladesh Ltd.	10	2.89%	
Square Hospitals Limited	198,250	49.56%	
Square Knit Fabrics Limited	1,260,000	48.84%	
Square Fashions Limited	252,000	48.46%	
Square Cephalosporins Limited	950,000	99.48%	
Square Biotechs Limited	665,000	99.25%	
<b>Other Related Parties</b>			
<b>Directors:</b>			
Mr. Samson H. Chowdhury	884,452	9.89%	
Mr. Tapan Chowdhury	422,174	4.72%	
Dr. Kazi Harunar Rashid	274,587	3.07%	
Mr. M Sekendar Ali	Non Shareholding Independent Director		
Mr. Samuel S. Chowdhury	408,033	4.56%	
Mr. Anjan Chowdhury	430,344	4.81%	
Mr. Kazi Iqbal Harun	270,362	3.02%	
Mrs. Ratna Patra	382,152	4.27%	
Mr. K M Saiful Islam	987	0.01%	
Chief Executive Officer (CEO) and his Spouse and Minor Children:	422,174	4.72%	
Chief Financial Officer (CFO) and his Spouse and Minor Children:	82	-	
Company Secretary (CS) and his spouse and minor children:	-	-	
Head of Internal Audit (HIA) and his Spouse and Minor Children:	-	-	
Executives (Top five Salaried person other than CEO,CFO,CS,HIA):			
1. Mr. Parvez Hashim	185	0.002%	
2. Mr. Muhammadul Haque	416	0.005%	
3. Mr. Golam Rabbani	354	0.004%	
4. Mr. M Ashiqul Hoque Chawdhury	660	0.007%	
5. Mr. Anjan Kumar Paul	1,503	0.017%	
Shareholders Holding 10% or more voting right:			

### ANNEXURE-III

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

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

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

## ANNEXURE-IV

### AUDIT COMMITTEE REPORT

For the year 2007-2008

The Audit Committee consists of the following members:

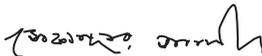
Mr. M Sekander Ali, Independent Director	- Chairman
Mr. Samuel S. Chowdhury, Director	- Member
Mr. Kazi Iqbal Harun, Director	- Member

The scope of Audit Committee was defined as under:

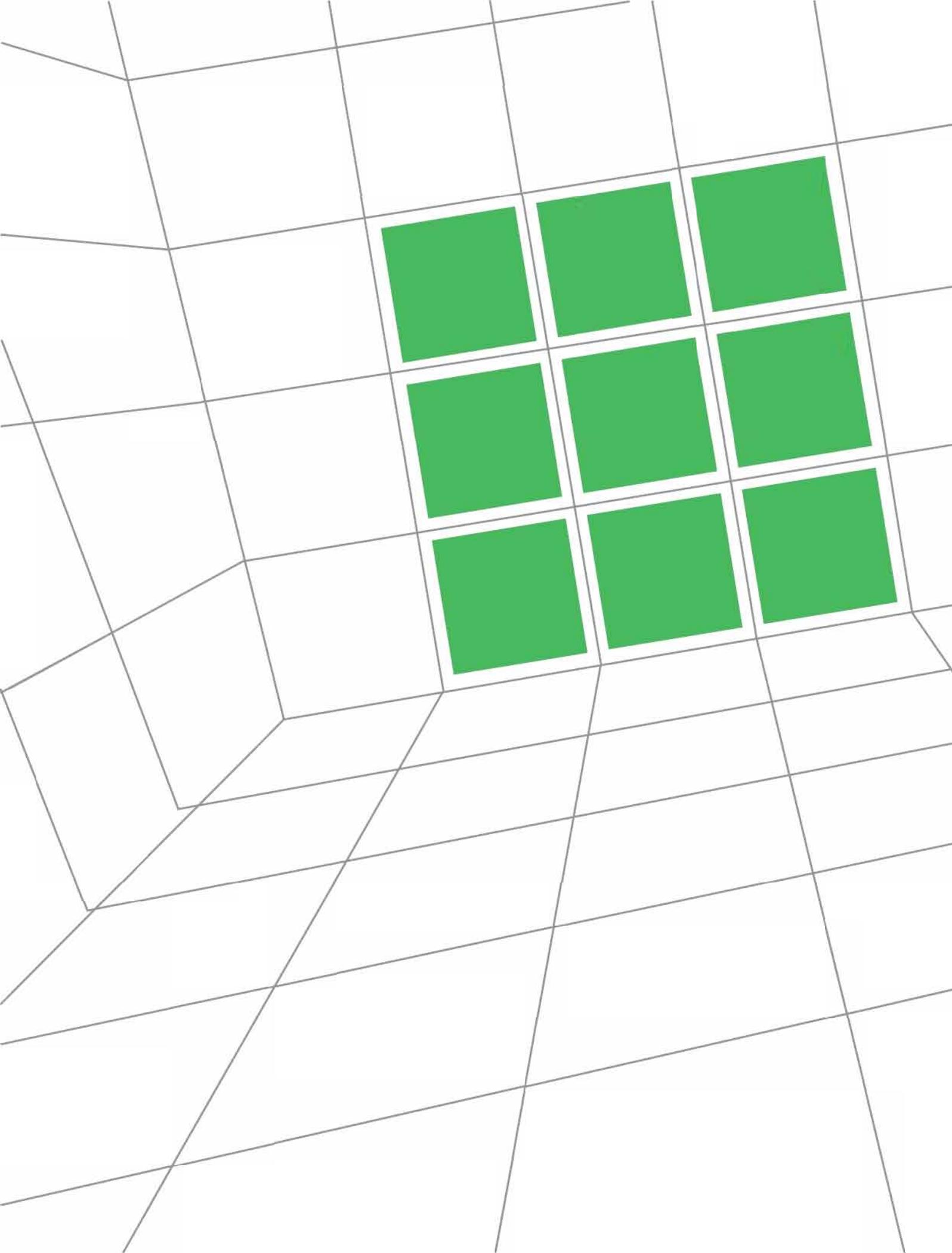
- (a) Review and recommend to the Board to approve the financial statements prepared for statutory purpose;
- (b) Report to the Board of Directors on internal audit findings from time to time considering the significance of the issues;
- (c) Carry on a supervision role to safeguard the systems of governance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

#### Activities carried out during the year

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



M Sekander Ali  
Chairman  
Audit Committee





**FINANCIAL REPORT**

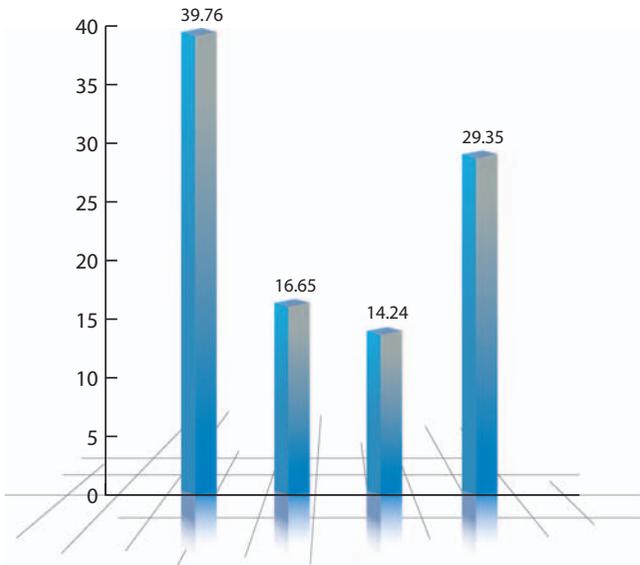
**SQUARE PHARMACEUTICALS LTD.**

**VALUE ADDED STATEMENT**

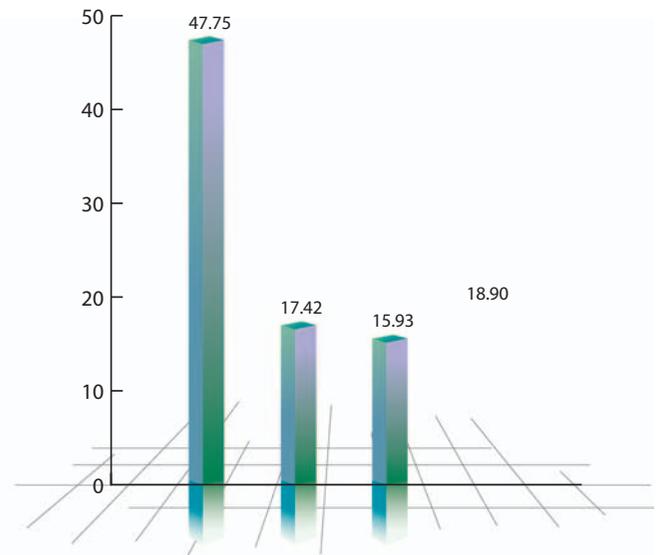
for the year ended 31 March 2008

(Figures in thousand Taka)

	2007-2008		2006-2007	
	Amount	%	Amount	%
Turnover (Gross)	9,565,716		8,711,035	
Less: Cost of Materials & Services	4,856,863		4,968,976	
Value Added	4,708,853	100.00	3,742,059	100.00
Applications:				
National Exchequer	1,872,215	39.76	1,786,972	47.75
Employees Salaries, Wages & Other Benefits	784,095	16.65	651,844	17.42
Shareholders Dividend	670,680	14.24	596,160	15.93
Retained Earnings	1,381,863	29.35	707,083	18.90
	4,708,853	100.00	3,742,059	100.00



2007-2008



2006-2007

## 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, 2008 and the related Income Statement, Statement of Changes in Equity, Cash Flow Statement together with related Notes and Schedules thereto for the year then ended and all related consolidated Financial Statements. The preparation of these financial statements are the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

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

In our opinion, the financial statement, prepared in accordance with the International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BAS), give a true and fair view of the state of affairs of the company and its subsidiaries as at 31 March, 2008 and of the results of its operations and its cash flow for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

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

Dated, Dhaka  
27 July 2008



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

**SQUARE PHARMACEUTICALS LTD.****BALANCE SHEET**

as at 31 March 2008

		<b>31-03-08</b>	<b>31-03-07</b>
<b>ASSETS:</b>	Notes		
<b>Non-Current Assets:</b>		<b>8,291,290,984</b>	<b>6,804,429,292</b>
Property, Plant and Equipment-Carrying Value	2	4,088,432,171	3,531,003,509
Capital Work-in-Progress	3	591,114,649	481,239,419
Investment - Long Term (at Cost)	4	3,611,744,164	2,792,186,364
<b>Current Assets:</b>		<b>4,411,836,436</b>	<b>3,682,510,712</b>
Inventories	5	2,026,736,322	1,544,191,798
Trade Debtors	6	360,245,646	322,864,637
Advances, Deposits and Prepayments	7	288,806,440	236,455,395
Investment in Marketable Securities (at Cost)	8	20,250,000	20,250,000
Short Term Loan	9	1,510,502,334	1,418,893,703
Cash and Cash Equivalents	10	205,295,694	139,855,179
<b>TOTAL ASSETS</b>	Tk.	<b><u>12,703,127,420</u></b>	<b><u>10,486,940,004</u></b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Equity:</b>		<b>8,417,040,705</b>	<b>7,333,257,612</b>
Share Capital	11	894,240,000	596,160,000
Share Premium	12	2,035,465,000	2,035,465,000
General Reserve		105,878,200	105,878,200
Tax Holiday Reserve	13	1,101,935,237	1,101,935,237
Retained Earnings		4,279,522,268	3,493,819,175
<b>Non-Current Liabilities:</b>		<b>785,241,612</b>	<b>598,116,106</b>
Long Term Loans - Secured	14	602,584,615	492,569,379
Deferred Tax Liability	15	182,656,997	105,546,727
<b>Current Liabilities:</b>		<b>3,500,845,103</b>	<b>2,555,566,286</b>
Short Term Bank Loans	16	2,669,693,184	1,818,777,878
Long Term Loans - Current Portion	17	297,002,646	225,176,449
Trade Creditors	18	100,953,258	60,601,743
Liabilities for Expenses	19	32,290,235	24,565,248
Liabilities for Other Finance	20	400,905,780	426,444,968
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	Tk.	<b><u>12,703,127,420</u></b>	<b><u>10,486,940,004</u></b>

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: 27 July 2008

**SQUARE PHARMACEUTICALS LTD.**  
**INCOME STATEMENT**

for the year ended 31 March 2008

		2007-2008	2006-2007
	Notes		
GROSS TURNOVER	22	9,565,715,902	8,711,034,758
Less: Value Added Tax		1,307,872,163	1,210,223,409
<b>NET TURNOVER</b>		<b>8,257,843,739</b>	<b>7,500,811,349</b>
COST OF GOODS SOLD	23	(4,856,061,933)	(4,268,447,662)
<b>GROSS PROFIT</b>		<b>3,401,781,806</b>	<b>3,232,363,687</b>
<b>Operating Expenses:</b>		<b>(1,692,475,988)</b>	<b>(1,406,611,448)</b>
Selling and Distribution Expenses	27	(1,220,979,268)	(1,000,132,914)
Administrative Expenses	28	(471,496,720)	(406,478,534)
<b>PROFIT FROM OPERATIONS</b>		<b>1,709,305,818</b>	<b>1,825,752,239</b>
Other Income	29	604,628,504	220,144,368
Financial Expenses	30	(351,868,423)	(236,845,084)
NET PROFIT BEFORE WPPF		1,962,065,899	1,809,051,523
Allocation for WPPF	31	(93,431,709)	(86,145,311)
NET PROFIT BEFORE TAX		<b>1,868,634,190</b>	<b>1,722,906,212</b>
Provision for Income Tax	32	(409,660,827)	(347,984,083)
Provision for Deferred Income Tax	15	(77,110,270)	(71,679,289)
<b>NET PROFIT AFTER TAX</b> (Transferred to the Statement of Changes in Equity)	Tk.	<b>1,381,863,093</b>	<b>1,303,242,840</b>
<b>Earnings Per Share (EPS)</b>	33 Tk.	<b>154.53</b>	<b>145.74</b>

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: 27 July 2008

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

for the year ended 31 March 2008

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

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

for the year ended 31 March 2007

	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Retained Earnings	Total
<b>At 31 March 2006</b>	<b>496,800,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>947,678,690</b>	<b>2,816,192,882</b>	<b>6,402,014,772</b>
Prior Year's Adjustment	-	-	-	-	600,000	600,000
Net Profit (2006-2007)	-	-	-	-	1,303,242,840	1,303,242,840
Transfer to Tax Holiday Reserve	-	-	-	154,256,547	(154,256,547)	-
Cash Dividend (2005-2006)	-	-	-	-	(372,600,000)	(372,600,000)
Stock Dividend (2005-2006)	99,360,000	-	-	-	(99,360,000)	-
<b>At 31 March 2007</b>	<b>Tk. 596,160,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>1,101,935,237</b>	<b>3,493,819,175</b>	<b>7,333,257,612</b>

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: 27 July 2008

**SQUARE PHARMACEUTICALS LTD.**

**CASH FLOW STATEMENT**

for the year ended 31 March 2008

**Cash Flows From Operating Activities:**

**RECEIPTS:**

Collection from Sales  
Others

**2007-2008**

**2006-2007**

8,231,097,525  
449,727,661  
8,680,825,186

7,455,061,355  
95,827,359  
7,550,888,714

**PAYMENTS:**

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

4,434,614,344  
2,075,086,488  
351,868,423  
458,227,366  
58,051,027  
2,148,834  
7,379,996,482

3,688,812,470  
1,777,607,737  
236,845,084  
343,650,860  
52,779,178  
1,325,262  
6,101,020,591

Net cash provided by operating activities

1,300,828,704

1,449,868,123

**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 National Housing Finance & Investment Ltd.  
Investment in Square Knit Fabrics Ltd.  
Investment in Square Fashions Ltd.  
Investment in Square Biotechs Ltd.  
Capital Work-in-Progress  
Interest Received  
Dividend Received

(1,106,201,471)  
8,985,055  
(500,000,000)  
-  
(3,157,800)  
-  
-  
(316,400,000)  
(109,875,230)  
112,595,980  
40,197,168

(782,151,851)  
3,972,492  
(500,000,000)  
100,000,000  
-  
(392,000,000)  
(198,000,000)  
(18,100,000)  
(233,668,370)  
88,000,686  
36,425,250

Net cash used in investing activities

(1,873,856,298)

(1,895,521,793)

**Cash Flows From Financing Activities:**

Long Term Loan Received  
Long Term Loan Repaid  
Short Term Bank Loan Increase  
Short Term Loan Increase/(Decrease)  
Dividend Paid

414,288,000  
(237,046,566)  
850,915,306  
(91,608,631)  
(298,080,000)

150,000,000  
(334,462,773)  
347,619,691  
478,230,949  
(372,600,000)

Net cash provided by financing activities

638,468,109

268,787,867

Increase/(Decrease) in Cash and Cash Equivalents

65,440,515

(176,865,803)

Cash and Cash Equivalents at the Opening

139,855,179

316,720,982

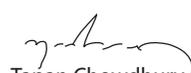
Cash and Cash Equivalents at the Closing

Tk. 205,295,694

139,855,179

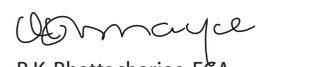
Attached notes form part of these Financial Statements.

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: 27 July 2008

## **SQUARE PHARMACEUTICALS LTD.**

### **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2008

#### **1. SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION**

##### **1.1 Legal Form of the Company:**

###### **(a) Reporting Company**

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

###### **(b) Subsidiaries Company**

###### **(i) Square Spinnings Ltd.:**

Square Spinnings Ltd. is a private limited company incorporated with Registrar, Joint Stock Companies & Firms, Dhaka, Bangladesh under the Companies Act 1994 on March 15, 2000 and commenced commercial business in 2001.

###### **(ii) Square Cephalosporins Ltd.:**

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

###### **(iii) Square Biotechs Ltd.:**

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

##### **1.2 Address of Registered Office and Factories:**

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

Square Pharmaceuticals Ltd. : (1) Square Road, Salgaria, Pabna, Bangladesh  
(2) Kaliakoir, Gazipur, Bangladesh

Square Spinnings Ltd. : Sardaganj, Kashimpur, Gazipur, Bangladesh

Square Cephalosporins Ltd. : Kaliakoir, Gazipur, Bangladesh

Square Biotechs Ltd. : Kaliakoir, Gazipur, Bangladesh

##### **1.3 Nature of Business Activities:**

###### **(a) Reporting Company:**

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

###### **(b) Subsidiary Companies:**

###### **(i) Square Spinnings Ltd.:**

Activities and operations of the company are manufacturing and marketing of yarn.

###### **(ii) Square Cephalosporins Ltd.:**

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

###### **(iii) Square Biotechs Ltd.:**

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

#### 1.4 Basis of Preparation and Presentation of Financial Statements:

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

#### 1.5 Principal Accounting Policies:

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

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

#### 1.6 Application of Bangladesh Accounting Standards (BAS):

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

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

#### 1.7 Property, Plant and Equipment:

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

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

### 1.8 Depreciation:

No depreciation is charged on freehold land or on capital work -in -progress. Depreciation is charged on all other fixed assets on a reducing balance method for Square Pharmaceuticals Ltd. (SPL) and Square Cephalosporins Ltd. (SCL) 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	SCL
Factory Building and Other Construction	10%	5%	-
Plant & Machinery	15%	6.67%	15%
Laboratory & Office Equipment	10%	15%	10%
Furniture & Fixture	10%	15%	10%
Motor Vehicles	20%	20%	20%
Electrical Installation	15%	15%	15%
Books & Periodicals	30%	-	-
Electro Mechanical Equipment	-	-	15%

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

### 1.9 Inventories:

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

#### Types of Stock

#### Basis of Valuation

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

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

### 1.10 Income Taxes:

#### Current Tax

Provision for income tax has been made @ 27.50% 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 Separation Plans:

#### Staff Provident Fund

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

#### Gratuity:

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

#### Insurance

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

#### Workers Profit Participation Fund and Welfare Fund

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

**1.12 Revenue Recognition:****(a) Sales of Goods:**

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

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

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

**1.13 Turnover:**

Turnover comprises the following:

**Reporting Company:**

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

**Subsidiary Company:**

- Sales of locally manufactured yarn both local sales and export.
- Sales of locally manufactured Pharmaceuticals drugs and medicines.

**1.14 Foreign Currency Transactions:**

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

**1.15 Cash Flow Statement:**

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

**1.16 Earnings per Share (EPS):**

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

**Basic Earnings per Share**

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

**Weighted Average Number of Ordinary Shares Outstanding during the year**

The Bonus Shares issued during the year 2007-2008 were treated as if they had been in issue in previous years also. Hence, in computing the Basic Earnings Per Share (EPS) of 2007-2008, the total number of shares including the said bonus shares has been considered as the Weighted Average Number of Shares Outstanding during the year 2006-2007.

**Diluted Earnings per Share**

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

### 1.17 Basis of Consolidation:

#### (a) Percentage of Holding Share on Subsidiaries Company:

Subsidiary Company	Holding of Share	Percentage of Holding
Square Spinnings Ltd.	980,000	98.00%
Square Cephalosporins Ltd.	950,000	99.48%
Square Biotechs Ltd.	665,000	99.25%

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

#### (b) The subsidiary Company, Square Spinnings Ltd. (SSL):

Proposals have been passed by Square Pharmaceuticals Ltd. (SPL), the holding company and its subsidiary Square Spinnings Ltd. (SSL) to disinvest and merge with Square Textiles Ltd. (STXL), a public limited company through a scheme of amalgamation subject to approval the competent court of jurisdiction. In exchange of present holding of 980,000 shares of Tk. 100 each of SSL, SPL will receive 11,270,000 shares of Tk. 10 each from STXL in the ratio of 1:11.5 with bonus share issued by the company STXL. In this context permission from the honorable Supreme Court (Highcourt Division) has since been received to be effective from the date of obtaining consent from the Securities & Exchange Commission (SEC).

### 1.18 Consolidation of Accounts:

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

Subsidiary Company	Year Ending	Remarks
Square Spinnings Ltd.	31, December 2007	Un-audited 01-01-2008 to 31-03-2008
Square Cephalosporins Ltd.	31, March 2008	Audited Balance Sheet
Square Biotechs Ltd.	31, March 2008	Audited Balance Sheet

### 1.19 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., Square Cephalosporins Ltd., Square InformatiX Ltd. and Square Biotechs Ltd.

### 1.20 Borrowing Cost:

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

### 1.21 Concentration of Counterparty Risk:

As of 31st March 2008, 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 on liabilities or assets, arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with BAS-37, they are disclosed in the Note No. 44 hereunder.

**1.27 Research, Development and Experimental Costs:**

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

**1.28 General:**

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

	31-03-08	31-03-07
<b>2. PROPERTY, PLANT AND EQUIPMENT: Tk. 4,088,432,171</b>		
Details of Property, Plant and Equipment and Depreciation as at 31 March 2008 are shown in the annexed Schedule - 01. This is arrived at as follows:		
Opening Balance (At Cost)	5,803,500,191	4,030,138,469
Add: Net Addition during the Year	1,089,952,698	1,773,361,722
Closing Balance (At Cost)	6,893,452,889	5,803,500,191
Less: Accumulated Depreciation	2,805,020,718	2,272,496,682
Carrying Value	Tk. <b><u>4,088,432,171</u></b>	<b><u>3,531,003,509</u></b>

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

	2007-2008	2006-2007
Factory Overhead	325,791,876	291,523,966
Selling and Distribution Expenses	49,822,634	31,862,794
Administrative Expenses	170,880,939	198,367,146
	Tk. <b><u>546,495,449</u></b>	<b><u>521,753,906</u></b>

31-03-08

31-03-07

**3. CAPITAL WORK-IN-PROGRESS: Tk. 591,114,649**

This represents expenditure incurred for small volume parental ophthalmic project and power project. The break-up of the above amount are given below:

Building/Civil Work	148,941,131	136,289,458
Plant & Machinery	404,029,787	334,449,353
Other Assets	4,713,222	-
Interest during Construction Period	29,168,646	10,500,608
Unallocated Expenditure	4,261,863	-
Tk.	<b>591,114,649</b>	<b>481,239,419</b>

**4. INVESTMENT-Long Term (at Cost): Tk. 3,611,744,164**

This consists of the following:

(a) 13,875,468 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) National Housing Finance and Investment Ltd:	23,157,800	20,000,000
• 235,000 Ordinary Shares of Tk.100/- each including 35,000 Bonus Shares		
• 10,526 Ordinary Shares of Tk. 100/- each with Premium Tk. 200/- each		
(e) 10 Ordinary Shares of Tk.1,000,000/- each in Central Depository Bangladesh Ltd.	10,000,000	10,000,000
(f) Square Hospitals Ltd.:	209,250,000	209,250,000
• 2,000 Ordinary Shares of Tk. 1,000/- each with premium of Tk. 5,500/- each		
• 196,250 Ordinary Shares of Tk. 1,000/- each		
(g) Advance against Share Money with Square Hospitals Ltd. for 1,500,000 Shares of Tk.1,000/- each	1,500,000,000	1,000,000,000
(h) 1,260,000 Ordinary Shares of Tk. 100/- each in Square Knit Fabrics Ltd.	126,000,000	126,000,000
(i) Advance against Share Money with Square Knit Fabrics Ltd. for 3,920,000 Shares of Tk.100/- each	392,000,000	392,000,000
(j) 252,000 Ordinary Shares of Tk. 100/- each in Square Fashions Ltd.	25,200,000	25,200,000
(k) Advance against Share Money with Square Fashions Ltd. for 1,980,000 Shares of Tk.100/- each	198,000,000	198,000,000
(l) Advance against Share Money with Square Informatix Ltd. for 1,000,000 Shares of Tk.100/- each	100,000,000	100,000,000
(m) 950,000 Ordinary Shares of Tk. 100/- each in Square Cephalosporins Ltd.	95,000,000	95,000,000
(n) Advance against Share Money with Square Cephalosporins Ltd. for 4,000,000 Shares of Tk. 100/- each	400,000,000	400,000,000
(o) 665,000 Ordinary Shares of Tk. 100/- each in Square Boitechs Ltd.	66,500,000	100,000
(p) Advance against Share Money with Square Biotechs Ltd. for 2,680,000 Shares of Tk. 100/- each	268,000,000	18,000,000
Tk.	<b>3,611,744,164</b>	<b>2,792,186,364</b>

**5. INVENTORIES: Tk. 2,026,736,322**

The break-up is as under:

	31-03-08	31-03-07
Raw Materials	688,846,968	562,131,687
Packing Materials	186,341,475	166,890,495
Work-in-Process	141,106,414	119,969,662
Finished Goods	581,543,862	458,007,065
Spares & Accessories	87,243,576	90,596,538
Goods in Transit	341,654,027	146,596,351
Tk.	<b>2,026,736,322</b>	<b>1,544,191,798</b>

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

**6. TRADE DEBTORS: Tk. 360,245,646**

(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	247,995,969	138,729,113
Within 31-60 days	37,053,893	30,428,440
Within 61-90 days	15,330,219	14,028,426
Above 90 days	59,865,565	139,678,658
Tk.	<b>360,245,646</b>	<b>322,864,637</b>

(ii) Debtors include Tk. 33,874,927 due from export sales of which Tk. 13,852,927 has since been realised.

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

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

**7. ADVANCES, DEPOSITS & PREPAYMENTS (Considered Good) : Tk. 288,806,440**

This consists of as follows:

<b>Advances:</b>	<b>170,036,496</b>	<b>115,617,224</b>
Employees	12,338,255	7,685,920
Motor Cycle Loan - Employees	1,050,525	948,549
Suppliers	156,647,716	106,982,755
<b>Deposits:</b>	<b>114,850,905</b>	<b>115,976,620</b>
L.C Margin	27,627,784	23,232,215
Value Added Tax	64,227,261	74,862,056
Earnest Money & Security Deposit	12,326,461	10,334,845
Lease Deposit	1,071,758	914,540
Others	9,597,641	6,632,964
<b>Prepayments:</b>	<b>3,919,039</b>	<b>4,861,551</b>
Office Rent	1,517,062	2,462,108
Insurance Premium	2,401,977	2,399,443
Tk.	<b>288,806,440</b>	<b>236,455,395</b>

(a) Employees advances of Tk. 12,338,255 includes advance to officers Tk. 11,874,754

(b) No amount was due by the Directors (including Managing Director) and managing agents 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.

	31-03-08	31-03-07
<b>8. INVESTMENT IN MARKETABLE SECURITIES (At Cost): Tk. 20,250,000</b>		
150,000 Ordinary Shares of Tk. 100/- each with premium of Tk. 35/- in Pioneer Insurance Company Ltd. Tk.	<b>20,250,000</b>	<b>20,250,000</b>

**9. SHORT TERM LOAN (Unsecured): Tk. 1,510,502,334**

This consists of as follows:

(a) Square Textiles Ltd.	231,884,579	-
(b) Square Spinnings Ltd.	-	201,049,295
(c) Square Knit Fabrics Ltd.	445,810,619	292,232,547
(d) Square Fashions Ltd.	90,138,625	307,341,938
(e) Square Hospitals Ltd.	411,011,705	469,009,510
(f) Square InformatiX Ltd.	144,012,296	68,891,054
(g) Square Cephalosporins Ltd.	147,800,513	80,369,359
(h) Square Biotechs Ltd.	39,843,997	-
Tk.	<b><u>1,510,502,334</u></b>	<b><u>1,418,893,703</u></b>

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. 205,295,694**

This is made-up as follows:

(a) Cash in Hand	980,176	806,967
(b) Cash at Bank :	204,315,518	139,048,212
• Current Account	68,236,753	57,157,919
• STD Account	1,996,199	4,866,767
• Fixed Deposit Account	134,082,566	77,023,526
Tk.	<b><u>205,295,694</u></b>	<b><u>139,855,179</u></b>

The fixed deposit amount of Tk. 134,082,566 had to keep as lien against sanction of overdraft facilities for the company.

**11. SHARE CAPITAL: Tk. 894,240,000**

This is made-up as follows:

**Authorised:**

50,000,000 Ordinary Shares of Tk.100/- each

31-03-08  
5,000,000,000

31-03-07  
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

**b) Other than Cash:**

4,002 Ordinary Shares of Tk.100/- each  
fully paid-up for consideration other than cash

400,200

400,200

**c) By issue of Bonus Share:**

7,929,168 Ordinary Shares of Tk.100/- each  
fully paid-up as Bonus Shares

792,916,800

494,836,800

Tk. **894,240,000**

**596,160,000**

**Shareholding Position as on 31 March 2008 is as follows:**

	No. of Investors	Number of Shares	% of Share Holding 2007-08	% of Share Holding 2006-07
Sponsors	15	4,844,865	54.18%	54.17%
Foreign Investors	23	780,207	8.72%	11.19%
Others	31,650	3,317,328	37.10%	34.64%
	<b>31,688</b>	<b>8,942,400</b>	<b>100.00%</b>	<b>100.00%</b>

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

Range of Holdings	As per Folio		As per BOID		Total Share Holdings	%
	No. of Holders	Holdings	No. of Holders	Holdings		
Less than 500 Shares	3,579	143,968	27,420	1,087,152	1,231,120	13.77%
501 to 5,000 Shares	107	131,732	499	549,072	680,804	7.61%
5,001 to 10,000 Shares	5	36,235	18	131,414	167,649	1.87%
10,001 to 20,000 Shares	5	65,339	16	226,312	291,651	3.26%
20,001 to 30,000 Shares	4	70,144	6	148,586	218,730	2.45%
30,001 to 40,000 Shares	-	-	2	65,783	65,783	0.74%
40,001 to 50,000 Shares	-	-	2	87,009	87,009	0.97%
50,001 to 100,000 Shares	-	-	5	311,948	311,948	3.49%
100,001 to 1,000,000 Shares	14	3,291,974	5	1,307,193	4,599,167	51.43%
Over 1,000,000 Shares	-	-	1	1,288,539	1,288,539	14.41%
<b>Total</b>	<b>3,714</b>	<b>3,739,392</b>	<b>27,974</b>	<b>5,203,008</b>	<b>8,942,400</b>	<b>100.00%</b>

	31-03-08	31-03-07
<b>12. SHARE PREMIUM:</b>	Tk. <b>2,035,465,000</b>	<b>2,035,465,000</b>

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

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

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

Opening Balance	1,101,935,237	947,678,690
Add: Provided during the Year	-	154,256,547
Closing Balance	Tk. <b>1,101,935,237</b>	<b>1,101,935,237</b>

**14. LONG TERM LOANS (Secured): Tk. 602,584,615**

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

(a) Standard Chartered Bank, Dhaka	179,574,481	75,431,170
(b) Commercial Bank of Ceylon Ltd., Dhaka	33,215,996	-
(c) Trust Bank Ltd., Dhaka	111,208,856	-
(d) Minimum Lease Payments	278,585,282	417,138,209
Tk.	<b>602,584,615</b>	<b>492,569,379</b>

**(a) Standard Chartered Bank:**

(1) The loan of Tk. 266,304,573 was disbursed for import of hospital equipments and it 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 13% per annum and the loan is repayable in 14 (fourteen) equal quarterly installment starting from December 2005 and remaining balance of Tk. 75,431,164 is shown under Note-17.

(2) The loan of Tk. 220,000,000 was disbursed for BMRE and it is secured on fixed and floating assets of the company. The interest rate of loan will remain floating. Currently the rate applied to the loan is 13% per annum and the loan is repayable in 14 (fourteen) equal quarterly installment starting from May 2008. The remaining balance stands at Tk. 179,574,481 as on 31.03.2008.

**(b) Commercial Bank of Ceylon Ltd.:**

The loan of Tk. 44,288,000 was disbursed for import of machinery and it is secured on specific imported machinery. The interest of loan will remain floating. Currently the rate applied to the loan is 12% per annum and the loan is repayable in 48 (forty eight) equal monthly installemnt starting from April 2008. The remaining balance stands at Tk. 33,215,996 as on 31.03.2008.

**(c) Trust Bank Ltd.:**

The loan of Tk. 150,000,000 was disbursed for the Pellet Project and it is secured on fixed and floating assets of the company. The interest rate of loan will remain floating. Currently the rate applied to the loan is 13.50% per annum and the loan is repayable in 57 (fifty seven) equal monthly installement starting from October 2007. The remaining balance stands at Tk. 111,208,856 as on 31.03.2008.

**(d) Minimum Lease Payments- Tk. 278,585,282**

31-03-08

31-03-07

**(1) Investment Corporation of Bangladesh (ICB):**

An amount of Tk. 500,000,000 was recognized as Minimum Lease Payments under lease for hospital equipments which will be used by Square Hospitals Ltd. on rental basis. The lease is repayable in 60 (sixty) equal monthly installment of Tk. 10,832,103 starting from August, 2005 and the remaining balance stands at Tk. 162,104,933 as on 31-03-2008.

**(2) Prime Bank Ltd.:**

An amount of Tk. 3,900,000 was recognized as Minimum Lease Payments under lease of Vehicle. The lease is repayable in 36 (thirty six) equal monthly installment of Tk. 131,500 starting from November, 2005 and the remaining balance is shown under Note-17.

**(3) Shahjalal Islami Bank Ltd.:**

An amount of Tk. 150,000,000 was recognized as Minimum Lease Payments under lease of machineries for Small Volume Parental Ophthalmic Unit. The lease is repayable in 10 (ten) equal half-yearly installment of Tk. 21,357,000 starting from December, 2006 and the remaining balance stands at Tk. 87,567,099 as on 31-03-2008.

**(4) Industrial Development Leasing Company of Bangladesh Ltd.:**

An amount of Tk. 38,442,000 was recognized as Minimum Lease Payments under lease of Vehicle. The lease is repayable in 60 (sixty) equal monthly installment of Tk. 914,540 starting from March, 2007 and the remaining balance stands at Tk. 25,638,773 as on 31-03-2008.

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

An amount of Tk. 4,600,000 is recognized as Minimum Lease Payments under lease of Vehicle. The lease is repayable in 36 (thirty six) equal monthly installment of Tk. 157,217 starting from April, 2008 and the remaining balance stands at Tk. 3,274,477 as on 31-03-2008.

**15. DEFERRED TAX LIABILITY: Tk. 182,656,997**

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

Opening Balance	105,546,727	33,867,438
Add: Provision made	77,110,270	71,679,289
Closing Balance	<b>182,656,997</b>	<b>105,546,727</b>

**16. SHORT TERM BANK LOAN: Tk. 2,669,693,184**

This consists of as follows:

Cash Credit - Janata Bank Ltd., Pabna	151,047,264	179,078,394
Cash Credit - Janata Bank Ltd., Local Office, Dhaka	140,572,104	144,478,234
Short Term Loan - Citibank N.A, Dhaka	323,445,482	239,224,090
Trust Receipt - Citibank N.A, Dhaka	321,303,178	59,817,577
Short Term Loan - Commercial Bank of Ceylon Ltd., Dhaka	50,694,946	19,709,522
Trust Receipt - Commercial Bank of Ceylon Ltd., Dhaka	32,893,000	59,982,000
Short Term Loan - Standard Chartered Bank, Dhaka	259,555,438	310,903,638
Trust Receipt - Standard Chartered Bank, Dhaka	259,412,009	203,898,433
Short Term Loan - Bank Alfalah Ltd., Dhaka	100,000,000	60,000,000
Trust Receipt - Bank Alfalah Ltd., Dhaka	20,860,000	-
Overdraft - Eastern Bank Ltd., Dhaka	21,981,742	30,459,814
Trust Receipt - Eastern Bank Ltd., Dhaka	74,835,844	31,075,774
Overdraft - Mercantile Bank Ltd., Dhaka	52,115,413	44,941,190
Trust Receipt - Mercantile Bank Ltd., Dhaka	307,236,069	222,108,988
Trust Receipt - Shahjalal Islami Bank Ltd., Dhaka	127,434,048	43,893,897
Short Term Loan - HSBC Ltd., Dhaka	200,000,000	-
Trust Receipt - Pubali Bank Ltd., Dhaka	48,778,116	-
Overdraft - Sonali Bank Ltd., Dhaka-Secured by FDR	2,152,205	8,235,237
Overdraft - Janata Bank Ltd., Mohakhali Corporate Br., Dhaka-Secured by FDR	151,748,307	141,155,514
Overdraft - Janata Bank Ltd., Mimi Super Market Br, Chittagong-Secured by FDR	8,011,547	2,334,560
Overdraft - Janata Bank Ltd., Foreign Exchange Corporate Br., Sylhet-Secured by FDR	1,453,544	1,383,196
Overdraft - Janata Bank Ltd., Maizdee Court Corporate Br., Noakhali-Secured by FDR	1,081,279	1,560,832
Others	13,081,649	14,536,988
<b>Tk.</b>	<b>2,669,693,184</b>	<b>1,818,777,878</b>

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

	<b>31-03-08</b>	<b>31-03-07</b>
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**17. LONG TERM LOANS - Current Portion: Tk. 297,002,646**

This represents current portion of long term loans from financial institutions which are repayable within next 12 months from April, 2008 and consists of as follows:

(a) Standard Chartered Bank, Dhaka	115,856,689	75,431,164
(b) Commercial Bank of Ceylon Ltd., Dhaka	11,072,004	22,378,336
(c) Trust Bak Ltd., Dhaka	26,718,340	-
(d) Minimum Lease Payments	143,355,613	127,366,949
Tk.	<b>297,002,646</b>	<b>225,176,449</b>

**18. TRADE CREDITORS: Tk. 100,953,258** **60,601,743**

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. 32,290,235**

This consists of as follows:

Accrued Expenses	18,302,420	16,125,377
Clearing & Forwarding	13,787,815	8,289,871
Audit Fees	200,000	150,000
Tk.	<b>32,290,235</b>	<b>24,565,248</b>

**20. LIABILITIES FOR OTHER FINANCE: Tk. 400,905,780**

This consists of as follows:

Sundry Creditors	101,914,334	113,916,271
Income Tax (Deduction at Source)	826,313	1,815,150
Retention Money	1,232,842	595,399
Workers' Profit Participation Fund	201,244,192	165,863,510
Income Tax Payable (Note-21)	95,688,099	144,254,638
Tk.	<b>400,905,780</b>	<b>426,444,968</b>

**21. INCOME TAX PAYABLE: Tk. 95,688,099**

This is arrived at as follows:

<b>Income Tax Payable:</b>	<b>553,915,465</b>	<b>487,905,498</b>
- Balance at 01-04-2007	144,254,638	139,921,415
- Provision made during the Year 2006-07 (Note-32)	-	347,984,083
- Provision made during the Year 2007-08 (Note-32)	409,660,827	-
<b>Less: Payment of Income Tax:</b>	<b>458,227,366</b>	<b>343,650,860</b>
- During the Year 2005-06	-	139,921,415
- During the Year 2006-07	144,254,638	203,729,445
- During the Year 2007-08	313,972,728	-
Balance at 31-03-2008	<b>95,688,099</b>	<b>144,254,638</b>

**22. GROSS TURNOVER: Tk. 9,565,715,902**

This is made-up as follows:

**Local:**

	2007-2008	2006-2007
Pharmaceuticals Products	8,724,399,080	8,026,479,203
Basic Chemicals	356,985,702	270,880,349
AgroVet Products	194,721,915	143,990,084
Pesticide Products	77,113,381	76,737,365
<b>Total Local Turnover</b>	<b>9,353,220,078</b>	<b>8,518,087,001</b>

**Export:**

Pharmaceuticals Products (US \$ 3,083,637)	209,880,361	188,642,934
Basic Chemicals (US \$ 30,965)	2,111,813	-
AgroVet Products (US \$ 7,400)	503,650	4,304,823
Total Export	212,495,824	192,947,757
<b>Gross Turnover</b>	<b>9,565,715,902</b>	<b>8,711,034,758</b>

Tk.

(i) Sales consists of 493 Pharmaceuticals Products, 11 Basic Chemicals Products, 27 AgroVet Products and 13 Pesticide Products . The summarised quantity are as under:

(Quantity in Thousand)

Category	Unit	Opening	Production/Purchase	Sales	Closing
Tablets	Pcs	150,426	2,645,055	2,548,989	246,492
Capsules	Pcs	22,124	599,305	565,152	56,277
Liquids	Bottles	2,505	56,615	56,513	2,607
Injectables (Vials & Ampoules)	Pcs	2,308	29,171	28,289	3,190
ENT Preparations & Others	Phials	1,133	13,040	13,329	844
Ophthal Preparations & Others	Phials	167	1,799	1,875	91
Dry Syrups	Bottles	619	3,420	3,540	499
Suppository	Pcs	1,232	8,582	8,789	1,025
Inhalers	Cans	105	1,222	1,255	72
Basic Chemicals	Kg	24	308	321	11
Tablets - AgroVet	Pcs	261	3,333	3,295	299
Powder - AgroVet	Gm	3,992	31,177	29,320	5,849
Injectables - AgroVet	Pcs	49	1,357	1,361	45
Liquids - AgroVet	Bottles	13	120	108	25
Liquids - Insecticide	Litre	13	39	35	17
Powder - Fungicide	Kg	19	424	440	3
Granuler - Insecticide	Kg	20	193	167	46
Aerosol	Pcs	3	152	155	-

(ii) 214.44 M.T of basic chemicals valued at Tk.232,917,189 has been transferred from chemical plant to pharma formulation plant of the company which has not been included in the above turnover.

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

		<b>2007 -2008</b>	<b>2006-2007</b>
<b>23. COST OF GOODS SOLD: Tk. 4,856,061,933</b>			
This is arrived at as follows: Notes			
Raw Materials Consumed	24	2,770,478,855	2,401,727,164
Packing Materials Consumed	25	1,144,141,207	927,381,432
		3,914,620,062	3,329,108,596
Work-in-Process (Opening)		119,969,662	108,390,739
Work-in-Process (Closing)		(141,106,414)	(119,969,662)
<b>TOTAL CONSUMPTION</b>		<b>3,893,483,310</b>	<b>3,317,529,673</b>
Factory Overhead	26	874,353,806	748,199,160
<b>COST OF PRODUCTION</b>		<b>4,767,837,116</b>	<b>4,065,728,833</b>
Purchase of Finished Goods		211,761,614	247,748,512
Finished Goods (Opening)		458,007,065	412,977,382
Finished Goods (Closing)		(581,543,862)	(458,007,065)
		<b>Tk. 4,856,061,933</b>	<b>4,268,447,662</b>

#### **24. RAW MATERIALS CONSUMED: Tk. 2,770,478,855**

This is arrived at as follows:

Opening Stock	562,131,687	443,869,878
Purchase	2,897,194,136	2,519,988,973
Closing Stock	(688,846,968)	(562,131,687)
	<b>Tk. 2,770,478,855</b>	<b>2,401,727,164</b>

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

Particulars	Pcs Cap-Shell	Quantity (Kg)					Total Value (Tk.)
		Active	Excepients	Colour	Flavour	Total	
Opening Balance	81,945,579	365,431	656,907	68,962	4,854	1,096,154	562,131,687
Purchase	669,821,500	1,759,466	3,480,884	138,667	20,157	5,399,174	2,897,194,136
Available for use	751,767,079	2,124,897	4,137,791	207,629	25,011	6,495,328	3,459,325,823
Closing Balance (-)	137,775,240	439,452	704,325	30,814	9,608	1,184,199	688,846,968
Consumption	613,991,839	1,685,445	3,433,466	176,815	15,403	5,311,129	2,770,478,855

Raw materials consists of 749 items of which 82.04% (in value) are imported.

#### **25. PACKING MATERIALS CONSUMED: Tk. 1,144,141,207**

This is arrived at as follows:

Opening Stock	166,890,495	123,824,124
Purchase	1,163,592,187	970,447,803
Closing Stock	(186,341,475)	(166,890,495)
	<b>Tk. 1,144,141,207</b>	<b>927,381,432</b>

Summarised quantity of packing materials are stated as under:

Name of Item	Unit	Opening	Purchase	Consumption	Closing
Inner Carton	Pcs	14,388,353	116,185,232	112,610,106	17,963,479
Shipper's Carton	Pcs	181,127	2,195,976	2,031,227	345,876
Label	Pcs	17,549,110	91,364,510	79,855,028	29,058,592
Direction Slip	Pcs	12,431,493	82,267,498	78,463,976	16,235,015
Container	Pcs	1,263,297	14,150,231	13,834,078	1,579,450
Blister Foil	Kg	44,725	275,867	254,689	65,903
Strip Foil	Kg	73,302	359,889	351,400	81,791
PVC Film	Kg	111,286	419,651	342,750	188,187
Bottles	Pcs	1,294,046	48,338,132	48,709,779	922,399
Ampoules	Pcs	2,794,212	35,135,978	29,760,782	8,169,408
Vials	Pcs	1,054,186	3,244,972	3,348,501	950,657
P.P Caps	Pcs	3,484,927	7,968,250	10,831,567	621,610
Tubes	Pcs	1,912,277	8,165,157	7,512,639	2,564,795

Packing materials consists of 1,842 items of which 43.28% (in value) are imported.

	2006-2007	2005-2006
<b>26. FACTORY OVERHEAD: Tk. 874,353,806</b>		
This is made-up as follows:		
Salaries, Allowances and Wages	225,783,394	206,577,780
Factory Employees Free Lunch	16,512,197	14,701,639
Factory Staff Uniform	5,917,973	4,783,621
Travelling & Conveyance	5,174,209	3,447,640
Printing & Stationery	10,996,961	9,868,221
Postage, Telephone & Fax	2,463,706	2,391,725
Repairs & Maintenance	119,988,774	102,864,461
Laboratory Consumable Stores	45,008,011	19,322,913
Fuel, Petrol, Light Diesel etc.	13,038,280	15,054,421
Electricity, Gas & Water	72,049,270	53,390,771
Rental Expense	995,300	1,007,950
Municipal & Other Tax	1,167,092	1,195,718
Insurance Premium	10,987,388	8,277,143
Factory Sanitation Expenses	4,696,420	3,874,501
Depreciation	325,791,876	291,523,966
Security Services	7,766,665	7,578,266
Research & Development	5,504,756	1,861,722
Other Expenses	511,534	476,702
Tk.	<b>874,353,806</b>	<b>748,199,160</b>

**2007-2008****2006-2007****27. SELLING & DISTRIBUTION EXPENSES: Tk. 1,220,979,268**

This consists of as follows:

Salaries and Allowances	172,304,079	124,136,871
Travelling and Conveyance	17,694,658	14,844,939
Training Expenses	1,915,781	3,206,589
Printing and Stationery	26,247,111	20,603,157
Postage, Telephone, Fax & Telex	8,767,165	7,340,397
Electricity, Gas and Water	4,231,177	3,711,325
Tiffin and Refreshment	4,490,423	3,450,957
Office and Godown Rent	5,494,278	4,700,573
Bank Charges	4,423,035	4,142,500
Repairs and Maintenance including car maintenance	78,045,608	60,162,235
Govt. Taxes and Licence Fees	8,636,889	5,640,926
Field Staff Salaries, Allowances, TA and DA	306,292,512	255,242,248
Marketing and Promotional Expenses	211,035,794	150,869,364
Advertisement	1,303,740	2,321,527
Delivery and Packing Expenses	28,908,050	25,366,033
Export Expenses	29,892,130	34,788,621
Special Discount	204,897,929	199,384,147
Sample Expenses	47,230,494	38,333,583
Security Services	8,297,461	7,787,821
Depreciation	49,822,634	31,862,794
Software & Hardware Support Services	253,000	1,426,000
Other Expenses	795,320	810,307

Tk. **1,220,979,268****1,000,132,914**

	2007-2008	2006-2007
<b>28. ADMINISTRATIVE EXPENSES: Tk. 471,496,720</b>		
This consists of as follows:		
Salaries and Allowances	79,715,148	65,887,154
Directors Remuneration	16,091,424	9,619,920
Travelling and Conveyance	37,572,670	21,939,647
Training Expenses	2,372,157	410,093
Printing and Stationery	7,517,262	5,671,066
Postage, Telephone, Fax & Telex	5,080,124	5,365,437
Electricity, Gas & Water	6,553,360	4,203,375
Tiffin and Refreshment	12,835,946	10,038,811
Office Rent	1,464,000	1,524,000
Sanitation Expenses	1,733,394	968,769
Books and Periodicals	1,224,577	1,039,193
Subscription and Donation	12,539,840	2,293,437
Advertisement	2,327,806	1,691,195
Repairs and Maintenance	49,439,058	27,000,359
Bank Charges	11,992,269	10,829,668
Insurance Premium	8,251,464	5,225,824
Govt. Taxes, Stamp Duty & Licence Fee	4,700,256	4,523,479
Lease Rent	310,000	3,001,051
Security Services	5,091,234	4,832,306
Management Consultant Fees	982,463	494,921
Legal Charges	732,250	877,365
Audit Fees	200,000	150,000
Depreciation	170,880,939	198,367,146
Annual General Meeting Expenses	6,550,114	4,515,610
Software & Hardware Support Services	15,820,494	13,168,603
Share Demat, Remat & Transfer Fees	7,410,219	-
Other Expenses	2,108,252	2,840,105
Tk.	<b>471,496,720</b>	<b>406,478,534</b>

Audit fees of Tk. 200,000 represents fees for audit of the financial statements of the company for the year 2007-2008.

**29. OTHER INCOME: Tk. 604,628,504**

This is arrived at as follows:

	2007-2008	2006-2007
Interest on FDR	5,273,128	10,865,370
Interest on Savings Account	140,096	105,658
Interest on Loan to Sister Concern	107,182,756	77,029,658
Rental Income	239,388,264	86,204,088
Sale of Scrap	14,375,919	9,294,737
Dividend Received	40,197,168	36,425,250
Foreign Exchange Fluctuation Gain/(Loss) on Retention Quota Account	592,408	(638,211)
Foreign Exchange Fluctuation Gain/(Loss) against Collection on Export Bill	2,913	966,745
Commission Received	195,368,157	-
	602,520,809	220,253,295
Profit/(Loss) on Sale of Property, Plant and Equipment (Note-36)	2,107,695	(108,927)
Tk.	<b>604,628,504</b>	<b>220,144,368</b>

**30. FINANCIAL EXPENSES: Tk. 351,868,423**

This is made-up as follows:

Interest on Cash Credit	32,462,066	38,825,395
Interest on Overdraft	37,863,050	36,488,368
Interest on LATR	121,482,002	85,890,159
Interest on Short Term Loan	86,151,797	47,026,386
Interest on Lease	39,519,065	14,684,279
Interest on Long Term Loan	34,390,443	13,930,497
Tk.	<b>351,868,423</b>	<b>236,845,084</b>

**31. ALLOCATION FOR WPPF:**

Tk. **93,431,709** **86,145,311**

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

**32. PROVISION FOR INCOME TAX: Tk. 409,660,827**

This represents estimated Income Tax liability for the year 2007-08 as follows:

1) 27.50% Income Tax on Taxable Profit of Tk. 1,602,435,734	440,669,827	376,314,812
2) Half of 27.50% Income Tax on Export Net Profit of Tk. 47,050,446	6,469,436	6,968,534
3) 20% Income Tax on Dividend of Tk. 40,197,168	8,039,434	-
	455,178,697	383,283,346
Less: 10% Exemption for declaration of Dividend above 20%	45,517,870	38,328,335
	<b>409,660,827</b>	<b>344,955,011</b>
Add: Short Provision of Income Tax (2005-2006)	-	3,029,072
Tk.	<b>409,660,827</b>	<b>347,984,083</b>

	2007-2008	2006-2007
<b>33. BASIC EARNINGS PER SHARE (EPS): Tk. 154.53</b>		
The computation is given below:		
Surplus for the year attributable to Shareholders (Net Profit after Tax)	1,381,863,093	1,303,242,840
Weighted average number of shares outstanding during the year	8,942,400	8,942,400
<b>Basic EPS</b>	<b>Tk. 154.53</b>	<b>145.74</b>

**34. APPROPRIATION DURING THE YEAR:**

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

Balance of Net Profit though carried forward in the Balance Sheet will be applied for payment of this year's cash dividend proposed by the Board of Directors @ Tk. 40 per share and will be recognised as liability in the accounts as and when approved by the Shareholders in the Annual General Meeting. The total amount of Proposed Cash Dividend for the year 2007-2008 is calculated at Tk. 357,696,000.

The Board of Directors also proposed Bonus Shares (Stock Dividend) @35% per share and total amount of proposed Bonus Share (Stock Dividend) for the year is calculated at Tk. 312,984,000.

**35. PAYMENTS/PERQUISITES TO DIRECTORS AND OFFICERS:**

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

Directors' Remuneration	16,091,424
Managerial Remuneration	38,372,484
Managerial Benefits:	
Bonus	14,688,976
House Rent	11,876,789
Conveyance	830,000
Company's Contribution to Provident Fund	3,640,765

- (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. Deprn Upto 31-03-07	WDV as on 31-03-07	Sales Price	Profit/ (Loss)
Motor Vehicle	18,413,325	12,399,382	6,013,943	7,609,269	1,595,326
Motor Cycle	2,751,562	1,888,145	863,417	1,375,786	512,369
Total	21,164,887	14,287,527	6,877,360	8,985,055	2,107,695

**37. PRODUCTION CAPACITY AND UTILISATION:**

(Quantity in thousand)

Category	Unit	Rated Capacity	Actual Production	Capacity Utilisation
Tablets	Pcs	2,436,256	2,645,055	109%
Capsules	Pcs	307,320	599,305	195%
Liquids	Bottle	100,000	56,615	57%
Injectables (Vials & Ampouls)	Pcs	47,025	29,171	62%
ENT Preparations & Others	Phials	15,000	13,040	87%
Ophthal Preparations & Others	Phials	4,000	1,799	45%
Dry Syrups	Bottle	10,000	3,420	34%
Suppository	Pcs	15,000	8,582	57%
Inhalers	Pcs	3,360	1,222	36%
Basic Chemicals	Kg	412	308	75%
Tablets - AgroVet	Pcs	12,000	3,333	28%
Powder - AgroVet	Gm	13,200	31,177	236%
Injection - AgroVet	Pcs	4,480	1,357	30%
Liquids - AgroVet	Bottle	1,100	120	11%
Aerosol	Pcs	1,470	152	10%

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 2,718 for the whole year and 828 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 2008.

**40. EXPATRIATE CONSULTANTS FEES:**

During the year under review an amount of USD 8,459 equivalent to Tk. 587,463 has been paid to expatriate consultants as fees for their services rendered to the company.

**41. DIVIDEND PAID TO THE SHAREHOLDERS:**

During the year under review total cash dividend for 2006-2007 amounting to Tk. 298,080,000 has been paid to the Shareholders and also bonus shares amounting to Tk. 298,080,000 for the year 2006-2007 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 31-03-2008.

**43. UN-AVAILED CREDIT FACILITIES:**

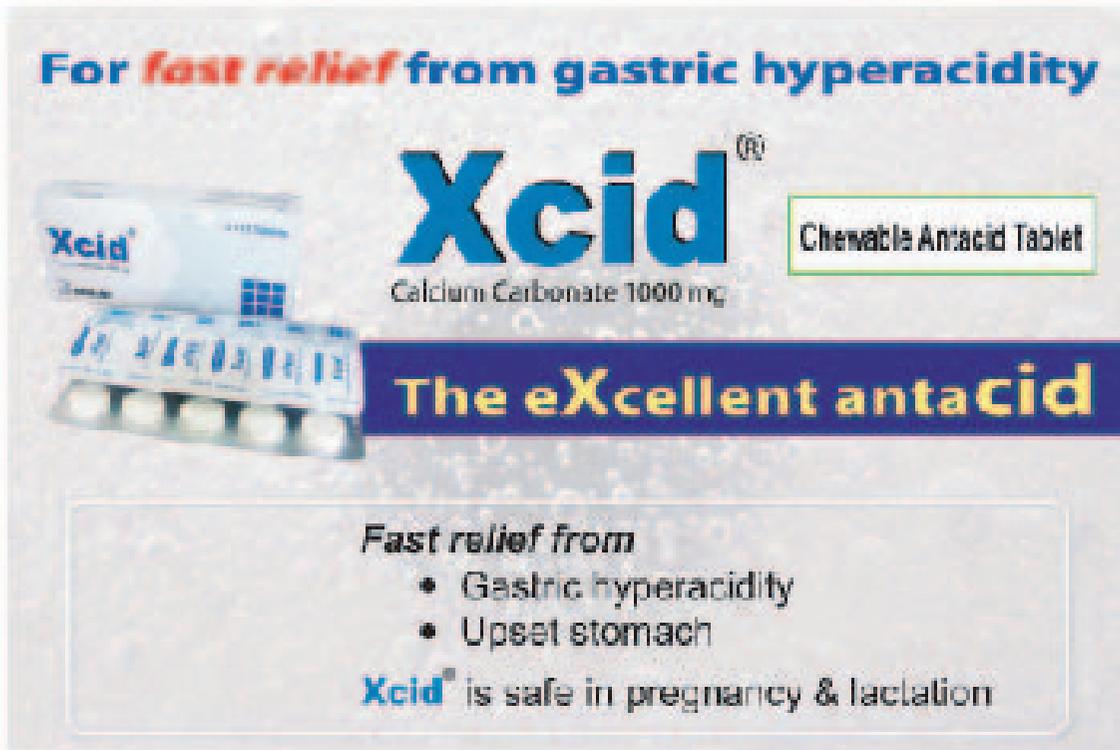
There was no credit facility available to the company under any contract but not availed of as on 31-03-08 other than bank credit facility and trade credit available in the ordinary course of business.

**44. CONTINGENT LIABILITY:**

Contingent liability of the company was Tk. 958,489,082 as on 31-03-08 for opening letter of credit by the banks in favour of foreign suppliers for raw materials, packing materials and plant & machineries.

**45. EVENTS AFTER THE BALANCE SHEET DATE:**

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



**SQUARE PHARMACEUTICALS LTD.**

**Property, Plant and Equipment: Tk. 4,088,432,171**

Schedule-01

PARTICULARS	COST			DEPRECIATION				Written Down Value as at 31 March 2008	Rate of Depn
	At 31 March 2007	During the year		At 31 March 2007	During the year		At 31 March 2008		
		Additions	Sales/Transfer		Charged	Sales/Transfer			
<b>FACTORIES:</b>									
Freehold Land	194,918,413	106,763,657	6,025,000	295,657,070	-	-	-	295,657,070	-
Building	1,526,280,183	1,025,220	-	1,527,305,403	610,141,365	-	701,857,770	825,447,633	10%
Building under Construction	49,450,694	109,385,373	-	158,836,067	-	-	-	158,836,067	-
Plant & Machinery	1,883,129,040	409,853,600	-	2,292,982,640	998,694,205	194,143,266	1,192,837,471	1,100,145,169	15%
Laboratory Equipment	153,409,008	36,424,234	-	189,833,242	54,269,402	13,556,383	67,825,785	122,007,457	10%
Furniture & Fixture	105,119,107	7,448,517	-	112,567,624	36,635,866	7,593,176	44,229,042	68,338,582	10%
Office Equipment	79,764,666	8,414,234	-	88,178,900	37,038,615	5,114,031	42,152,646	46,026,254	10%
Motor Vehicle	84,476,219	19,178,050	4,865,500	98,788,769	53,512,445	9,662,824	60,137,475	38,651,294	20%
Motor Vehicle Lease	2,085,000	-	-	2,085,000	1,017,480	213,504	1,230,984	854,016	20%
Plant & Machinery in Transit	30,552,676	113,624,991	7,120,384	137,057,283	-	-	-	137,057,283	-
Electrical Installation	18,926,410	5,786,384	-	24,712,794	12,645,139	1,810,149	14,455,288	10,257,506	15%
Gas Line Installation	10,368,858	6,702,858	-	17,071,716	3,857,470	1,982,138	5,839,608	11,232,108	15%
<b>TOTAL</b>	<b>4,138,480,274</b>	<b>824,607,118</b>	<b>18,010,884</b>	<b>4,945,076,508</b>	<b>1,807,811,987</b>	<b>3,037,794</b>	<b>2,130,566,069</b>	<b>2,814,510,439</b>	
<b>HEAD OFFICE &amp; OTHERS:</b>									
Land	206,367,668	60,282,546	-	266,650,214	-	-	-	266,650,214	-
Building	70,794,667	120,999,641	-	191,794,308	52,731,258	-	66,637,563	125,156,745	10%
Building under Construction	27,105,145	26,450,679	37,672,519	15,883,305	-	-	-	15,883,305	-
Furniture & Fixture	41,346,532	4,127,879	-	45,474,411	14,325,042	3,114,937	17,439,979	28,034,432	10%
Office Equipment	930,029,819	9,509,197	-	939,539,016	207,140,284	142,181,632	349,321,916	590,217,100	10%
Motor Vehicle	218,271,463	73,999,928	13,547,825	278,723,566	116,671,594	34,282,712	141,908,832	136,814,734	20%
Motor Vehicle-Lease	59,872,040	4,600,000	-	64,472,040	19,131,848	9,068,038	28,199,886	36,272,154	20%
Motor Cycle	101,289,852	36,008,500	2,751,562	134,546,790	52,586,901	16,769,606	67,468,362	67,078,428	20%
Books & Periodicals	528,794	-	-	528,794	521,475	2,196	523,671	5,123	30%
Electrical Installation	9,413,937	1,350,000	-	10,763,937	1,576,293	1,378,147	2,954,440	7,809,497	15%
<b>Total</b>	<b>1,665,019,917</b>	<b>337,328,370</b>	<b>53,971,906</b>	<b>1,948,376,381</b>	<b>464,684,695</b>	<b>220,703,573</b>	<b>674,454,649</b>	<b>1,273,921,732</b>	
<b>Grand Total Tk.</b>	<b>5,803,500,191</b>	<b>1,161,935,488</b>	<b>71,982,790</b>	<b>6,893,452,889</b>	<b>2,272,496,682</b>	<b>546,495,449</b>	<b>2,805,020,718</b>	<b>4,088,432,171</b>	
<b>Total- 2007 Tk.</b>	<b>4,030,138,469</b>	<b>1,804,437,677</b>	<b>31,075,955</b>	<b>5,803,500,191</b>	<b>1,756,377,309</b>	<b>521,753,906</b>	<b>2,272,496,682</b>	<b>3,531,003,509</b>	

## Ophthalmic Manufacturing Plant



**SQUARE** group, one of the largest business conglomerates of Bangladesh, has come up with another giant step through the launching of separate ophthalmic plant. Ophthalmic products are now produced in the new state-of-the-art Ophthalmic Manufacturing Plant at Kaliakoir, Gazipur built in accordance with US FDA and UK MHRA cGMP specifications. This world class facility is based on Blow-Fill-Seal (BFS) Technology for maintaining appropriate aseptic environment. The facility is built by Telstar S.A. of Spain, a world renowned pharmaceutical manufacturing facility expert and the machines are designed and manufactured by Weiler Engineering, USA.

**SQUARE PHARMACEUTICALS LTD.  
AND ITS SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET**

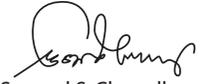
as at 31 March 2008

		<b>31-03-08</b>	<b>31-03-07</b>
<b>ASSETS:</b>	Notes		
<b>Non-Current Assets:</b>		<b>9,552,044,849</b>	<b>8,073,625,948</b>
Property, Plant and Equipment-Carrying Value	2.1	5,216,965,740	4,844,415,821
Capital Work-in-Progress	3.1	1,147,858,806	481,239,419
Investment - Long Term (at Cost)	4.1	145,157,800	160,100,000
Investment - Associate Undertakings	4.2	3,039,213,986	2,587,770,908
Pre-operating/Preliminary Expenses		2,848,517	99,800
<b>Current Assets:</b>		<b>5,506,143,431</b>	<b>4,465,404,559</b>
Inventories	5.1	2,629,557,270	2,105,938,009
Trade Debtors	6.1	890,994,987	773,713,422
Advances, Deposits and Prepayments	7.1	329,974,673	258,376,455
Investment in Marketable Securities (at Cost)	8.1	32,578,000	32,578,000
Short Term Loan	9.1	1,397,064,958	1,137,475,049
Cash and Cash Equivalents	10.1	225,973,543	157,323,624
<b>TOTAL ASSETS</b>	Tk.	<b>15,058,188,280</b>	<b>12,539,030,507</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Equity:</b>		<b>9,506,932,637</b>	<b>8,279,390,777</b>
Share Capital	11.1	894,240,000	596,160,000
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	1,425,702,780	1,425,702,780
Retained Earnings		5,045,646,657	4,116,184,797
Minority Interest	13.2	15,564,500	12,425,505
<b>Non-Current Liabilities:</b>		<b>1,003,107,633</b>	<b>780,493,357</b>
Long Term Loans - Secured	14.1	778,380,807	632,876,801
Deferred Tax Liability	15.1	224,726,826	147,616,556
<b>Current Liabilities:</b>		<b>4,532,583,510</b>	<b>3,466,720,868</b>
Short Term Bank Loans	16.1	3,173,542,556	2,289,877,403
Long Term Loans - Current Portion	17.1	446,143,808	309,564,730
Trade Creditors	18.1	233,405,650	331,768,843
Liabilities for Expenses	19.1	236,247,055	92,558,320
Liabilities for Other Finance	20.1	443,244,441	442,951,572
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES:</b>	Tk.	<b>15,058,188,280</b>	<b>12,539,030,507</b>

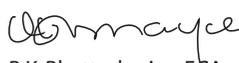
Attached notes form part of these Financial Statements.

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: 27 July 2008

**SQUARE PHARMACEUTICALS LTD.  
AND ITS SUBSIDIARIES  
CONSOLIDATED INCOME STATEMENT**

for the year ended 31 March 2008

		2007-2008	2006-2007
	Notes		
GROSS TURNOVER	22.1	12,024,126,035	9,957,951,035
Less: Value Added Tax		1,470,365,187	1,210,223,409
<b>NET TURNOVER</b>		<b>10,553,760,848</b>	<b>8,747,727,626</b>
COST OF GOODS SOLD	23.1	(6,545,727,748)	(5,400,210,316)
<b>GROSS PROFIT</b>		<b>4,008,033,100</b>	<b>3,347,517,310</b>
<b>Operating Expenses:</b>		<b>(1,759,344,087)</b>	<b>(1,431,025,492)</b>
Selling and Distribution Expenses	27.1	(1,269,011,439)	(1,009,721,692)
Administrative Expenses	28.1	(490,332,648)	(421,303,800)
<b>PROFIT FROM OPERATIONS</b>		<b>2,248,689,013</b>	<b>1,916,491,818</b>
Other Income	29.1	345,500,963	164,652,699
Financial Expenses	30.1	(443,152,833)	(303,876,041)
NET PROFIT BEFORE WPPF		2,151,037,143	1,777,268,476
Allocation for WPPF	31.1	(104,154,014)	(91,900,505)
NET PROFIT BEFORE TAX		2,046,883,129	1,685,367,971
Provision for Income Tax	32.1	(429,152,250)	(365,249,665)
Provision for Deferred Income Tax	15.1	(77,110,270)	(71,679,289)
<b>NET PROFIT AFTER TAX</b>		<b>1,540,620,609</b>	<b>1,248,439,017</b>
Profit/(Loss) from Associate Undertakings	32.2	(12,359,754)	211,069,570
Minority Interest		(2,638,995)	(1,326,049)
Balance transferred to the Statement of Changes in Equity	Tk.	<b>1,525,621,860</b>	<b>1,458,182,538</b>
<b>Earnings Per Share (EPS)</b>	33.1	<b>170.61</b>	<b>163.06</b>

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: 27 July 2008

**SQUARE PHARMACEUTICALS LTD.  
AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 March 2008

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

**SQUARE PHARMACEUTICALS LTD.  
AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 March 2007

	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Retained Earnings	Total
<b>At 31 March 2006</b>	<b>496,800,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>1,271,446,233</b>	<b>3,284,218,806</b>	<b>7,193,808,239</b>
Net Profit (2006-2007)	-	-	-	-	1,458,182,538	1,458,182,538
Transfer to Tax Holiday Reserve	-	-	-	154,256,547	(154,256,547)	-
Cash Dividend (2005-2006)	-	-	-	-	(372,600,000)	(372,600,000)
Stock Dividend (2005-2006)	99,360,000	-	-	-	(99,360,000)	-
<b>At 31 March 2007</b>	<b>Tk. 596,160,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>1,425,702,780</b>	<b>4,116,184,797</b>	<b>8,279,390,777</b>

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: 27 July 2008

**SQUARE PHARMACEUTICALS LTD.  
AND ITS SUBSIDIARIES**  
**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 31 March 2008

**Cash Flows From Operating Activities:**

**RECEIPTS:**

	<b>2007-2008</b>	<b>2006-2007</b>
Collection from Sales	10,440,947,790	8,641,592,989
Others	249,214,160	91,827,359
	<b>10,690,161,950</b>	<b>8,733,420,348</b>

**PAYMENTS:**

Purchase of Raw and Packing Materials	5,984,048,537	4,889,834,937
Manufacturing and Operating Expenses	2,138,977,726	1,928,138,071
Bank Interest	443,152,833	303,876,041
Income Tax	467,509,044	361,758,705
Workers Profit Participation Fund	61,373,060	57,305,680
Others	2,227,972	1,335,190
	<b>9,097,289,172</b>	<b>7,542,248,624</b>

Net cash provided by operating activities	<b>1,592,872,778</b>	<b>1,191,171,724</b>
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**Cash Flows From Investing Activities:**

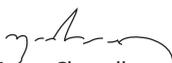
Purchase of Fixed Assets	(1,118,700,600)	(886,201,147)
Disposal of Fixed Assets	8,985,055	3,972,492
Pre-operating Cost	(2,569,667)	-
Investment in Square Textiles Ltd.	36,197,168	32,175,250
Investment in Square Hospitals Ltd.	(500,000,000)	(500,000,000)
Investment in Square Informatix Ltd.	-	100,000,000
Investment in Square Knit Fabrics Ltd.	-	(392,000,000)
Investment in Square Fashions Ltd.	-	(198,000,000)
Investment in Square Biotechs Ltd.	-	(18,100,000)
Investment in National Housing Finance and Investment Ltd.	(3,157,800)	-
Capital Work-in-Progress	(647,234,451)	(233,668,370)
Interest Received	89,672,801	68,153,412
Dividend Received	4,506,307	4,780,855
Net cash used in investing activities	<b>(2,132,301,187)</b>	<b>(2,018,887,508)</b>

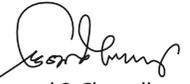
**Cash Flows From Financing Activities:**

Long Term Loan Received	614,288,000	202,582,250
Long Term Loan Repaid	(332,204,916)	(298,240,719)
Short Term Loan Increase/(Decrease)	(259,589,909)	440,716,041
Short Term Bank Loan Increase	883,665,153	658,326,813
Dividend Paid	(298,080,000)	(372,600,000)
Net cash provided by financing activities	<b>608,078,328</b>	<b>630,784,385</b>
Increase/(Decrease) in Cash and Cash Equivalents	<b>68,649,919</b>	<b>(196,931,399)</b>
Cash and Cash Equivalents at the Opening	<b>157,323,624</b>	<b>354,255,023</b>
Cash and Cash Equivalents at the Closing	<b>Tk. 225,973,543</b>	<b>157,323,624</b>

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: 27 July 2008

**SQUARE PHARMACEUTICALS LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 March 2008

**31-03-08**

**31-03-07**

**2.1 CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT: Tk. 5,216,965,740**

Details of Property, Plant and Equipment and Depreciation as at 31 March 2008 are shown in the annexed Schedule - 02. This is arrived at as follows:

Opening Balance (At Cost)	7,569,779,815	4,994,128,955
Add: Net Addition during the Year	1,097,535,713	2,575,650,860
Closing Balance (At Cost)	8,667,315,528	7,569,779,815
Less: Accumulated Depreciation	3,450,349,788	2,725,363,994
Carrying Value	Tk. <b>5,216,965,740</b>	<b>4,844,415,821</b>

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

	<b>2007-2008</b>	<b>2006-2007</b>
Factory Overhead	517,546,384	484,030,048
Selling and Distribution Expenses	49,822,634	31,862,794
Administrative Expenses	171,588,189	198,813,996
	Tk. <b>738,957,207</b>	<b>714,706,838</b>
	<b>31-03-08</b>	<b>31-03-07</b>

**3.1 CONSOLIDATED CAPITAL WORK-IN-PROGRESS: Tk. 1,147,858,806**

This represents expenditure incurred in respect of the following:

Building/Civil Work	215,159,420	136,289,458
Plant & Machinery	894,555,655	334,449,353
Other Assets	4,713,222	-
Interest during Construction Period	29,168,646	10,500,608
Unallocated Expenditure	4,261,863	-
	Tk. <b>1,147,858,806</b>	<b>481,239,419</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31-03-08

31-03-07

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

This consists of the following:

(a) 120,000 Ordinary Shares of Tk.100/- each in United Hospital Ltd.	12,000,000	12,000,000
(b) in National Housing Finance and Investment Ltd. * 235,000 Ordinary Shares of Tk.100/- each including 35,000 Bonus Shares * 10,526 Ordinary Shares of Tk. 100/- each with premium of Tk. 200/- each	23,157,800	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 1,000,000 Shares of Tk.100/- each	100,000,000	100,000,000
(e) 665,000 Ordinary Shares of Tk. 100/- each in Square Biotechs Ltd.	-	100,000
(f) Advance against Share Money with Square Biotechs Ltd. for 2,680,000 Shares of Tk. 100/- each	-	18,000,000
Tk.	<b>145,157,800</b>	<b>160,100,000</b>

**4.2 INVESTMENT-Associate Undertakings: Tk. 3,039,213,986**

This is arrived at as follows:

Opening Balance	2,587,770,908	1,318,876,588
Add: Investment made/(disposed off) during the Year	500,000,000	1,090,000,000
Add: Profit/(Loss) during the Year (Note-32.2)	(12,359,754)	211,069,570
Less: Dividend during the Year	(36,197,168)	(32,175,250)
Closing Balance	Tk. <b>3,039,213,986</b>	<b>2,587,770,908</b>

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

Name of Company	Country of Incorporation	Proportion of Ownership Interest
Square Textiles Ltd.	Bangladesh	35.19%
Square Knit Fabrics Ltd.	Bangladesh	48.84%
Square Fashions Ltd.	Bangladesh	48.46%
Square Hospitals Ltd.	Bangladesh	49.56%

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

**5.1 CONSOLIDATED INVENTORIES: Tk. 2,629,557,270**

The break-up is as under:

Raw Materials	1,029,480,731	904,300,138
Packing Materials	225,021,620	194,309,616
Work-in-Process	171,959,825	136,717,825
Finished Goods	675,635,204	516,302,220
Spares & Accessories	105,484,833	128,515,466
Goods in Transit	421,975,057	225,792,744
Tk.	<b>2,629,557,270</b>	<b>2,105,938,009</b>

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

	31-03-08	31-03-07
<b>6.1 CONSOLIDATED TRADE DEBTORS (Considered Good):</b>	<b>890,994,987</b>	<b>773,713,422</b>

**7.1 CONSOLIDATED ADVANCES, DEPOSITS & PREPAYMENTS (Considered Good): Tk. 329,974,673**

This consists of as follows:

<b>Advances:</b>	<b>174,592,718</b>	<b>117,437,771</b>
Employees	15,933,055	8,822,151
Motor Cycle Loan - Employees	1,050,525	948,549
Suppliers	157,609,138	107,667,071
<b>Deposits:</b>	<b>149,077,916</b>	<b>133,692,133</b>
L.C Margin	38,641,071	23,979,430
Value Added Tax	84,158,285	88,626,792
Earnest Money & Security Deposit	15,609,161	13,538,407
Lease Deposit	1,071,758	914,540
Others	9,597,641	6,632,964
<b>Prepayments:</b>	<b>6,304,039</b>	<b>7,246,551</b>
Office Rent	1,517,062	2,462,108
Insurance Premium	4,786,977	4,784,443
Tk.	<b>329,974,673</b>	<b>258,376,455</b>

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

This consists of the following:

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

**9.1 CONSOLIDATED SHORT TERM LOAN (Unsecured): Tk. 1,397,064,958**

This consists of the following:

(a) Square Textiles Ltd.	306,091,713	-
(b) Square Knit Fabrics Ltd.	445,810,619	292,232,547
(c) Square Fashions Ltd.	90,138,625	307,341,938
(d) Square Hospitals Ltd.	411,011,705	469,009,510
(e) Square InformatiX Ltd.	144,012,296	68,891,054
Tk.	<b>1,397,064,958</b>	<b>1,137,475,049</b>

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

	31-03-08	31-03-07
<b>10.1 CONSOLIDATED CASH AND CASH EQUIVALENTS: Tk. 225,973,543</b>		
This is made-up as follows:		
(a) Cash in Hand	1,387,294	1,899,091
(b) Cash at Bank :	224,586,249	155,424,533
• Current Account	88,507,484	73,534,240
• STD Account	1,996,199	4,866,767
• Fixed Deposit Account	134,082,566	77,023,526
Tk.	<b>225,973,543</b>	<b>157,323,624</b>

The fixed deposit amount of Tk. 134,082,566 had to keep as lien against sanction of overdraft facilities for the company.

<b>11.1 SHARE CAPITAL:</b>	Tk. <b>894,240,000</b>	<b>596,160,000</b>
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<b>12.1 SHARE PREMIUM:</b>	Tk. <b>2,035,465,000</b>	<b>2,035,465,000</b>
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**13.1 CONSOLIDATED TAX HOLIDAY RESERVE: Tk. 1,425,702,780**

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

Opening Balance	1,425,702,780	1,271,446,233
Add: Provided during the Year	-	154,256,547
Closing Balance	Tk. <b>1,425,702,780</b>	<b>1,425,702,780</b>

**13.2 MINORITY INTEREST: Tk. 15,564,500**

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

Paid-up Capital	3,000,000	2,500,000
Retained Earnings	8,500,221	5,861,226
Tax Holiday Reserve	4,064,279	4,064,279
Tk.	<b>15,564,500</b>	<b>12,425,505</b>

List of Subsidiary (As per BAS -27):

Name of Company	Country of Incorporation	Proportion of Ownership Interest
Square Spinings Ltd.	Bangladesh	98.00%
Square Cephalosporins Ltd.	Bangladesh	99.48%
Square Biotechs Ltd.	Bangladesh	99.25%

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

31-03-08

31-03-07

**14.1 CONSOLIDATED LONG TERM LOANS (Secured): Tk. 778,380,807**

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

(a) Standard Chartered Bank, Dhaka	186,435,592	109,736,726
(b) Eastern Bank Ltd., Dhaka	-	19,618,302
(c) Commercial Bank of Ceylon Ltd., Dhaka	33,215,996	-
(d) HSBC Ltd., Dhaka	32,393,837	86,383,564
(e) Trust Bank Ltd., Dhaka	111,208,856	-
(f) Bank Asia Ltd., Dhaka	136,541,244	-
(g) Minimum Lease Payments	278,585,282	417,138,209
<b>Tk.</b>	<b>778,380,807</b>	<b>632,876,801</b>

**15.1 DEFERRED TAX LIABILITY: TK. 224,726,826**

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

Opening balance	147,616,556	75,937,267
Add: Provision made	77,110,270	71,679,289
<b>Closing balance</b>	<b>224,726,826</b>	<b>147,616,556</b>

**16.1 CONSOLIDATED SHORT TERM BANK LOAN: Tk. 3,173,542,556**

This consists of as follows:

Cash Credit - Janata Bank Ltd., Pabna	151,047,264	179,078,394
Cash Credit - Janata Bank Ltd., Local Office, Dhaka	140,572,104	144,478,234
Short Term Loan - Citibank N.A, Dhaka	323,445,482	239,224,090
Trust Receipt - Citibank N.A, Dhaka	321,303,178	59,817,577
Short Term Loan - Commercial Bank of Ceylon Ltd., Dhaka	150,880,055	119,641,304
Trust Receipt - Commercial Bank of Ceylon Ltd., Dhaka	32,893,000	59,982,000
Short Term Loan - Standard Chartered Bank, Dhaka	259,925,212	310,903,638
Trust Receipt - Standard Chartered Bank, Dhaka	277,387,536	203,898,433
Short Term Loan- Bank Alfalah Ltd., Dhaka	100,000,000	60,000,000
Trust Receipt - Bank Alfalah Ltd., Dhaka	20,860,000	-
Overdraft - Eastern Bank Ltd., Dhaka	21,981,742	30,459,814
Trust Receipt - Eastern Bank Ltd., Dhaka	74,835,844	31,075,774
Overdraft - Mercantile Bank Ltd., Dhaka	52,115,413	44,941,190
Trust Receipt - Mercantile Bank Ltd., Dhaka	307,236,069	222,108,988
Short Term Loan - HSBC Ltd., Dhaka	443,955,049	368,362,539
Trust Receipt - HSBC Ltd., Dhaka	141,363,913	-
Trust Receipt - Shahjalal Islami Bank Ltd., Dhaka	127,434,048	43,893,897
Trust Receipt - Pubali Bank Ltd., Dhaka	48,778,116	-
Overdraft - Sonali Bank Ltd., Dhaka-Secured by FDR	2,152,205	8,235,237
Overdraft - Janata Bank Ltd., Mohakhali Corporate Br., Dhaka-Secured by FDR	151,748,307	141,155,514
Overdraft - Janata Bank Ltd., Mimi Super Market Br, Chittagong-Secured by FDR	8,011,547	2,334,560
Overdraft - Janata Bank Ltd., Foreign Exchange Corporate Br., Sylhet-Secured by FDR	1,453,544	1,383,196
Overdraft - Janata Bank Ltd., Maizdee Court Corporate Br., Noakhali-Secured by FDR	1,081,279	1,560,832
Others	13,081,649	17,342,192
<b>TK.</b>	<b>3,173,542,556</b>	<b>2,289,877,403</b>

	31-03-08	31-03-07
<b>17.1 CONSOLIDATED LONG TERM LOANS - Current Portion: Tk. 446,143,808</b>		
This represents current portion of long term loans from financial institutions which are repayable within next 12 months from April, 2008 and consists of as follows:		
(a) Standard Chartered Bank, Dhaka	143,301,133	102,875,608
(b) Eastern Bank Ltd., Dhaka	19,618,302	24,550,000
(c) Commercial Bank of Ceylon Ltd., Dhaka	11,072,004	22,378,336
(d) HSBC Ltd., Dhaka	43,191,783	32,393,837
(e) Trust Bank Ltd., Dhaka	26,718,341	-
(f) Bank Asia Ltd., Dhaka	58,886,632	-
(g) Minimum Lease Payments	143,355,613	127,366,949
Tk.	<b>446,143,808</b>	<b>309,564,730</b>

<b>18.1 CONSOLIDATED TRADE CREDITORS:</b>	Tk. <b>233,405,650</b>	<b>331,768,843</b>
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. 236,247,055**

This consists of as follows:

Accrued Expenses	221,980,132	83,844,340
Clearing & Forwarding	14,016,923	8,518,980
Audit Fees	250,000	195,000
Tk.	<b>236,247,055</b>	<b>92,558,320</b>

**20.1 CONSOLIDATED LIABILITIES FOR OTHER FINANCE: Tk. 443,244,441**

This consists of as follows:

Sundry Creditors	104,422,714	114,922,734
Income Tax (Deduction at Source)	8,139,409	2,382,262
Retention Money	1,249,971	638,389
Workers' Profit Participation Fund	222,400,631	179,619,677
Income Tax Payable (Note- 21.1)	107,031,716	145,388,510
Tk.	<b>443,244,441</b>	<b>442,951,572</b>

**21.1 CONSOLIDATED INCOME TAX PAYABLE: Tk. 107,031,716**

This is arrived at as follows:

	31-03-08	31-03-07
<b>Income Tax Payable:</b>	574,540,760	507,147,215
Balance at 01-04-2007	145,388,510	141,897,550
- Provision made during the Year 2006-07 (Note-32.1)	-	365,249,665
- Provision made during the Year 2007-08 (Note-32.1)	429,152,250	-
<b>Less: Payment of Income Tax:</b>	467,509,044	361,758,705
- During the Year 2005-06	-	139,921,415
- During the Year 2006-07	144,254,638	221,837,290
- During the Year 2007-08	323,254,406	-
Balance at 31-03-2007	Tk. <b>107,031,716</b>	<b>145,388,510</b>

**22.1 CONSOLIDATED GROSS TURNOVER: Tk. 12,024,126,035**

	2007-2008	2006-2007
Square Pharmaceuticals Ltd.	9,565,715,902	8,711,034,758
Square Spinnings Ltd.	1,328,577,259	1,246,916,277
Square Cephalosporins Ltd.	1,129,832,874	-
Gross Turnover	Tk. <b>12,024,126,035</b>	<b>9,957,951,035</b>

**23.1 CONSOLIDATED COST OF GOODS SOLD: Tk. 6,545,727,748**

	Notes	2007-2008	2006-2007
This is arrived at as follows:			
Raw Materials Consumed	24.1	4,038,167,692	3,318,267,992
Packing Materials Consumed	25.1	1,266,054,810	955,865,888
		5,304,222,502	4,274,133,880
Work-in-Process (Opening)		136,717,825	112,402,564
Work-in-Process (Closing)		(171,959,825)	(136,717,825)
<b>TOTAL CONSUMPTION</b>		<b>5,268,980,502</b>	<b>4,249,818,619</b>
Factory Overhead	26.1	1,224,318,616	1,065,712,912
<b>COST OF PRODUCTION</b>		<b>6,493,299,118</b>	<b>5,315,531,531</b>
Purchase of Finished Goods		211,761,614	186,900,007
Finished Goods (Opening)		516,302,220	414,080,998
Finished Goods (Closing)		(675,635,204)	(516,302,220)
		Tk. <b>6,545,727,748</b>	<b>5,400,210,316</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2007-2008	2006-2007
<b>24.1 CONSOLIDATED RAW MATERIALS CONSUMED: Tk. 4,038,167,692</b>		
This is arrived at as follows:		
Opening Stock	904,300,138	596,673,798
Purchase	4,163,348,284	3,625,894,332
Closing Stock	(1,029,480,730)	(904,300,138)
Tk.	<b><u>4,038,167,692</u></b>	<b><u>3,318,267,992</u></b>

**25.1 CONSOLIDATED PACKING MATERIALS CONSUMED: Tk. 1,266,054,810**

This is arrived at as follows:

Opening Stock	194,309,616	126,203,623
Purchase	1,296,766,815	1,023,971,881
Closing Stock	(225,021,621)	(194,309,616)
Tk.	<b><u>1,266,054,810</u></b>	<b><u>955,865,888</u></b>

**26.1 CONSOLIDATED FACTORY OVERHEAD: Tk. 1,224,318,616**

This is made-up as follows:

Salaries, Allowances and Wages	251,200,193	224,901,073
Factory Employees Free Lunch	18,247,704	15,332,935
Factory Staff Uniform	6,264,137	4,854,459
Travelling & Conveyance	5,178,916	3,455,962
Printing & Stationery	14,197,211	10,442,793
Postage, Telephone & Fax	2,602,790	2,466,966
Repairs & Maintenance	189,663,677	163,581,880
Laboratory Consumable Stores	53,311,810	20,881,649
Fuel, Petrol, Light Diesel etc.	16,179,865	16,985,211
Electricity, Gas & Water	107,840,350	89,353,288
Rental Expense	995,300	1,007,950
Municipal & Other Tax	1,168,517	1,195,718
Insurance Premium	18,573,779	11,834,471
Factory Sanitation Expenses	5,693,491	4,194,501
Depreciation	517,546,384	484,030,048
Security Services	9,616,800	8,833,230
Research & Development	5,505,206	499,056
Other Expenses	532,486	1,861,722
Tk.	<b><u>1,224,318,616</u></b>	<b><u>1,065,712,912</u></b>

**2007- 2008****2006- 2007****27.1 CONSOLIDATED SELLING & DISTRIBUTION EXPENSES: Tk. 1,269,011,439**

This consists of as follows:

Salaries and Allowances	179,346,032	124,136,871
Travelling and Conveyance	17,694,658	14,844,939
Training Expenses	1,915,781	3,206,589
Printing and Stationery	26,247,111	20,603,157
Postage, Telephone, Fax & Telex	8,767,165	7,340,397
Electricity, Gas and Water	4,231,177	3,711,325
Tiffin and Refreshment	4,490,423	3,450,957
Office and Godown Rent	5,494,278	4,700,573
Bank Charges	6,276,932	5,743,580
Repairs and Maintenance including car maintenance	78,045,608	60,162,235
Govt. Taxes and Licence Fees	11,249,060	6,415,547
Field Staff Salaries, Allowances, T.A and D.A	333,693,520	255,242,248
Marketing and Promotional Expenses	215,058,082	157,319,770
Advertisement	1,303,740	2,571,527
Delivery and Packing Expenses	29,429,990	25,533,777
Export Expenses	29,892,130	34,788,621
Special Discount	204,897,929	199,384,147
Sample Expenses	51,809,408	38,678,510
Security Services	8,297,461	7,787,821
Depreciation	49,822,634	31,862,794
Software & Hardware Support Services	253,000	1,426,000
Other Expenses	795,320	810,307
Tk.	<b>1,269,011,439</b>	<b>1,009,721,692</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2007-2008	2006-2007
<b>28.1 CONSOLIDATED ADMINISTRATIVE EXPENSES: Tk. 490,332,648</b>		
This consists of as follows:		
Salaries and Allowances	83,639,339	68,574,431
Directors' Remuneration	21,691,428	13,607,916
Travelling and Conveyance	41,000,812	25,874,292
Training Expenses	2,372,157	410,093
Printing and Stationery	8,876,250	5,806,339
Postage, Telephone, Fax & Telex	5,134,619	5,433,361
Electricity, Gas & Water	6,879,504	4,521,661
Tiffin and Refreshment	13,068,651	10,270,686
Office Rent	2,247,735	2,267,661
Sanitation Expenses	1,765,296	1,002,669
Books and Periodicals	1,224,577	1,039,193
Subscription and Donation	12,775,405	2,373,437
Advertisement	2,327,806	1,691,195
Repairs and Maintenance	50,679,567	27,935,693
Bank Charges	12,495,389	11,828,003
Insurance Premium	8,280,464	5,267,713
Govt. Taxes, Stamp Duty & Licence Fee	4,879,800	4,622,880
Lease Rent	310,000	3,001,051
Security Services	5,123,898	4,869,926
Management Consultant Fees	982,463	494,921
Legal Charges	732,250	877,365
Audit Fees	265,000	195,000
Depreciation	171,588,189	198,813,996
Annual General Meeting Expenses	6,550,114	4,515,610
Software & Hardware Support Services	15,820,494	13,168,603
Share Demat, Remat & Transfer Fees	7,410,219	-
Other Expenses	2,211,222	2,840,105
Tk.	<b>490,332,648</b>	<b>421,303,800</b>

**29.1 CONSOLIDATED OTHER INCOME: Tk. 345,500,963**

This is arrived at as follows:		
Interest on FDR	5,273,128	10,870,467
Interest on Savings Account	140,096	105,658
Rental Income	229,308,264	82,204,088
Sale of Scrap	14,375,919	9,294,737
Foreign Exchange Fluctuation Gain/(Loss) on Retention Quota Account	592,408	(638,211)
Foreign Exchange Fluctuation Gain/(Loss) against Collection on Export Bills	2,913	966,745
Dividend Received	4,506,307	4,780,855
Interest on Loan to Sister Concern	84,259,577	57,177,287
Commission Received	4,934,656	-
	343,393,268	164,761,626
Profit/(Loss) on Sale of Property, Plant and Equipment (Note-36)	2,107,695	(108,927)
Tk.	<b>345,500,963</b>	<b>164,652,699</b>

	2007-2008	2006-2007
<b>30.1 CONSOLIDATED FINANCIAL EXPENSES: Tk. 443,152,833</b>		
This is made-up as follows:		
Interest on Cash Credit	32,462,066	38,825,395
Interest on Overdraft	49,482,731	50,828,819
Interest on LATR & LPO	135,238,829	87,211,107
Interest on Short Term Loan	127,883,501	82,979,922
Interest on Lease	39,519,065	14,684,279
Interest on Long Term Loan	58,566,641	29,346,519
Tk.	<b>443,152,833</b>	<b>303,876,041</b>

**31.1 CONSOLIDATED ALLOCATION FOR WPPF: Tk. 104,154,014**

This consists of as follows:

Square Pharmaceuticals Ltd.	93,431,709	86,145,311
Square Spinnings Ltd.	6,454,949	5,755,194
Square Cephalosporins Ltd.	4,267,356	-
Tk.	<b>104,154,014</b>	<b>91,900,505</b>

**32.1 CONSOLIDATED PROVISION FOR INCOME TAX: Tk. 429,152,250**

This is made-up as follows:

Square Pharmaceuticals Ltd.	409,660,827	347,984,083
Square Spinnings Ltd.	19,491,423	17,265,582
Tk.	<b>429,152,250</b>	<b>365,249,665</b>

**32.2 PROFIT FROM ASSOCIATE UNDERTAKINGS: Tk. (12,359,754)**

This is arrived at as follows:

a) Square Textiles Ltd.	124,016,004	90,170,402
b) Square Knit Fabrics Ltd.	49,649,122	54,849,094
c) Square Fashions Ltd.	55,944,163	66,050,074
d) Square Hospitals Ltd.	(241,969,043)	-
Tk.	<b>(12,359,754)</b>	<b>211,069,570</b>

**33. CONSOLIDATED BASIC EARNINGS PER SHARE (EPS): Tk. 170.61**

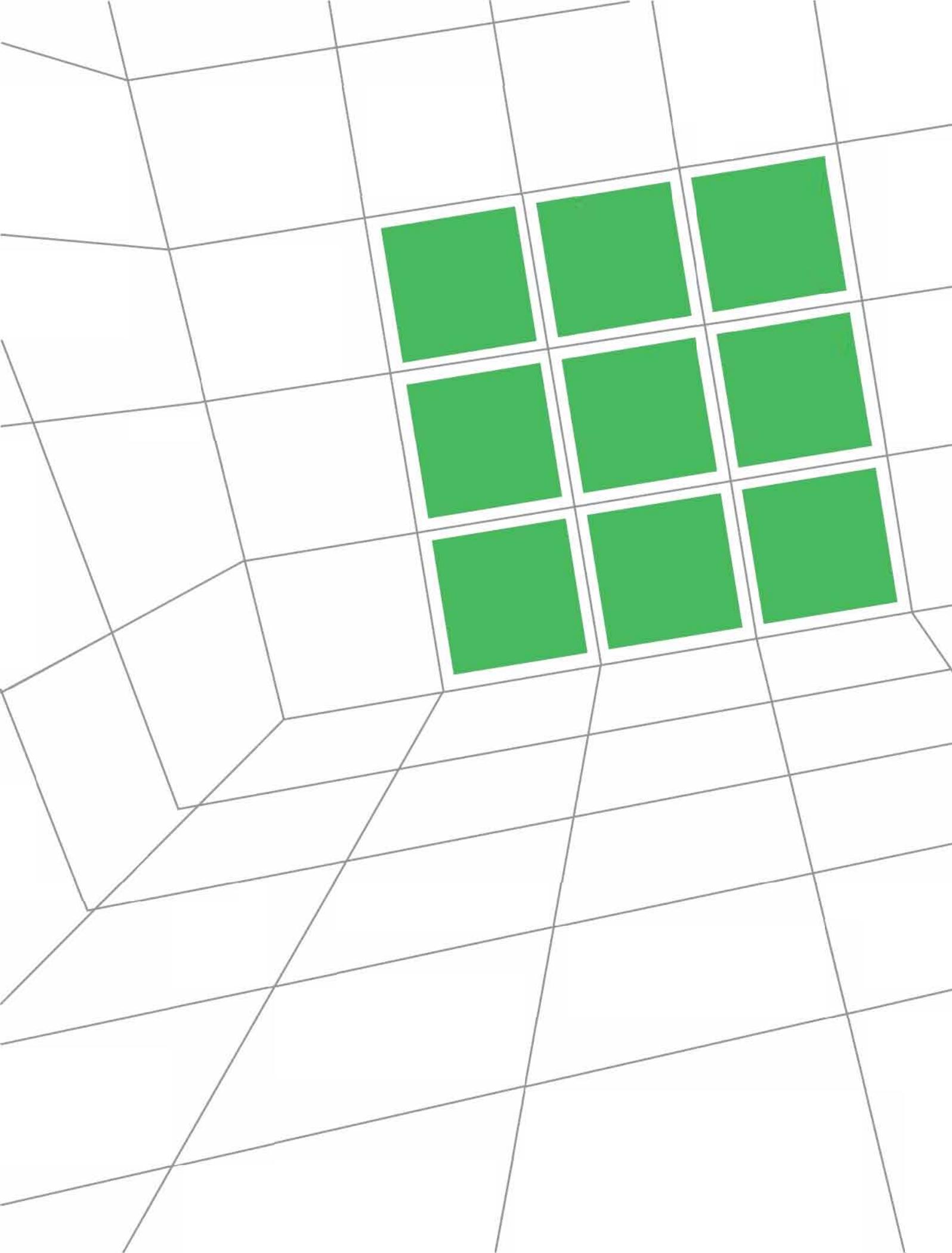
The computation is given below:

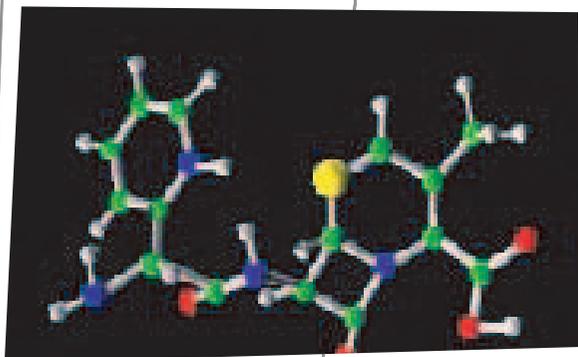
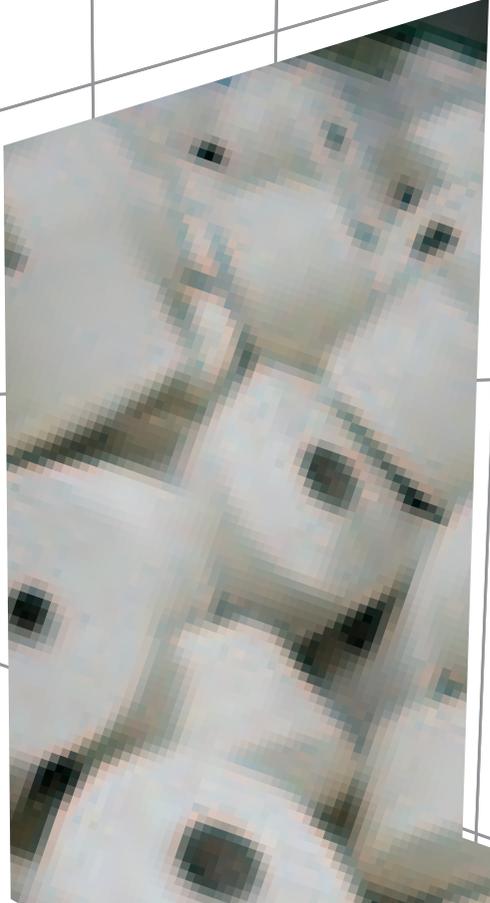
Surplus for the year attributable to Shareholders (Net Profit after Tax)	1,525,621,860	1,458,182,538
Weighted average number of shares outstanding during the year	8,942,400	8,942,400
<b>Basic EPS</b>	<b>170.61</b>	<b>163.06</b>

**Consolidated Property, Plant and Equipment: Tk. 5,216,965,740**

Schedule-02

PARTICULARS	COST			DEPRECIATION			Written Down Value as at 31 March 2008	Rate of Depn	
	At 31 March 2007	During the year		At 31 March 2007	During the year				At 31 March 2008
		Additions	Sales/ Transfer		Charged	Sales/ Transfer			
<b>FACTORIES:</b>									
Freehold Land	208,925,619	106,763,657	6,025,000	309,664,276	-	-	309,664,276	-	
Building	1,644,992,076	1,025,220	-	1,646,017,296	97,941,929	-	900,577,368	10%	
Building under Construction	49,450,694	109,385,373	-	158,836,067	-	-	158,836,067	-	
Plant & Machinery	2,858,412,775	409,853,600	-	3,268,266,375	287,596,583	-	1,690,034,749	15%	
Electromechanical Equipments	510,935,147	-	-	510,935,147	76,640,272	-	1,578,231,626	15%	
Laboratory Equipment	250,225,042	39,821,917	-	290,046,959	63,951,005	-	357,654,603	10%	
Furniture & Fixture	108,067,890	7,779,317	-	115,847,207	23,577,755	-	202,518,199	10%	
Office Equipment	82,764,200	8,589,959	-	91,354,159	7,969,959	-	69,040,474	10%	
Motor Vehicle	86,091,219	19,178,050	4,865,500	100,403,769	5,501,072	-	47,583,329	10%	
Motor Vehicle Lease	2,085,000	-	-	2,085,000	213,504	-	38,651,294	20%	
Plant & Machinery in Transit	30,552,676	113,624,991	7,120,384	137,057,283	6,100,094	-	137,057,283	-	
Electrical Installation	54,253,327	8,163,191	-	62,416,518	2,342,393	-	14,230,256	15%	
Gas Line Installation	15,769,986	6,702,858	-	22,472,844	-	-	14,454,295	15%	
<b>TOTAL</b>	<b>5,902,525,651</b>	<b>830,888,133</b>	<b>18,010,884</b>	<b>6,715,402,900</b>	<b>517,546,385</b>	<b>3,037,794</b>	<b>3,941,156,209</b>		
<b>HEAD OFFICE &amp; OTHERS:</b>									
Land	206,367,668	60,282,546	-	266,650,214	-	-	266,650,214	-	
Building	70,794,667	120,999,641	-	191,794,308	13,906,305	-	125,156,745	10%	
Building under Construction	27,105,145	26,450,679	37,672,519	15,883,305	-	-	15,883,305	-	
Furniture & Fixture	41,346,532	4,127,879	-	45,474,411	3,114,937	-	28,034,432	10%	
Office Equipment	930,029,819	9,509,197	-	939,539,016	142,181,632	-	590,217,100	10%	
Motor Vehicle	220,505,710	75,301,928	13,547,825	282,259,813	34,989,961	9,045,474	138,702,533	20%	
Motor Vehicle-Lease	59,872,040	4,600,000	-	64,472,040	9,068,038	-	36,272,154	20%	
Motor Cycle	101,289,852	36,008,500	2,751,562	134,546,790	16,769,606	1,888,145	67,078,428	20%	
Books & Periodicals	528,794	-	-	528,794	2,196	-	5,123	30%	
Electrical Installation	9,413,937	1,350,000	-	10,763,937	1,378,147	-	7,809,497	15%	
<b>TOTAL</b>	<b>1,667,254,164</b>	<b>338,630,370</b>	<b>53,971,906</b>	<b>1,951,912,628</b>	<b>221,410,822</b>	<b>10,933,619</b>	<b>1,275,809,531</b>		
<b>GRAND TOTAL Tk.</b>	<b>7,569,779,815</b>	<b>1,169,518,503</b>	<b>71,982,790</b>	<b>8,667,315,528</b>	<b>738,957,207</b>	<b>13,971,413</b>	<b>5,216,965,740</b>		
<b>TOTAL- 2007 Tk.</b>	<b>4,841,788,659</b>	<b>2,759,067,111</b>	<b>31,075,955</b>	<b>7,569,779,815</b>	<b>714,706,838</b>	<b>5,634,533</b>	<b>4,844,415,821</b>		





**SUBSIDIARY PROFILE**

## **SQUARE SPINNINGS LTD.**

### **DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR 2007 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 8th Annual General Meeting and place their Report along with the Audited Accounts containing Balance Sheet as at 31 December, 2007, Income Statement and Cash Flow Statement together with Notes and Auditors' Report thereon for the year ended 31 December, 2007.

#### **COMPANY'S OPERATIONS:**

##### **1. PRODUCTION/CAPACITY:**

The company's installed production facilities during the year 2007 remained at the same level of the previous year at 3,192 Rotor Heads. A year wise comparative position of capacity, output and productive efficiencies are highlighted hereunder:

	2007	2006
(1) Installed Production Facilities:		
Rotor Heads	3,192	3,192
(2) In Operations:		
Rotor Heads	3,192	3,192
(3) Production Capacity (Kg)	10,650,000	10,650,000
(4) Actual Production (Kg)	9,430,524	9,403,898
(5) Operating Efficiency Attained	88.55%	88.29%

The production capacity remained same as that of previous year. However the capacity utilization increased by 0.26%.

##### **2. COST OF PRODUCTION:**

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

	2007	2006
(1) Total Output Produced (Kg)	9,430,524	9,403,898
(2) Cost of Production (Tk.)	1,085,580,937	1,048,383,919
(3) Raw Materials Consumed (Tk.)	904,795,533	864,662,479
(4) Packing Materials Consumed (Tk.)	18,548,425	15,353,776
(5) Factory Overhead (Tk.)	162,236,979	168,367,664
(6) Power, Gas & Water (Tk.)	29,199,377	33,005,706
(7) Unit Cost (Tk.):		
(a) Cost of Production per Kg	115.11	111.48
(b) Raw Materials per Kg	95.94	91.95
(c) Packing Materials per Kg	1.97	1.63
(d) Factory Overhead per Kg	17.20	17.90
(e) Power, Gas & Water per Kg	3.10	3.51

From the above information it will transpire that the cost of production per kg has increased by 3.26% during 2007 over that 2006 and the cost of raw materials increased by 4.34% during 2007 over the previous year. The cost of packing materials increased by 20.86% during 2007 over the previous year 2006, though factory overhead decreased by 3.91% during 2007 over 2006. Cost of utilities (power, gas & water) however decreased by 11.53% in 2007 from that of 2006. 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:

	2007		2006	
<b>(1) Quantity Sold (Kg) :</b>				
(a) Local Sales	162,064	1.64%	101,655	1.02%
(b) Export Sales	9,705,671	98.36%	9,824,173	98.98%
Total Sales	9,867,735	100.00%	9,925,828	100.00%
<b>(2) Sales Revenue (Tk) :</b>				
(a) Local Sales	20,296,061	1.60%	12,853,499	1.02%
(b) Export Sales	1,247,422,205	98.40%	1,241,194,378	98.98%
Total Sales	1,267,718,266	100.00%	1,254,047,877	100.00%
<b>(3) Selling Prices :</b>				
(a) Local Sales (Tk/Kg)	125.23		126.44	
(b) Export Sales (Tk/Kg)	128.53		126.34	
(c) Average Sales (Tk/Kg)	128.53		126.34	

The quantity sold during 2007 fell by 0.59% over that of 2006 while the sales revenue increased by 1.09% over the same period. This is primarily due to rise in export prices by 1.73% in 2007 over 2006.

**4. CAPITAL EXPENDITURES:**

The company made no capital investment during the year 2007 for plant and machinery for increasing production capacity.

#### 5. DEBT SERVICE:

Since the the company did not have any term loan during the year, no debt servicing was called for.

#### 6. CONTRIBUTION TO NATIONAL EXCHEQUER:

The Company contributed an amount of Tk. 38.67 million to the National Exchequer consisting of the following:

	2007	2006
(1) Advance Income Tax (Deducted at Source)	1.80	2.45
(2) Excise/VAT/Import Duties/Taxes etc.	3.05	3.61
(3) Govt. Taxes/Stamp Duties/License Fees etc.	0.15	0.12
Total Tk. (Million)	5.00	6.18

The above is 20% lower than that of 2006.

#### 7. FOREIGN EXCHANGE EARNED/SAVED:

The company contributed a net amount of Tk. 363.56 million to the Foreign Exchange Reserve of the country during the year 2007 as follows:

	2007	2006
(1) Total Export Earnings	1,247.42	1,241.19
(2) Less: Import Costs/Expenses:		
(a) Raw Cotton ( Tk.)	828.71	1,043.78
(b) Spare Parts ( Tk.)	55.15	52.20
	883.86	1,095.98
(3) Net Export Earnings in million (Tk.)	363.56	145.21
Net Export Earnings in US Dollar (At average Tk.69.0660/\$)	5,263,950	2,084,697.19

#### 8. CORPORATE OWNERSHIP:

The share paid-up capital of the company as at 31 December 2007 stood at Tk. 100 million, which is held as follows:

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

**9. FINANCIAL RESULTS:**

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

	Year 2007 (Taka)	Year 2006 (Taka)
(1) Sales Turnover	1,267,718,266	1,254,047,877
(2) Cost of Goods Sold	1,086,232,879	1,050,993,450
(3) Gross Profit	181,485,387	203,054,427
(4) Operating & Financial Expenses	63,028,426	78,283,703
(5) Operating Income	118,456,961	124,770,724
(6) Other Income	506,307	418,059
(7) Net Profit before WPPF	118,963,268	125,188,783
(8) Contribution to WPPF	5,664,918	5,961,371
(9) Net Profit for the Year	113,298,350	119,227,412
(10) Provision for Income Tax/Deferred Tax	17,121,330	17,884,112
(11) Net profit (After Tax)	96,177,020	101,343,300
<b>(12) Performance Analysis :</b>		
• Gross Margin	14.32%	16.19%
• Operating Margin	9.34%	9.97%
• Net Margin	7.59%	8.08%
• Outstanding Shares	1,000,000	1,000,000
• Earning per Share (Tk.)	96	101

The Sales Turnover in 2007 increased by 1.09% over the previous year while Net Profit (AT) decreased by 0.49% over the same period due to increase of global raw cotton price. Earnings per Share (EPS) decreased by 4.95% and the Net Asset Value (NAV) per share stood at Tk. 712.23 as at 31 December 2007 as against Tk. 616.05 as at 31 December 2006 showing an increase of 0.96% in Net Asset Value.

**10. APPROPRIATION:**

The net profit of Tk. 96,177,020 has been proposed by the Directors to be appropriated as follows:

Tax Holiday Reserve	-
Transferred to General Reserve & Surplus	96,177,020
Total Tk.	<u>96,177,020</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 2008 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, 2007 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 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 at 31 December, 2007 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 as it appeared from our examination of those books;
- (c) the Company's Balance Sheet and Income Statement dealt with by the report are in agreement with the books of account;

Dated, Dhaka  
05 March, 2008



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

## SQUARE SPINNINGS LTD.

### BALANCE SHEET

as at 31 December 2007

		31-12-07	31-12-06
<b>NET ASSETS:</b>	Notes		
<b>Fixed Assets:</b>			
At cost less depreciation	2	460,325,086	514,233,960
<b>Current Assets:</b>		<b>869,850,608</b>	<b>976,129,341</b>
Stocks	3	314,350,235	485,988,892
Trade Debtors	4	499,808,240	441,678,692
Advances, Deposits and Prepayments	5	8,392,039	21,140,667
Investment in Marketable Securities	6	12,328,000	12,328,000
Cash and Bank Balances	7	34,972,094	14,993,090
<b>Less: Current Liabilities:</b>		<b>576,885,969</b>	<b>833,250,596</b>
Short Term Loan	8	246,483,365	357,565,764
Liabilities for Expenses	9	311,429,359	456,337,462
Liabilities for Other Finance	10	967,803	1,463,258
Provision for Income Tax		18,005,442	17,884,112
Net Current Assets		292,964,639	142,878,745
Less: Deferred Tax Liability		(41,057,800)	(41,057,800)
	Tk.	<b>712,231,925</b>	<b>616,054,905</b>
<b>FINANCED BY:</b>			
<b>SHAREHOLDERS' EQUITY:</b>		<b>712,231,925</b>	<b>616,054,905</b>
Share Capital	11	100,000,000	100,000,000
General Reserve & Surplus		437,086,852	340,909,832
Tax Holiday Reserve		175,145,073	175,145,073
	Tk.	<b>712,231,925</b>	<b>616,054,905</b>

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  
05 March 2008

## SQUARE SPINNINGS LTD.

### INCOME STATEMENT

for the year ended 31 December 2007

		2007	2006
	Notes		
SALES	12	1,267,718,266	1,254,047,877
LESS: COST OF GOODS SOLD	13	1,086,232,879	1,050,993,450
<b>GROSS PROFIT</b>		181,485,387	203,054,427
Less: Operating Expenses	14	20,302,106	23,698,617
Less: Financial Expenses	15	42,726,320	54,585,086
Operating Income		118,456,961	124,770,724
Add: Other Income		506,307	418,059
NET PROFIT BEFORE WPPF		118,963,268	125,188,783
Less: Allocation for WPP & WF		(5,664,918)	(5,961,371)
NET PROFIT BEFORE TAX		113,298,350	119,227,412
Provision for Income Tax		(17,121,330)	(17,884,112)
<b>NET PROFIT FOR THE YEAR</b>	TK.	96,177,020	101,343,300
(Transferred to the Statement of Changes in Equity)			
Basic Earnings Per Share (Par Value Taka 100/-)	TK.	<b>96</b>	<b>101</b>

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  
05 March 2008

## **SQUARE SPINNINGS LTD.**

### **STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2007

	Share Capital	Tax Holiday Reserve	General Reserve & Surplus	Total
At 31 December 2006	100,000,000	175,145,073	340,909,832	616,054,905
Net Profit for 2007	-	-	96,177,020	96,177,020
At 31 December 2007 Tk.	100,000,000	175,145,073	437,086,852	712,231,925

## **SQUARE SPINNINGS LTD.**

### **STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2006

	Share Capital	Tax Holiday Reserve	General Reserve & Surplus	Total
At 31 December 2005	100,000,000	175,145,073	239,566,532	514,711,605
Net Profit for 2006	-	-	101,343,300	101,343,300
At 31 December 2006 Tk.	100,000,000	175,145,073	340,909,832	616,054,905

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  
05 March 2008

## SQUARE SPINNINGS LTD.

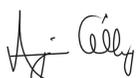
### CASH FLOW STATEMENT

for the year ended 31 December 2007

	2007	2006
<b>Cash Flow from Operating Activities:</b>		
<b>RECEIPTS:</b>		
Cash from Sale Revenue	1,209,588,717	1,260,947,426
Cash from Other Income	506,307	418,059
Total Cash Receipts	1,210,095,024	1,261,365,485
<b>PAYMENTS:</b>		
Purchase of Raw and Packing Materials	898,207,911	1,103,690,453
Manufacturing and Operating Expenses	125,665,547	165,166,628
Bank Interest	42,726,320	54,585,085
Income Tax Paid	8,727,841	10,644,149
Workers Profit Participation Fund	3,195,503	4,385,280
Total Payments	1,078,523,122	1,338,471,595
Net Cash Flow from Operating Activities	131,571,902	(77,106,110)
<b>Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(510,500)	(2,342,797)
Net Cash Flow from Investing Activities	(510,500)	(2,342,797)
<b>Cash Flow from Financing Activities:</b>		
Short Term Loan Received	(111,082,398)	70,740,848
Net Cash Flow from Financing Activities	(111,082,398)	70,740,848
Net Cash Position	19,979,004	(8,708,059)
Opening Cash and Cash Equivalents	14,993,090	23,701,149
Closing Cash and Cash Equivalents	Tk. <b>34,972,094</b>	<b>14,993,090</b>

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  
05 March 2008

**SQUARE CEPHALOSPORINS LIMITED**  
**DIRECTOR'S REPORT TO THE SHAREHOLDERS**  
**FOR THE PERIOD 2007-2008**

Dear Shareholders,

In terms of the provisions of section 184 of the Companies Act 1994 and IAS codes, I, on behalf of the Board of Directors, have the pleasure to submit its Report to you at the third annual general meeting for the period ended 31 March, 2008 in the following paragraphs:

**1. IMPLEMENTATION:**

The company completed implementation of the project in October 2006 and the plant commencement production from November 2006. The total cost of project incurred up to 31 March 2008 stood as follows:

(1) Plant & Machinery	341,279,537
(2) Laboratory Equipment	96,816,034
(3) Electro Mechanical Equipment	510,935,147
(4) Other Assets	5,490,166
Total Tk.	<u>954,520,884</u>

**2. SHAREHOLDING:**

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

(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	1,000	"
Total:	<u>5,000</u>	

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

**3. OPERATIONS:**

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

	<u>2006-2007</u>	<u>2007-2008</u>
Gross Turnover	Tk. 72,355,039	1,129,832,873
Gross Profit (Loss)	Tk. (96,331,009)	399,808,653
Net Profit (Loss)	Tk. (120,466,871)	85,347,129

**4. ACCOUNTING YEAR:**

**Financial Position:**

The company's (SCL) Accounting Year ended on 31 March 2008. The Balance Sheet, Income Statement, Statement of Changes in Equity and Cash Flow Statement as at 31 March 2008 are placed hereunder.

**5. BOARD OF DIRECTORS:**

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

**6. APPOINTMENT OF AUDITORS:**

In terms of provisions of sub-section (1) of section 210 of the Companies Act 1994, the shareholders' are required to appoint Auditors' of the company. Being eligible M/s. Chowdhury Bhattachajee & Co., Chartered Accountants', the statutory auditors, who retired as this AGM, have offered to be reappointed as Auditors for the year 2008-2009 as per proviso (a) of sub-section (6) of section 210 of the Act.

**7. ACKNOWLEDGEMENT:**

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



Samson H. Chowdhury  
Chairman

## AUDITORS' REPORT

TO THE SHAREHOLDERS OF

### SQUARE CEPHALOSPORINS LTD.

We have audited the accompanying Financial Statements of Square Cephalosporins Limited comprising Balance Sheet as at 31 March, 2008 and the related Income Statement, Statement of Changes in Equity, Cash Flow Statement together with related Notes and Schedule thereto for the year then ended. The preparation of these financial statements are the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

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

In our opinion, the financial statement, prepared in accordance with the International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BAS), give a true and fair view of the state of affairs of the company as at 31 March, 2008 and of the results of its operations and its cash flow for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

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

Dated, Dhaka  
24 July, 2008

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

## SQUARE CEPHALOSPORINS LTD.

### BALANCE SHEET

as at 31 March 2008

		31-03-08	31-03-07
<b>ASSETS:</b>			
<b>Non Current Assets:</b>			
	Note		
Pre-operating Cost	2	-	99,800
Property, Plant & Equipment-At Cost less Depreciation	3	684,212,382	816,301,466
		<b>316,103,744</b>	<b>158,162,172</b>
Inventories	4	291,967,078	144,397,436
Accounts Receivable	5	522,346	-
Advance, Deposit and Prepayments	6	22,950,412	13,764,736
Cash and Cash Equivalents	7	663,908	-
	Total Tk.	<b>1,000,316,126</b>	<b>974,563,438</b>
<b>CAPITAL &amp; LIABILITIES:</b>			
Share Capital	8	95,500,000	95,500,000
Retained Earnings		(35,119,742)	(120,466,871)
		<b>439,254,948</b>	<b>540,307,423</b>
<b>NON CURRENT LIABILITIES:</b>			
Long Term Bank Loan	9	39,254,948	140,307,423
Share Money Deposit	10	400,000,000	400,000,000
		<b>500,680,919</b>	<b>459,222,886</b>
<b>CURRENT LIABILITIES:</b>			
Short Term Borrowings	11	377,368,955	333,174,563
Current Portion of Long Term Bank Loan	12	90,254,529	84,388,281
Liabilities for Expenses	13	18,703,157	41,146,690
Other Liabilities	14	14,354,278	513,352
	Total Tk.	<b>1,000,316,126</b>	<b>974,563,438</b>

Attached notes form part of these Financial Statements.

As per our annexed report of even date.



Samson H. Chowdhury  
Managing Director



Samuel S. Chowdhury  
Director



Khandaker Habibuzzaman  
Company Secretary



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

Dated, Dhaka: 24 July, 2008

## SQUARE CEPHALOSPORINS LTD.

### INCOME STATEMENT

for the year ended 31 March 2008

		2007-2008	2006-2007
	Notes		
GROSS TURNOVER		1,129,832,873	72,355,039
Less: Value Added Tax		(162,493,024)	(11,506,534)
<b>NET TURNOVER</b>		<b>967,339,849</b>	<b>60,848,505</b>
Less: Cost of Goods Sold	15	(567,531,196)	(157,179,514)
<b>GROSS PROFIT/(LOSS)</b>		<b>399,808,653</b>	<b>(96,331,009)</b>
Administrative, Selling and Distribution Expenses	16	(233,747,304)	(2,156,260)
<b>PROFIT/(LOSS) FROM OPERATIONS</b>		<b>166,061,349</b>	<b>(98,487,269)</b>
Financial Expenses	17	(76,446,863)	(21,979,602)
<b>NET PROFIT/(LOSS) BEFORE WPPF</b>		<b>89,614,486</b>	<b>(120,466,871)</b>
Allocation for WPPF		(4,267,356)	-
<b>NET PROFIT/(LOSS) BEFORE TAX</b>		<b>85,347,129</b>	<b>(120,466,871)</b>
Provision for Income Tax		-	-
<b>NET PROFIT/(LOSS) AFTER TAX</b>	Tk.	<b>85,347,129</b>	<b>(120,466,871)</b>
(Transferred to the Statement of Changes in Equity)			

Attached notes form part of these Financial Statements.

As per our annexed report of even date.



Samson H. Chowdhury  
Managing Director



Samuel S. Chowdhury  
Director



Khandaker Habibuzzaman  
Company Secretary



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

Dated, Dhaka: 24 July, 2008

## SQUARE CEPHALOSPORINS LTD.

### STATEMENT OF CHANGES IN EQUITY

for the period ended March 31, 2008

	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Retained Earnings	Total
At March 31, 2007	95,500,000	-	-	-	(120,466,871)	(24,966,871)
Net Profit for 2007-2008	-	-	-	-	85,347,129	85,347,129
At March 31, 2008	95,500,000	-	-	-	(35,119,742)	60,380,258

## SQUARE CEPHALOSPORINS LTD.

### STATEMENT OF CHANGES IN EQUITY

for the period ended March 31, 2007

	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Retained Earnings	Total
At March 31, 2006	95,500,000	-	-	-	-	95,500,000
Net Loss for 2006-2007	-	-	-	-	-	-
At March 31, 2007	95,500,000	-	-	-	-	95,500,000

Attached notes form part of these Financial Statements.

As per our annexed report of even date.



Samson H. Chowdhury  
Managing Director



Samuel S. Chowdhury  
Director



Khandaker Habibuzzaman  
Company Secretary



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

Dated, Dhaka: 24 July, 2008

## SQUARE CEPHALOSPORINS LTD.

### CASH FLOW STATEMENT

for the year ended 31 March, 2008

	2007-2008	2006-2007
<b>Cash Flow from Operating Activities:</b>		
Receipts from Customers	1,129,310,528	(55,560,599)
Payment to Suppliers	(536,835,480)	-
Payment to Employees & Others	(458,484,617)	-
Payment of Interest on Borrowings	(76,446,863)	(15,430,023)
Net Cash used in Operating Activities (A)	57,543,568	(70,990,622)
<b>Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(7,072,515)	(82,307,333)
Net Cash used in Investing Activities (B)	(7,072,515)	(82,307,333)
<b>Cash Flow from Financing Activities:</b>		
Short Term Borrowing	749,651,279	435,337,012
Payment of Short Term Loan	(704,272,197)	(250,000,000)
Payment of Long Term Loan	(95,186,227)	(32,389,057)
Net Cash provided by Financing Activities (C)	(49,807,145)	152,947,955
Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)	663,908	(350,000)
Opening Cash and Cash Equivalent	-	350,000
Closing Cash and Cash Equivalent	Tk. <b>663,908</b>	-

Attached notes form part of these Financial Statements.

As per our annexed report of even date.



Samson H. Chowdhury  
Managing Director



Samuel S. Chowdhury  
Director



Khandaker Habibuzzaman  
Company Secretary



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

Dated, Dhaka: 24 July, 2008

**SQUARE BIOTECHS LTD.**  
**DIRECTORS' REPORT TO THE SHAREHOLDERS**  
**FOR THE YEAR 2007-2008**

Dear Shareholders,

In terms of provision of Section 184 of the Companies Act. 1994 and IAS-1 codes, I am pleased to submit to you on behalf of the Board of Directors their Report along with the Audited Accounts containing Balance sheet and Cash Flow Statement for the Accounting year 2007-08 at this First Annual General Meeting.

**1. OPERATIONS:**

As the company has not commenced commercial production by 31 March 2008, no Income Statement has been prepared.

**2. FINANCIAL POSITION:**

The total capital expenditures incurred by the company upto 31 March, 2008 amounted to Tk. 559,592,674 as detailed below:

(a) Building & Civil works	46,833,353
(b) Plant & Machinery	509,910,804
(c) Pre-operating Expenses	<u>2,848,517</u>
Total Tk.	<u><del>559,592,674</del></u>

The above costs have been financed as follows:

(a) Paid-up Capital	67,000,000
(b) Share Money Deposit	268,000,000
(c) Long Term Bank Loan	136,541,244
(d) Net Current Liabilities	<u><del>88,051,430</del></u>
Total Tk.	<u>559,592,674</u>

**3. COMMENCEMENT OF PRODUCTION:**

The company is expected to commence trial/commercial operation w.e.f March 2009.

**4. ACCOUNTING YEAR:**

The company's (SBL) Accounting Year ended on 31 March, 2008. As the company did not commence production during the year ended 31 March, 2008, no Income Statement and Statement of Changes in Equity has been prepared.

**5. BOARD OF DIRECTORS:**

## **6. APPOINTMENT OF AUDITORS:**

In terms of provision of sub-section (1) of section 210 of the Companies Act 1994, the shareholders are required to appoint Auditors of the company. Being eligible, M/s. Chowdhury Bhattacharee & Co., Chartered Accounts, the statutory Auditors, who retired at this AGM, have offered to be reappointed as Auditors for the Year 2008-09 as per proviso (a) of sub-section (6) of section 210 of the Act.

## **7. ACKNOWLEDGEMENT:**

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

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

  
Samson H. Chowdhury  
Chairman

## AUDITORS' REPORT

TO THE SHAREHOLDERS OF

### SQUARE BIOTECHS LTD.

We have audited the accompanying Financial Statements of Square Biotechs Limited comprising Balance Sheet as at 31 March, 2008 together with related Notes and thereto for the year then ended. The preparation of these financial statements are the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

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

In our opinion, the financial statement, prepared in accordance with the International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BAS), give a true and fair view of the state of affairs of the company as at 31 March, 2008 and of the results of its operations and its cash flow for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

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

Dated, Dhaka  
22 July, 2008



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

## SQUARE BIOTECHS LTD.

### BALANCE SHEET

as at 31 March 2008

		31-03-08	31-03-07
<b>PROPERTY AND ASSETS:</b>			
<b>Non Current Assets:</b>	Notes		
Pre-operating Cost	2	2,863,517	189,050
Capital Work in Progress	3	556,744,157	19,384,936
		559,607,674	19,573,986
<b>CURRENT ASSETS:</b>			
Advance, Deposit and Prepayments	4	11,013,287	-
Cash and Cash Equivalents	5	35,687	-
		11,048,974	-
<b>Total Tk.</b>		<b>570,656,648</b>	<b>19,573,986</b>
<b>CAPITAL AND LIABILITIES:</b>			
Share Capital			
Authorized Capital			
10,000,000 Ordinary shares of Tk. 100/- each		1,000,000,000	1,000,000,000
Issued, Subscribed & Paid up Capital			
670,000 Ordinary Shares of Tk. 100/- each fully paid up in cash		67,000,000	600,000
Share Money Deposit		268,000,000	18,000,000
<b>NON CURRENT LIABILITIES:</b>			
Long Term Bank Loan	6	136,541,244	-
		136,541,244	-
<b>CURRENT LIABILITIES:</b>			
Short Term Borrowings	7	40,213,771	963,986
Long Term Bank Loan-Current Portion	8	58,886,633	-
Provision for Expenses	9	15,000	-
		99,115,404	963,986
<b>Total Tk.</b>		<b>570,656,648</b>	<b>19,563,986</b>

Attached notes form an integral part of this Financial Statement.

Signed as per our annexed report of even date.



Samson H. Chowdhury  
Managing Director



Samuel S. Chowdhury  
Director



Khandaker Habibuzzaman  
Company Secretary



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

Dated, Dhaka: 22 July, 2008



SOUTH ASIAN FEDERATION OF ACCOUNTANTS  
(An Apex Body of SAARC)



**BEST PRESENTED ACCOUNTS AWARDS - 2006**

*This is to certify that*

**SQUARE PHARMACEUTICALS LIMITED of BANGLADESH**

*was awarded*

**MERIT CERTIFICATE**

*In the Category*  
**MANUFACTURING SECTOR**  
*in the above competition.*

*Ashok H. Lohia*  
Permanent Secretary  
SAFA

*Jindrajit Das*  
President  
SAFA

January 12, 2008  
New Delhi - India

SAFA BPA 2006 028

# 41st 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 42nd Annual General Meeting of the Company to be held on Tuesday the 16th September 2008 at 11:00 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 2008.

Affix  
Revenue  
Stamp

\_\_\_\_\_  
(Signature of the Proxy)

\_\_\_\_\_  
(Signature of the Shareholder)

Register Folio/BOID No. \_\_\_\_\_

Dated \_\_\_\_\_

Dated \_\_\_\_\_

Signature Verified

Authorized Signatory  
Square Pharmaceuticals Ltd.

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

## স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ

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

### প্রস্তুি ফরম

আমি/আমরা \_\_\_\_\_

ঠিকানা \_\_\_\_\_

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ এর সদস্য হিসেবে

জনাব/বেগম \_\_\_\_\_

ঠিকানা \_\_\_\_\_

আমার/আমাদের প্রতিনিধি হিসেবে আগামী মঙ্গলবার ১৬ই সেপ্টেম্বর ২০০৮ সকাল ১১:০০ টায় বাংলাদেশ-চীন মৈত্রী সম্মেলন কেন্দ্র, আগারগাও, শেরেবাংলা নগর, ঢাকা-এ অনুষ্ঠিতব্য কোম্পানীর ৪২তম বার্ষিক সাধারণ সভায় এবং এর মূলতবী ঘোষিত সভায় আমার/আমাদের পক্ষে উপস্থিত থাকার এবং ভোট প্রদান করার জন্য নিযুক্ত করলাম।

স্বাক্ষর হিসেবে অদ্য \_\_\_\_\_ সেপ্টেম্বর ২০০৮ তারিখে আমি/আমরা এই দলিলে সজ্ঞানে স্বাক্ষর করলাম।

রেজিষ্টার্ড স্ট্যাম্প  
সংযুক্ত করুন

প্রতিনিধির স্বাক্ষর

সদস্যের স্বাক্ষর

তারিখ \_\_\_\_\_

রেজিষ্টার্ড ফলিও/বিওআইডি নম্বর \_\_\_\_\_

তারিখ \_\_\_\_\_

স্বাক্ষর পরীক্ষিত

অনুমোদনকারীর স্বাক্ষর  
স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ

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



*Dedicated to Advanced Technology*



**SQUARE**  
PHARMACEUTICALS LTD.  
BANGLADESH