

First Quarter  
Financial Statement 2020-2021  
(Unaudited)



***SQUARE PHARMACEUTICALS LTD.***

(Consolidated and Separate)

# SQUARE PHARMACEUTICALS LIMITED

AND ITS SUBSIDIARY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited) As at 30 September 2020

Particulars	Notes	30-09-2020 Taka	30-06-2020 Taka
<b>ASSETS:</b>			
<b>Non-Current Assets:</b>		<b>35,859,210,078</b>	<b>34,435,838,607</b>
Property, Plant and Equipment-Carrying Value	2	21,369,534,813	20,873,698,301
Investment - Long Term (at Cost)	3	2,744,588,138	2,792,000,884
Investment - Associates Undertaking	4	8,281,139,343	8,077,472,192
Investment in Marketable Securities (Fair Value)	5	3,463,152,710	2,691,892,867
Pre-Operating Expenses	6	795,074	774,363
<b>Current Assets:</b>		<b>51,057,554,522</b>	<b>47,384,303,113</b>
Inventories	7	6,361,300,694	5,687,406,329
Trade Debtors		1,684,407,750	1,520,300,337
Advances, Deposits and Prepayments	8	1,849,592,140	2,727,928,252
Short Term Loan	9	4,327,076,045	4,884,338,757
Cash and Cash Equivalents	10	36,835,177,893	32,564,329,438
<b>TOTAL ASSETS</b>		<b>86,916,764,600</b>	<b>81,820,141,720</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Equity:</b>		<b>82,001,345,952</b>	<b>77,305,843,913</b>
Share Capital		8,442,390,580	8,442,390,580
Share Premium		2,035,465,000	2,035,465,000
General Reserve		105,878,200	105,878,200
Tax Exemption Reserve		2,211,743,936	2,211,743,936
Gain on Marketable Securities (Unrealized)	5	325,561,721	(452,626,946)
Cumulative Translation Adjustment		(32,730,548)	(18,078,434)
Retained Earnings		68,913,037,063	64,981,071,577
<b>Non-Current Liabilities:</b>		<b>1,257,332,715</b>	<b>1,272,750,021</b>
Deferred Tax Liability	11	1,257,332,715	1,272,750,021
<b>Current Liabilities:</b>		<b>3,658,085,933</b>	<b>3,241,547,786</b>
Trade Creditors		573,256,511	553,785,496
Liabilities for Expenses	12	25,565,021	128,998,444
Liabilities for Other Finance	13	3,059,264,401	2,558,763,846
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>86,916,764,600</b>	<b>81,820,141,720</b>
Net Assets Value per Share	21	97.13	91.57

Annexed notes are integral part of these financials.

Samuel S Chowdhury  
Chairman

Ratna Patra  
Vice Chairman

Tapan Chowdhury  
Managing Director

Md. Zahangir Alam  
Chief Financial Officer

Khandaker Habibuzzaman  
Company Secretary

# SQUARE PHARMACEUTICALS LIMITED

AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)  
For the 1st Quarter Ended 30 September 2020

Particulars	Notes	July-September 2020 Taka	July-September 2019 Taka
GROSS TURNOVER	14	14,724,616,730	13,210,937,987
Less: Value Added Tax		2,149,035,950	1,917,354,778
<b>NET TURNOVER</b>		<b>12,575,580,780</b>	<b>11,293,583,209</b>
Cost of Goods Sold	15	(6,154,051,265)	(5,587,714,940)
<b>GROSS PROFIT</b>		<b>6,421,529,515</b>	<b>5,705,868,269</b>
<b>OPERATING EXPENSES:</b>		<b>(2,165,851,159)</b>	<b>(2,014,788,128)</b>
Selling & Distribution Expenses	16	(1,915,600,242)	(1,745,489,381)
Administrative Expenses	17	(250,245,632)	(269,280,852)
Finance Cost		(5,285)	(17,895)
<b>PROFIT FROM OPERATIONS</b>		<b>4,255,678,356</b>	<b>3,691,080,141</b>
Other Income	18	913,875,716	745,551,875
PROFIT BEFORE WPPF		5,169,554,072	4,436,632,016
Allocation for WPPF		(246,015,002)	(211,860,481)
PROFIT BEFORE TAX		4,923,539,070	4,224,771,535
Income Tax Expenses-Current		(1,210,658,041)	(1,084,276,419)
Income Tax Assets/(Expenses)-Deferred		15,417,306	44,960,856
<b>PROFIT AFTER TAX</b>		<b>3,728,298,335</b>	<b>3,185,455,972</b>
Profit/(Loss) from Associates Undertaking	19	203,667,151	168,380,907
<b>PROFIT FOR THE PERIOD</b>		<b>3,931,965,486</b>	<b>3,353,836,879</b>
Other Comprehensive Income:			
Gain/(Loss) on Marketable Securities (Unrealized)	20	778,188,667	(213,419,412)
Cumulative Translation Adjustment		(14,652,114)	(8,219,273)
<b>Total Comprehensive Income for the Period</b>		<b>4,695,502,039</b>	<b>3,132,198,194</b>
<b>Profit Attributable to:</b>			
Owners of the Company		3,931,965,486	3,353,836,879
Non Controlling Interest		-	-
		<b>3,931,965,486</b>	<b>3,353,836,879</b>
Total Comprehensive Income Attributable to:			
Owners of the Company		4,695,502,039	3,132,198,194
Non Controlling Interest		-	-
		<b>4,695,502,039</b>	<b>3,132,198,194</b>
<b>Earnings Per Share (EPS)</b>	22	<b>4.66</b>	<b>3.97</b>

Annexed notes are integral part of these financials.

Samuel S Chowdhury  
Chairman

Ratna Patra  
Vice Chairman

Tapan Chowdhury  
Managing Director

Md. Zahangir Alam  
Chief Financial Officer

Khandaker Habibuzzaman  
Company Secretary

# SQUARE PHARMACEUTICALS LIMITED

AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the 1st Quarter Ended 30 September 2020

Particulars	Share Capital	Share Premium	General Reserve	Tax Exemption Reserve	Gain on Marketable Securities (Unrealized)	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
At 30 June 2020	8,442,390,580	2,035,465,000	105,878,200	2,211,743,936	(452,626,946)	64,981,071,577	77,323,922,347
Total Comprehensive Income (Jul'2020-Sep'2020)	-	-	-	-	778,188,667	3,931,965,486	4,710,154,153
<b>At 30 September 2020</b>	<b>8,442,390,580</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>2,211,743,936</b>	<b>325,561,721</b>	<b>68,913,037,063</b>	<b>82,034,076,500</b>

For the 1st Quarter Ended 30 September 2019

Particulars	Share Capital	Share Premium	General Reserve	Tax Exemption Reserve	Gain on Marketable Securities (Unrealized)	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
At 30 June 2019	7,890,084,660	2,035,465,000	105,878,200	2,211,743,936	145,585,283	55,492,799,165	67,881,556,244
Total Comprehensive Income (Jul'2019-Sep'2019)	-	-	-	-	778,188,667	3,353,836,879	4,132,025,546
<b>At 30 September 2019</b>	<b>7,890,084,660</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>2,211,743,936</b>	<b>923,773,950</b>	<b>58,846,636,044</b>	<b>72,013,581,790</b>

Annexed notes are integral part of these financials.

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Company Secretary

# SQUARE PHARMACEUTICALS LIMITED

AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)  
For the 1st Quarter Ended 30 September 2020

Particulars	Note	2020 (Jul'2020-Sep'2020) Taka	2019 (Jul'2019-Sep'2019) Taka
<b>Cash Flows From Operating Activities:</b>			
<b>RECEIPTS:</b>			
Collection from Sales		14,914,165,525	13,465,808,928
Exchange Fluctuation Gain		617,686	666,222
Others		54,330,995	11,745,618
		14,969,114,206	13,478,220,768
<b>PAYMENTS:</b>			
Purchase of Raw and Packing Materials		5,125,156,050	4,132,195,612
Manufacturing and Operating Expenses		3,785,230,872	3,206,162,714
Value Added Tax		2,149,035,950	1,917,354,778
Finance Cost		5,285	17,895
Income Tax Expenses		979,994,924	736,835,877
Workers Profit Participation Fund		-	198,486,364
Others		-	23,871,372
		12,039,423,081	10,214,924,612
Net cash provided by operating activities		2,929,691,125	3,263,296,156
<b>Cash Flows From Investing Activities:</b>			
Purchase of Fixed Assets		(803,483,453)	(321,291,559)
Pre-operating Expenses		(20,711)	-
Investment		54,341,569	(29,916,591)
Short Term Loan		557,262,712	94,973,722
Gain on Sale of Marketable Securities		1,770,412	350,121
Interest Received		1,424,905,163	715,625,061
Dividend Received		114,141,334	21,140,396
Net cash used in investing activities		1,348,917,026	480,881,150
<b>Cash Flows From Financing Activities</b>			
Increase in Cash and Cash Equivalents		4,278,608,151	3,744,177,306
Net Effect of Foreign Currency Translation on Cash and Cash Equivalent		(7,759,696)	(6,498,095)
Cash and Cash Equivalents at the Opening		32,564,329,438	27,004,038,946
Cash and Cash Equivalents at the Closing		36,835,177,893	30,741,718,157
Net Operating Cash Flow per Share (NOCF)	23	3.47	3.87

Annexed notes are integral part of these financials.

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Ratna Patra  
Vice President

Tapan Chowdhury  
Managing Director

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Chief Financial Officer

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Company Secretary

# SQUARE PHARMACEUTICALS LTD.

## Notes to the Consolidated Interim Financial Statements For the 1st Quarter Ended September 30, 2020

### 1. Basis of Preparation of the Interim Financial Statements:

These Financial Statements (They) are the unaudited interim Financial statement (here after 'the Interim Financial Statements') of Square Pharmaceuticals Ltd. , Companies incorporated in Bangladesh under companies act and Square Pharmaceuticals Kenya EPZ Limited incorporated in Kenya under companies act 2015, Kenya, for the 1st Quarter Ended on September 30, 2019 (here after the interim period). They are prepared in accordance with the Bangladesh Accounting Standard (BAS-34) 'Interim Financial Reporting'. These financial statement should read in conjunction with the Annual Financial Statements as of June 30, 2019, as they provide an update of previous reported information.

The accounting policies and presentation used are consistent with those used in the Annual Financials, except where noted below, Where necessary, the comparative figures have been reclassified or extended from the previously reported Interim Financial Statements to take into account any presentational changes made in the Annual Financial Statements or in these Interim Financial Statements.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the Interim Financial Statement. If in the future such estimates and assumptions, which are based on management 's best judgement at the date of the Interim Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

We understand that our business is growing every year that means our assets are performing according to intension of procurement and in sum up the discounted future cash flow from the operation of the assets would be positive if we dispose those assets at the date of financial reporting. But presently we have on intension to dispose these assets, so it is not required to record the impairment gain as provisions of IAS-36.

The company operates in industries where significant seasonal or cyclical variations in total sales are not experienced during the

The company has no reportable operating segments as per BFRS-8.

Figures have been rounded off to the nearest Taka.

### Foreign Currency Translation:

The financials of Square Pharmaceuticals Kenya EPZ Ltd. have been drawn in KHS (Kenyan Shilling) as reporting currency in Kenya. These financials are converted in BDT to Consolidated with the financials of Square Pharmaceuticals Ltd. as parent

30-09-2020

30-06-2020

### 2. CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT: Tk. 21,369,534,813

Details of Property, Plant and Equipment and Depreciation as at 30 September 2020 are as follows:

This is arrived at as follows:

#### Fixed Assets at Cost:

Opening Balance	40,920,080,284	39,012,017,310
Addition during the Period/Year	1,480,803,539	3,338,806,544
	<u>42,400,883,823</u>	<u>42,350,823,854</u>
Sales/Transfer during the Period/Year	(535,034,721)	(1,430,743,570)
Closing Balance	<u>41,865,849,102</u>	<u>40,920,080,284</u>

#### Accumulated Depreciation:

Opening Balance	20,046,381,983	18,158,061,040
Charged during the Period/ Year	449,932,306	1,970,126,072
	<u>20,496,314,289</u>	<u>20,128,187,112</u>
Sales/Transfer during the Period/Year	-	(81,805,129)
	<u>20,496,314,289</u>	<u>20,046,381,983</u>
Carrying Value	<u>Tk. 21,369,534,813</u>	<u>20,873,698,301</u>

30-09-2020

30-06-2020

**3. CONSOLIDATED INVESTMENT-Long Term (at Cost): Tk. 2,744,588,138**

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) 5,711,804 Ordinary Shares of Tk. 10/- each including Bonus Shares in Central Depository Bangladesh Ltd.	15,694,430	15,694,430
(c) 250,002 Zero Coupon Bond in Lanka Bangla Finance Ltd.	33,409,009	33,409,009
(d) 250,000 Zero Coupon Bond in IDLC Finance Ltd.	23,923,444	46,816,693
(e) 200,000 Zero Coupon Bond in Bangladesh Steel Re-Rolling Mills Ltd.	-	17,246,770
(f) 150,000 Preference Share in Raj Lanka Power Company Ltd.	50,909,093	58,181,820
(g) 5 Non-Convertible Zero Coupon Bond in Shanta Holdings Ltd.	39,145,405	39,145,405
(h) 5 Non-Convertible Zero Coupon Bond in Durable Plastics Ltd.	18,514,976	18,514,976
(i) 100,000 Non-Convertible Zero Coupon Bond in Flamingo Fashions Ltd.	25,497,385	25,497,385
(j) 40 Non-Convertible Zero Coupon Bond in Envoy Textiles Ltd.	25,498,245	25,498,245
(k) 200 Non-Convertible Subordinated Bond in Mutual Trust Bank Ltd.	2,000,000,000	2,000,000,000
(l) 612,620 Zero Coupon Islamic Certificate in United Mymensingh Power Ltd.	499,996,151	499,996,151
Tk.	<b>2,744,588,138</b>	<b>2,792,000,884</b>

**4. INVESTMENT-Associate Undertakings: Tk. 8,281,139,343**

This is arrived at as follows:

Opening Balance	8,077,472,192	9,211,605,860
Add: Investment made /(disposed off) during the Period/Year	-	(1,537,500,000)
Add: Profit/(Loss) during the Period/Year (Note-18)	203,667,151	586,239,690
Less: Dividend during the Period/Year	-	(182,873,358)
Closing Balance	<b>8,281,139,343</b>	<b>8,077,472,192</b>

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

Name of Company	Country of Incorporation	Proportion of Ownership Interest
Square Textiles Ltd.	Bangladesh	46.36%
Square Fashions Ltd.	Bangladesh	48.63%
Square Hospitals Ltd.	Bangladesh	49.94%

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. CONSOLIDATED INVESTMENT IN MARKETABLE SECURITIES (Fair Value): Tk. 3,463,152,710**

Particulars	Position of Jul'2020-Sep'2020			Position of Jul'2019-Jun'2020		
	Total Cost	Total Market Value	Realized/ Unrealized Gain	Total Cost	Total Market Value	Realized/ Unrealized Gain
Opening Balance	3,144,519,813	2,691,892,867	(452,626,946)	#####	3,013,439,734	145,585,283
Add: Investment made during the Period	2,589,691	779,007,945	776,418,254	347,985,577	(242,106,192)	(590,091,769)
Less: Sold/Disposed Off during the Period	(9,518,515)	(7,748,102)	1,770,413	(71,320,215)	(79,440,675)	(8,120,460)
Closing Balance	<b>3,137,590,989</b>	<b>3,463,152,710</b>	<b>325,561,721</b>	#####	<b>2,691,892,867</b>	<b>(452,626,946)</b>

**6. PRE-OPERATING EXPENSES Tk. 795,074**Tk. **795,074** **774,363**

This represents expenses has been incurred for registration of Square Lifesciences Ltd.

	30-09-2020	30-06-2020
<b>7. CONSOLIDATED INVENTORIES : Tk. 6,361,300,694</b>		
The break-up is as under:		
Raw Materials	2,623,776,172	1,939,329,998
Packing Materials	724,059,265	647,848,732
Work-in-Process	359,355,576	336,441,344
Finished Goods	1,736,519,538	1,677,371,032
Spares & Accessories	658,537,930	629,858,063
Goods- in-Transit	259,052,213	456,557,160
<b>Tk.</b>	<b>6,361,300,694</b>	<b>5,687,406,329</b>

**8. CONSOLIDATED ADVANCES, DEPOSITS & PREPAYMENTS : Tk. 1,849,592,140**

This consists of as follows:

<b>Advances:</b>	<b>831,463,176</b>	<b>656,011,060</b>
Employees	243,595,978	204,851,164
Land Purchase	14,496,677	156,782,042
Suppliers	573,370,521	294,377,854
<b>Deposits:</b>	<b>982,812,719</b>	<b>2,026,939,426</b>
Value Added Tax	96,440,743	450,096,951
Earnest Money & Security Deposit	297,352,698	298,834,029
Interest on Fixed Deposit Receipts	589,019,278	1,276,320,238
Others	-	1,688,208
<b>Prepayments:</b>	<b>35,316,245</b>	<b>44,977,766</b>
Office Rent	7,921,250	8,599,751
Insurance Premium	27,394,995	36,378,015
<b>Tk.</b>	<b>1,849,592,140</b>	<b>2,727,928,252</b>

**9. CONSOLIDATED SHORT TERM LOAN (Unsecured): Tk. 4,327,076,045**

This consists of as follows:

(a) Square Textiles Ltd.	2,690,611,828	3,277,576,394
(b) Square Fashions Ltd.	205,907,162	2,411,950
(c) Square Hospitals Ltd.	1,430,557,055	1,604,350,413
<b>Tk.</b>	<b>4,327,076,045</b>	<b>4,884,338,757</b>

**10. CONSOLIDATED CASH AND CASH EQUIVALENTS: Tk. 36,835,177,893**

This is made up as follows:

(a) Cash in Hand	8,139,683	2,288,479
(b) Cash at Bank:	<b>36,827,038,210</b>	<b>32,562,040,959</b>
* Current Account	449,378,087	926,999,807
* STD Account	10,839,299,131	10,763,172,367
* Fixed Deposit Account (BD Taka)	21,653,831,491	17,389,641,491
* Fixed Deposit Account (USD)	2,827,992,695	2,774,822,050
* Export Retention Quota Account (USD)	514,919,170	305,962,148
* Margin Held Account (USD)	541,617,636	401,443,096
<b>Tk.</b>	<b>36,835,177,893</b>	<b>32,564,329,438</b>

**11. CONSOLIDATED DEFERRED TAX LIABILITY: Tk. 1,257,332,715**

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

Opening Balance	1,272,750,021	1,294,346,873
Addition during the Period (Deferred Tax Assets)	(15,417,306)	(21,596,852)
<b>Closing Balance</b>	<b>1,257,332,715</b>	<b>1,272,750,021</b>

**Computation of Deferred Tax for the Year Ended 30 September, 2020:**

A. Property, Plant and Equipments excluding Cost of Land (Carrying Am)	13,780,096,163	13,995,217,801
B. Property, Plant and Equipments excluding Cost of Land (Tax Base)	8,750,765,302	8,904,217,715
C. Taxable/(Deductable) Temporary Difference (A-B)	5,029,330,861	5,091,000,086
D. Tax Rate	25%	25%
E. Deferred Tax Liabilities as on 30 September, 2020	1,257,332,715	1,272,750,021
F. Deferred Tax Liabilities as on 30 June, 2020	1,272,750,021	1,294,346,873
<b>G. Current Period's Deferred Tax (Assets)/Liabilities (E-F)</b>	<b>(15,417,306)</b>	<b>(21,596,852)</b>



	30-09-2020	30-06-2020
<b>12. CONSOLIDATED LIABILITIES FOR EXPENSES: Tk. 25,565,021</b>		
This consists of as follows:		
Accrued Expenses	24,951,818	128,384,955
Audit Fees	613,203	613,489
Tk.	<u>25,565,021</u>	<u>128,998,444</u>
<b>13. CONSOLIDATED LIABILITIES FOR OTHER FINANCE: Tk. 3,059,264,401</b>		
This consists of as follows:		
Sundry Creditors	387,600,635	368,968,264
Unclaimed Dividend	333,576,554	330,431,723
Income Tax (Deduction at Source)	16,105,748	18,346,013
Retention Money	7,996,710	3,711,211
Workers' Profit Participation Fund and Welfare Fund	1,105,284,100	859,269,098
Income Tax Payable (Note-13.1)	1,208,700,654	978,037,537
Tk.	<u>3,059,264,401</u>	<u>2,558,763,846</u>
<b>13.1 INCOME TAX PAYABLE: Tk. 1,208,700,654</b>		
This is arrived at as follows:		
Opening balance	978,037,537	557,901,454
Provision made for the Period	1,210,658,041	4,251,005,177
Tax Paid (Including Advance Income Tax during the Period)	(979,994,924)	(3,830,869,094)
Tk.	<u>1,208,700,654</u>	<u>978,037,537</u>
	<b>2020</b>	<b>2019</b>
	(Jul'2020-Sep'2020)	(Jul'2019-Sep'2019)
<b>14. CONSOLIDATED GROSS REVENUE: Tk. 14,724,616,730</b>		
This is made-up as follows:		
Local Sales	14,313,671,704	12,827,628,538
Export Sales Equivalent in US \$ 4,590,532 (Jul'2019-Sep'2019 US \$ 4,590,532)	410,945,026	383,309,449
Tk.	<u>14,724,616,730</u>	<u>13,210,937,987</u>
<b>15. CONSOLIDATED COST OF GOODS SOLD: Tk. 6,154,051,265</b>		
Materials		
Materials	4,501,100,775	4,052,451,741
Factory Overhead (Note-15.1)	1,652,950,490	1,535,263,199
Tk.	<u>6,154,051,265</u>	<u>5,587,714,940</u>
<b>15.1 CONSOLIDATED FACTORY OVERHEAD: Tk. 1,652,950,490</b>		
This is made up as follows:		
Salaries, Allowances and Wages	563,744,886	508,415,737
Factory Employees Free Lunch	32,061,206	27,770,009
Factory Staff Uniform	18,747,768	15,284,589
Travelling & Conveyance	11,657,087	10,602,646
Printing & Stationery	14,352,451	12,641,151
Postage, Telephone & Fax	1,944,023	1,334,760
Repairs & Maintenance	260,703,366	228,980,228
Laboratory Consumable Stores	89,173,279	70,351,581
Fuel, Petrol, Light Diesel etc.	43,868,822	65,526,283
Electricity, Gas & Water	133,948,141	122,026,049
Rental Expense	334,584	243,494
Municipal & Other Tax	4,130,268	4,111,253
Insurance Premium	6,361,216	5,744,085
Factory Sanitation Expenses	24,357,152	17,722,485
Depreciation	379,690,260	396,263,424
Security Services	18,392,273	16,621,259
Research & Development	33,518,638	20,250,489
Software & Hardware Support Services	11,729,743	10,477,595
Toll Charges	3,911,780	568,755
Other Expenses	323,547	327,327
Tk.	<u>1,652,950,490</u>	<u>1,535,263,199</u>

	<b>2020</b> (Jul'2020-Sep'2020)	<b>2019</b> (Jul'2019-Sep'2019)
<b>16. CONSOLIDATED SELLING &amp; DISTRIBUTION EXPENSES: Tk. 1,915,600,242</b>		
This consists of as follows:		
Salaries and Allowances	333,851,814	316,496,379
Travelling and Conveyance	27,386,292	27,681,466
Printing and Stationery	17,937,865	16,174,251
Postage, Telephone, Fax & Telex	15,685,060	13,415,483
Electricity, Gas and Water	7,421,911	4,981,858
Office and Godown Rent	6,512,828	6,794,056
Repairs and Maintenance including car maintenance	124,110,133	108,450,689
Govt. Taxes and Licence Fees	18,555,452	17,319,132
Field Staff Salaries, Allowances, TA and DA	493,195,249	440,935,279
Marketing Expenses	217,988,586	215,614,957
Delivery and Packing Expenses	36,136,227	32,632,403
Export Expenses	32,059,423	28,795,445
Special Discount	317,170,743	284,182,455
Security Services	12,431,673	13,694,809
Depreciation	44,171,985	44,012,538
Business Development Expenses	120,225,778	108,922,710
Other Expenses	90,759,223	65,385,471
Tk.	<b><u>1,915,600,242</u></b>	<b><u>1,745,489,381</u></b>

**17. CONSOLIDATED ADMINISTRATIVE EXPENSES: Tk. 250,245,632**

This consists of as follows:		
Salaries and Allowances	105,279,736	97,426,863
Directors' Remuneration	16,175,420	14,340,789
Travelling and Conveyance	9,110,941	27,730,872
Printing and Stationery	1,450,269	1,836,042
Postage, Telephone, Internet	3,019,686	1,898,539
Electricity, Gas & Water	7,218,744	4,748,812
Tiffin and Refreshment	11,022,247	18,877,006
Repairs and Maintenance	38,461,504	38,187,004
Bank Charges	2,650,433	3,426,979
Insurance Premium	4,154,914	3,817,207
Govt. Taxes, Stamp Duty & Licence Fee	2,192,843	1,943,041
Security Services	9,437,741	7,538,531
Legal Charges	214,754	220,514
Depreciation	26,070,061	26,756,933
Software & Hardware Support Services	1,086,286	8,170,028
Other Expenses	12,700,053	12,361,692
Tk.	<b><u>250,245,632</u></b>	<b><u>269,280,852</u></b>

**18. CONSOLIDATED OTHER INCOME: Tk. 913,875,716**

This is arrived at as follows:		
Bank Interest	602,648,432	655,027,692
Interest on Loan to Sister Concern	98,124,244	50,864,682
Dividend	114,141,334	21,140,396
Gain on Marketable Securities (Realized)	1,770,412	350,121
Gain on Redemption of Zero Coupon Bond	36,831,527	4,035,966
P.F Forfeited Amount **	31,667,264	-
Others	28,692,503	14,133,018
Tk.	<b><u>913,875,716</u></b>	<b><u>745,551,875</u></b>

\*\* The amount of Provident Fund Forfeiture has been returned on 24-08-2020 from Square Pharmaceuticals Employees Provident Fund and also recognized as "Other Income".

2020 (Jul'2020-Sep'2020)	2019 (Jul'2019-Sep'2019)
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**19. PROFIT FROM ASSOCIATES UNDERTAKING: Tk. 203,667,151**

This is arrived at as follows:

a) Square Textiles Ltd.	19,117,387	35,246,285
b) Square Fashions Ltd.	140,467,526	92,323,979
c) Square Hospitals Ltd.	44,082,239	40,810,643
Tk.	<u>203,667,151</u>	<u>168,380,907</u>

**20. CONSOLIDATED GAIN/(LOSS) ON MARKETABLE SECURITIES (UNREALIZED): Tk. 778,188,667**

Unrealized Gain/(Loss) Position (Closing)	325,561,721	(67,834,129)
(-) Unrealized Gain/(Loss) Position (Opening)	(452,626,946)	(145,585,283)
Tk.	<u>778,188,667</u>	<u>(213,419,412)</u>

**21. CONSOLIDATED NET ASSET VALUE PER SHARE (NAV) - Tk. 97.13**

The computation is given below:

Equity Attributable to the Ordinary Shareholders	82,001,345,952	77,305,843,913
Weighted average number of Shares outstanding during the Period	844,239,058	844,239,058
Tk.	<u>97.13</u>	<u>91.57</u>

**22. CONSOLIDATED EARNINGS PER SHARE (EPS) - Tk. 4.66**

The computation is given below:

Surplus for the year attributable to Shareholders (Net Profit after Tax)	3,931,965,486	3,353,836,879
Weighted average number of Shares outstanding during the Period	844,239,058	844,239,058
Tk.	<u>4.66</u>	<u>3.97</u>

**23. CONSOLIDATED NET OPERATING CASH FLOW PER SHARE (NOCF) - Tk. 3.47**

The computation is given below:

Net Cash Generated from Operating Activities	2,929,691,125	3,263,296,156
Weighted average number of Shares outstanding during the Period	844,239,058	844,239,058
Tk.	<u>3.47</u>	<u>3.87</u>

*\*\* The Net Operating Cash Flow per Share (NOCF) has been decreased due to incremental procurement of Raw Materials, Packaging Materials and increased of "Operating Expenses".*

**23.1. CONSOLIDATED RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES:**

<b>Profit after Tax</b>	3,728,298,335	3,185,455,972
Adjustment to Reconcile Net Profit to Net Cash Provided by Operating Activities:		
<b>Non-Cash Expenses:</b>	442,274,696	420,350,861
Depreciation	449,932,306	467,032,895
Exchange Rate Fluctuation	7,759,696	(1,721,178)
Deferred Tax	(15,417,306)	(44,960,856)
<b>Non-Operating Items:</b>	(868,168,062)	(731,418,857)
Dividend Income	(114,141,334)	(21,140,396)
Others	(754,026,728)	(710,278,461)
<b>Changes in Working Capital:</b>	(372,713,844)	388,908,180
(Increase)/Decrease in Inventories	(673,894,365)	(121,592,536)
(Increase)/Decrease in Trade Debtors	(164,107,413)	(60,680,193)
(Increase)/Decrease in Advances, Deposits and Prepayments	48,749,787	261,113,530
Increase/(Decrease) in Trade Creditors	19,471,015	21,942,765
Increase/(Decrease) in Liabilities for Expenses	(103,433,423)	(109,529,848)
Increase/(Decrease) in Liabilities for Other Finance	500,500,555	397,654,462
Tk.	<u>2,929,691,125</u>	<u>3,263,296,156</u>

**Progress of Kenya Project:**

We have experienced very slow progress in our factory construction due to lock down in day and carfeu at night in Kenya. Now Govt. of The Republic of Kenya relaxed lock down in day but curfeu at night continuing. The construction is going on and we are expecting start commercial production from Quarter 3, 2021 subject to any other uncontrollable evens that may impare

# SQUARE PHARMACEUTICALS LIMITED

## 1ST QUARTER FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL POSITION (Unaudited)

As at 30 September 2020

Particulars	Notes	30-09-2020 Taka	30-06-2020 Taka
<b>ASSETS:</b>			
<b>Non-Current Assets:</b>			
		<b>28,436,110,407</b>	<b>27,464,045,923</b>
Property, Plant and Equipment-Carrying Value	2	20,815,419,777	20,567,202,390
Investment - Long Term (at Cost)	3	4,157,537,920	4,204,950,666
Investment in Marketable Securities (Fair Value)	4	3,463,152,710	2,691,892,867
<b>Current Assets:</b>			
		<b>50,819,451,321</b>	<b>46,886,757,989</b>
Inventories	5	6,361,300,694	5,687,406,329
Trade Debtors		1,684,407,750	1,520,300,337
Advances, Deposits and Prepayments	6	1,705,686,889	2,560,646,884
Short Term Loan	7	4,328,348,119	4,885,090,120
Cash and Cash Equivalents	8	36,739,707,869	32,233,314,319
<b>TOTAL ASSETS</b>		<b>79,255,561,728</b>	<b>74,350,803,912</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Equity:</b>			
		<b>74,353,228,787</b>	<b>69,849,980,823</b>
Share Capital		8,442,390,580	8,442,390,580
Share Premium		2,035,465,000	2,035,465,000
General Reserve		105,878,200	105,878,200
Tax Exemption Reserve		2,211,743,936	2,211,743,936
Gain on Marketable Securities (Unrealized)	4	325,561,721	(452,626,946)
Retained Earnings		61,232,189,350	57,507,130,053
<b>Non-Current Liabilities:</b>			
		<b>1,257,332,715</b>	<b>1,272,750,021</b>
Deferred Tax Liability	9	1,257,332,715	1,272,750,021
<b>Current Liabilities:</b>			
		<b>3,645,000,226</b>	<b>3,228,073,068</b>
Trade Creditors		560,665,075	541,067,905
Liabilities for Expenses	10	25,070,750	128,241,317
Liabilities for Other Finance	11	3,059,264,401	2,558,763,846
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>79,255,561,728</b>	<b>74,350,803,912</b>
Net Assets Value Per Share (NAV)	19	<b>88.07</b>	<b>82.74</b>

Annexed notes are integral part of these financials.

Samuel S Chowdhury  
Chairman

Ratna Patra  
Vice Chairman

Tapan Chowdhury  
Managing Director

Md. Zahangir Alam  
Chief Financial Officer

Khandaker Habibuzzaman  
Company Secretary

# SQUARE PHARMACEUTICALS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)  
For the 1st Quarter Ended 30 September 2020

Particulars	Notes	July-September 2020 Taka	July-September 2019 Taka
GROSS TURNOVER	12	14,724,616,730	13,210,937,987
Less: Value Added Tax		2,149,035,950	1,917,354,778
<b>NET TURNOVER</b>		<b>12,575,580,780</b>	<b>11,293,583,209</b>
Cost of Goods Sold	13	(6,154,051,265)	(5,587,714,940)
<b>GROSS PROFIT</b>		<b>6,421,529,515</b>	<b>5,705,868,269</b>
<b>OPERATING EXPENSES:</b>		<b>(2,162,237,377)</b>	<b>(2,011,322,127)</b>
Selling & Distribution Expenses	14	(1,915,600,242)	(1,745,489,381)
Administrative Expenses	15	(246,631,850)	(265,818,880)
Finance Cost		(5,285)	(13,866)
<b>PROFIT FROM OPERATIONS</b>		<b>4,259,292,138</b>	<b>3,694,546,142</b>
Other Income	16	907,022,896	754,523,950
PROFIT BEFORE WPPF & WF		5,166,315,034	4,449,070,092
Allocation for WPPF & WF		(246,015,002)	(211,860,481)
<b>PROFIT BEFORE TAX</b>		<b>4,920,300,032</b>	<b>4,237,209,611</b>
Income Tax Expenses-Current	17	(1,210,658,041)	(1,084,276,419)
Deferred Income Tax Assets/(Liabilities)		15,417,306	44,960,856
<b>PROFIT AFTER TAX FOR THE PERIOD</b>		<b>3,725,059,297</b>	<b>3,197,894,048</b>
Other Comprehensive Income :			
Gain/(Loss) on Marketable Securities (Unrealized)	18	778,188,667	(213,419,412)
<b>Total Comprehensive Income for the Period</b>		<b>4,503,247,964</b>	<b>2,984,474,636</b>
Earnings Per Share (EPS)	20	4.41	3.79

Annexed notes are integral part of these financials.

Samuel S Chowdhury  
Chairman

Ratna Patra  
Vice Chairman

Tapan Chowdhury  
Managing Director

Md. Zahangir Alam  
Chief Financial Officer

Khandaker Habibuzzaman  
Company Secretary

# SQUARE PHARMACEUTICALS LIMITED

## STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the 1st Quarter Ended 30 September 2020

Particulars	Share Capital	Share Premium	General Reserve	Tax Exemption Reserve	Gain on Marketable Securities (Unrealized)	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
<b>At 30 June 2020</b>	<b>8,442,390,580</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>2,211,743,936</b>	<b>(452,626,946)</b>	<b>57,507,130,053</b>	<b>69,849,980,823</b>
Total Comprehensive Income (Jul'2020-Sep'2020)	-	-	-	-	778,188,667	3,725,059,297	4,503,247,964
<b>At 30 September 2020</b>	<b>8,442,390,580</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>2,211,743,936</b>	<b>325,561,721</b>	<b>61,232,189,350</b>	<b>74,353,228,787</b>

For the 1st Quarter Ended 30 September 2019

Particulars	Share Capital	Share Premium	General Reserve	Tax Exemption Reserve	Gain on Marketable Securities (Unrealized)	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka
<b>At 30 June 2019</b>	<b>7,890,084,660</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>2,211,743,936</b>	<b>145,585,283</b>	<b>48,417,297,898</b>	<b>60,806,054,977</b>
Total Comprehensive Income (Jul'2019-Sep'2019)	-	-	-	-	(213,419,412)	3,197,894,048	2,984,474,636
<b>At 30 September 2019</b>	<b>7,890,084,660</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>2,211,743,936</b>	<b>(67,834,129)</b>	<b>51,615,191,946</b>	<b>63,790,529,613</b>

Annexed notes are integral part of these financials.

Samuel S Chowdhury  
Chairman

Ratna Patra  
Vice Chairman

Tapan Chowdhury  
Managing Director

Md. Zahangir Alam  
Chief Financial Officer

Khandaker Habibuzzaman  
Company Secretary

# SQUARE PHARMACEUTICALS LIMITED

## STATEMENT OF CASH FLOWS (Unaudited)

For the 1st Quarter Ended 30 September 2020

Particulars	Notes	2020	2019
		(Jul'2020-Sep'2020)	(Jul'2019-Sep'2019)
		Taka	Taka
<b>Cash Flows From Operating Activities:</b>			
<b>RECEIPTS:</b>			
Collection from Sales		14,914,165,525	13,465,808,928
Exchange Fluctuation Gain		617,686	666,222
Others		54,311,971	21,307,630
		14,969,095,182	13,487,782,780
<b>PAYMENTS:</b>			
Purchase of Raw and Packing Materials		5,125,029,895	4,134,685,482
Manufacturing and Operating Expenses		3,804,711,326	3,202,698,360
Value Added Tax		2,149,035,950	1,917,354,778
Finance Cost		5,285	13,866
Income Tax Expenses		979,994,924	736,835,877
Workers Profit Participation Fund		-	198,486,364
Others		-	24,400,763
		12,058,777,380	10,214,475,490
Net cash provided by operating activities		2,910,317,802	3,273,307,290
<b>Cash Flows From Investing Activities:</b>			
Purchase of Fixed Assets		(555,864,328)	(285,120,031)
Investment		54,341,569	(322,166,591)
Short Term Loan		556,742,001	94,973,722
Gain on Sale of Marketable Securities		1,770,412	350,121
Interest Received		1,424,905,163	715,625,061
Dividend Received		114,141,334	21,140,396
Net cash used in investing activities		1,596,036,151	224,802,678
<b>Cash Flows From Financing Activities:</b>			
		-	-
Increase in Cash and Cash Equivalents		4,506,353,953	3,498,109,968
Net Effect of Foreign Currency Translation on Cash and Cash Equivalent		39,597	1,131,241
Cash and Cash Equivalents at the Opening		32,233,314,319	26,923,168,224
Cash and Cash Equivalents at the Closing		36,739,707,869	30,422,409,433
Net Operating Cash Flow per Share (NOCF)	20	3.45	3.88

Annexed notes are integral part of these financials.

Samuel S Chowdhury  
Chairman

Ratna Patra  
Vice Chairman

Tapan Chowdhury  
Managing Director

Md. Zahangir Alam  
Chief Financial Officer

Khandaker Habibuzzaman  
Company Secretary

# SQUARE PHARMACEUTICALS LTD.

## Notes to the Interim Financial Statements For the 1st Quarter Ended September 30, 2020

### 1. Basis of Preparation of the Interim Financial Statements:

These Financial Statements (They) are the unaudited interim Financial statement (here after 'the Interim Financial Statements') of Square Pharmaceuticals Ltd. for the 1st Quarter Ended on September 30, 2020 (here after the interim period). They are prepared in accordance with the Bangladesh Accounting Standard (BAS-34) 'Interim Financial Reporting'. These financial statement should read in conjunction with the Annual Financial Statements as of June 30, 2020, as they provide an update of previous reported information.

The accounting policies and presentation used are consistent with those used in the Annual Financials, except where noted below, Where necessary, the comparative figures have been reclassified or extended from the previously reported Interim Financial Statements to take into account any presentational changes made in the Annual Financial Statements or in these Interim Financial Statements.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the Interim Financial Statement. If in the future such estimates and assumptions, which are based on management 's best judgement at the date of the Interim Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

We understand that our business is growing every year that means our assets are performing according to intension of procurement and in sum up the discounted future cash flow from the operation of the assets would be positive if we dispose those assets at the date of financial reporting. But presently we have on intension to dispose these assets, so it is not required to record the impairment gain as provisions of IAS-36.

The company operates in industries where significant seasonal or cyclical variations in total sales are not experienced during the

The company has no reportable operating segments as per BFRS-8.

Figures have been rounded off to the nearest Taka.

### Event after date of Financial Statements (IAS-10):

The Board of Directors of the company in its meeting held on October 22, 2020 at 3:00 p.m has recommended Cash Dividend @ 47% and Stock Dividend @ 5% for the financial year ended June 30, 2020 and will be recognised as liability in the accounts as and when approved by the Shareholders in the Annual General meeting .

30-09-2020	30-06-2020
Taka	Taka

### 2. PROPERTY, PLANT AND EQUIPMENT: Tk. 20,815,419,777

Details of Property, Plant and Equipment and Depreciation as at 30 September 2020 are as follows:

This is arrived at as follows:

#### Fixed Assets at Cost:

Opening Balance	40,613,584,373	38,918,496,904
Addition during the Period/Year	1,227,521,169	3,119,979,717
	<u>41,841,105,542</u>	<u>42,038,476,621</u>
Sales/Transfer during the Period/Year	(529,371,476)	(1,424,892,248)
Closing Balance	<u>41,311,734,066</u>	<u>40,613,584,373</u>

#### Accumulated Depreciation:

Opening Balance	20,046,381,983	18,158,061,040
Charged during the Period/ Year	449,932,306	1,970,126,072
	<u>20,496,314,289</u>	<u>20,128,187,112</u>
Sales/Transfer during the Period/Year	-	(81,805,129)
	<u>20,496,314,289</u>	<u>20,046,381,983</u>
Carrying Value	<u>20,815,419,777</u>	<u>20,567,202,390</u>



<b>30-09-2020</b> Taka	<b>30-06-2020</b> Taka
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### 3. INVESTMENT-Long Term (at Cost): Tk. 4,157,537,920

This consists of the following:

#### Subsidiary:

(a) 4,000,000 Shares in Square Pharmaceuticals Kenya EPZ Ltd.	332,000,000	332,000,000
(b) Advance against Share Money Deposit with Square Pharmaceuticals Kenya EPZ Ltd.	493,869,987	493,869,987
	<u>825,869,987</u>	<u>825,869,987</u>

#### Associates:

(a) 91,436,679 Ordinary Shares of Tk. 10/- each including Bonus Shares in Square Textiles Ltd.	225,129,795	225,129,795
(b) 199,750 Ordinary Shares of Tk. 1,000/- each in Square Hospitals Ltd.	210,750,000	210,750,000
(c) Investment in Square Fashions Ltd: - 252,000 Ordinary Shares of Tk. 100/- each - 210,000 Ordinary Shares of Tk. 600/- each *	151,200,000	151,200,000
	<u>587,079,795</u>	<u>587,079,795</u>

#### Others:

(a) 120,000 Ordinary Shares of Tk.100/- each in United Hospital Ltd.	12,000,000	12,000,000
(b) 5,711,804 Ordinary Shares of Tk. 10/- each including Bonus Shares in Central Depository Bangladesh Ltd.	15,694,430	15,694,430
(c) 250,002 Zero Coupon Bond in Lanka Bangla Finance Ltd.	33,409,009	33,409,009
(d) 250,000 Zero Coupon Bond in IDLC Finance Ltd.	23,923,444	46,816,693
(e) 200,000 Zero Coupon Bond in Bangladesh Steel Re-Rolling Mills Ltd.	-	17,246,770
(f) 150,000 Preference Share in Raj Lanka Power Company Ltd.	50,909,093	58,181,820
(g) 5 Non-Convertible Zero Coupon Bond in Shanta Holdings Ltd.	39,145,405	39,145,405
(h) 5 Non-Convertible Zero Coupon Bond in Durable Plastics Ltd.	18,514,976	18,514,976
(i) 100,000 Non-Convertible Zero Coupon Bond in Flamingo Fashions Ltd.	25,497,385	25,497,385
(j) 40 Non-Convertible Zero Coupon Bond in Envoy Textiles Ltd.	25,498,245	25,498,245
(k) 200 Non-Convertible Subordinated Bond in Mutual Trust Bank Ltd.	2,000,000,000	2,000,000,000
(l) 612,620 Zero Coupon Islamic Certificate in United Mymensingh Power Ltd.	499,996,151	499,996,151
	<u>2,744,588,138</u>	<u>2,792,000,884</u>
	<u>4,157,537,920</u>	<u>4,204,950,666</u>

Tk.

### 4. INVESTMENT IN MARKETABLE SECURITIES (Fair Value): Tk. 3,463,152,710

Particulars	Position of Jul'2020-Sep'2020			Position of Jul'2019-Jun'2020		
	Total Cost	Total Market Value	Realized/ Unrealized Gain	Total Cost	Total Market Value	Realized/ Unrealized Gain
Opening Balance	3,144,519,813	2,691,892,867	(452,626,946)	2,867,854,451	3,013,439,734	145,585,283
Add: Investment made during the Period	2,589,691	779,007,945	776,418,254	347,985,577	(242,106,192)	(590,091,769)
Less: Sold/Disposed Off during the Period	(9,518,515)	(7,748,102)	1,770,413	(71,320,215)	(79,440,675)	(8,120,460)
Closing Balance	<u>3,137,590,989</u>	<u>3,463,152,710</u>	<u>325,561,721</u>	<u>3,144,519,813</u>	<u>2,691,892,867</u>	<u>(452,626,946)</u>

### 5. INVENTORIES: Tk. 6,361,300,694

The break-up is as under:

Raw Materials	2,623,776,172	1,939,329,998
Packing Materials	724,059,265	647,848,732
Work-in-Process	359,355,576	336,441,344
Finished Goods	1,736,519,538	1,677,371,032
Spares & Accessories	658,537,930	629,858,063
Goods- in-Transit	259,052,213	456,557,160
	<u>6,361,300,694</u>	<u>5,687,406,329</u>

**6. ADVANCES, DEPOSITS & PREPAYMENTS : TK. 1,705,686,889**

This consists of as follows:

**Advances:**

Employees  
Land Purchase  
Suppliers

**Deposits:**

Value Added Tax  
Earnest Money & Security Deposit  
Interest on Fixed Deposit Receipts  
Others

**Prepayments:**

Office Rent  
Insurance Premium

30-09-2020 Taka	30-06-2020 Taka
<b>688,568,511</b>	<b>489,759,302</b>
243,595,978	204,851,164
14,496,677	156,782,042
430,475,856	128,126,096
<b>981,802,133</b>	<b>2,025,909,816</b>
96,440,743	450,096,951
296,342,112	297,804,419
589,019,278	1,276,320,238
-	1,688,208
<b>35,316,245</b>	<b>44,977,766</b>
7,921,250	8,599,751
27,394,995	36,378,015
<b>1,705,686,889</b>	<b>2,560,646,884</b>

**7. SHORT TERM LOAN (Unsecured): Tk. 4,328,348,119**

This consists of as follows:

(a) Square Textiles Ltd.  
(b) Square Fashions Ltd.  
(c) Square Hospitals Ltd.  
(d) Square Lifesciences Ltd.

2,690,611,828	3,277,576,394
205,907,162	2,411,950
1,430,557,055	1,604,350,413
1,272,074	751,363
<b>4,328,348,119</b>	<b>4,885,090,120</b>

**8. CASH AND CASH EQUIVALENTS: Tk. 36,739,707,869**

This is made up as follows:

(a) Cash in Hand  
(b) Cash at Bank:  
\* Current Account  
\* STD Account  
\* Fixed Deposit Account (BD Taka)  
\* Fixed Deposit Account (USD)  
\* Export Retention Quota Account (USD)  
\* Margin Held Account (USD)

8,139,683	2,288,479
<b>36,731,568,186</b>	<b>32,231,025,840</b>
353,908,063	595,984,688
10,839,299,131	10,763,172,367
21,653,831,491	17,389,641,491
2,827,992,695	2,774,822,050
514,919,170	305,962,148
541,617,636	401,443,096
<b>36,739,707,869</b>	<b>32,233,314,319</b>

**9. DEFERRED TAX LIABILITY: Tk. 1,257,332,715**

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

Opening Balance  
Addition during the Period (Deferred Tax Assets)  
Closing Balance

1,272,750,021	1,294,346,873
(15,417,306)	(21,596,852)
<b>1,257,332,715</b>	<b>1,272,750,021</b>

**Computation of Deferred Tax for the Year Ended 30 September, 2020:**

A. Property, Plant and Equipments excluding Cost of Land (Carrying A  
B. Property, Plant and Equipments excluding Cost of Land (Tax Base)  
C. Taxable/(Deductable) Temporary Difference (A-B)  
D. Tax Rate  
E. Deferred Tax Liabilities as on 30 September, 2020  
F. Deferred Tax Liabilities as on 30 June, 2020  
G. Current Period's Deferred Tax (Assets)/Liabilities (E-F)

13,780,096,163	13,995,217,801
8,750,765,302	8,904,217,715
5,029,330,861	5,091,000,086
25%	25%
1,257,332,715	1,272,750,021
1,272,750,021	1,294,346,873
<b>(15,417,306)</b>	<b>(21,596,852)</b>

**10. LIABILITIES FOR EXPENSES: Tk. 25,070,750**

This consists of as follows:

Accrued Expenses  
Audit Fees

24,495,750	127,666,317
575,000	575,000
<b>25,070,750</b>	<b>128,241,317</b>

**11. LIABILITIES FOR OTHER FINANCE: Tk. 3,059,264,401**

This consists of as follows:

	30-09-2020 Taka	30-06-2020 Taka
Sundry Creditors	387,600,635	368,968,264
Unclaimed Dividend	333,576,554	330,431,723
Income Tax (Deduction at Source)	16,105,748	18,346,013
Retention Money	7,996,710	3,711,211
Workers' Profit Participation Fund and Welfare Fund	1,105,284,100	859,269,098
Income Tax Payable (Note-11.1)	1,208,700,654	978,037,537
	<b>3,059,264,401</b>	<b>2,558,763,846</b>

**11.1 INCOME TAX PAYABLE: Tk. 1,208,700,654**

This is arrived at as follows:

Opening balance	978,037,537	557,901,454
Provision made for the Period	1,210,658,041	4,251,005,177
Tax Paid (Including Advance Income Tax during the Period)	(979,994,924)	(3,830,869,094)
	<b>1,208,700,654</b>	<b>978,037,537</b>

**12. GROSS REVENUE: Tk. 14,724,616,730**

This is made-up as follows:

	2020 (Jul'2020-Sep'2020)	2019 (Jul'2019-Sep'2019)
Local Sales	14,313,671,704	12,827,628,538
Export Sales Equivalent in US \$ 4,895,116 (Jul'19-Sep'19 US \$ 4,590,532)	410,945,026	383,309,449
Tk.	<b>14,724,616,730</b>	<b>13,210,937,987</b>

**13. COST OF GOODS SOLD: Tk. 6,154,051,265**

Materials	4,501,100,775	4,052,451,741
Factory Overhead (Note-13.1)	1,652,950,490	1,535,263,199
Tk.	<b>6,154,051,265</b>	<b>5,587,714,940</b>

**13.1 FACTORY OVERHEAD: Tk. 1,652,950,490**

This is made up as follows:

Salaries, Allowances and Wages	563,744,886	508,415,737
Factory Employees Free Lunch	32,061,206	27,770,009
Factory Staff Uniform	18,747,768	15,284,589
Travelling & Conveyance	11,657,087	10,602,646
Printing & Stationery	14,352,451	12,641,151
Postage, Telephone & Fax	1,944,023	1,334,760
Repairs & Maintenance	260,703,366	228,980,228
Laboratory Consumable Stores	89,173,279	70,351,581
Fuel, Petrol, Light Diesel etc.	43,868,822	65,526,283
Electricity, Gas & Water	133,948,141	122,026,049
Rental Expense	334,584	243,494
Municipal & Other Tax	4,130,268	4,111,253
Insurance Premium	6,361,216	5,744,085
Factory Sanitation Expenses	24,357,152	17,722,485
Depreciation	379,690,260	396,263,424
Security Services	18,392,273	16,621,259
Research & Development	33,518,638	20,250,489
Software & Hardware Support Services	11,729,743	10,477,595
Toll Charges	3,911,780	568,755
Other Expenses	323,547	327,327
Tk.	<b>1,652,950,490</b>	<b>1,535,263,199</b>

**14. SELLING & DISTRIBUTION EXPENSES: Tk. 1,915,600,242**

This consists of as follows:

	30-09-2020 Taka	30-06-2020 Taka
Salaries and Allowances	333,851,814	316,496,379
Travelling and Conveyance	27,386,292	27,681,466
Printing and Stationery	17,937,865	16,174,251
Postage, Telephone, Fax & Telex	15,685,060	13,415,483
Electricity, Gas and Water	7,421,911	4,981,858
Office and Godown Rent	6,512,828	6,794,056
Repairs and Maintenance including car maintenance	124,110,133	108,450,689
Govt. Taxes and Licence Fees	18,555,452	17,319,132
Field Staff Salaries, Allowances, TA and DA	493,195,249	440,935,279
Marketing Expenses	217,988,586	215,614,957
Delivery and Packing Expenses	36,136,227	32,632,403
Export Expenses	32,059,423	28,795,445
Special Discount	317,170,743	284,182,455
Security Services	12,431,673	13,694,809
Depreciation	44,171,985	44,012,538
Business Development Expenses	120,225,778	108,922,710
Other Expenses	90,759,223	65,385,471

Tk. **1,915,600,242** **1,745,489,381****15. ADMINISTRATIVE EXPENSES: Tk. 246,631,850**

This consists of as follows:

	2020 (Jul'2020-Sep'2020)	2019 (Jul'2019-Sep'2019)
Salaries and Allowances	105,279,736	97,426,863
Directors' Remuneration	16,175,420	14,340,789
Travelling and Conveyance	9,110,941	27,730,872
Printing and Stationery	1,450,269	1,836,042
Postage, Telephone, Internet	3,019,686	1,898,539
Electricity, Gas & Water	7,218,744	4,748,812
Tiffin and Refreshment	11,022,247	18,877,006
Repairs and Maintenance	38,461,504	38,187,004
Bank Charges	2,606,361	3,426,979
Insurance Premium	4,154,914	3,817,207
Govt. Taxes, Stamp Duty & Licence Fee	2,109,828	1,862,217
Security Services	9,437,741	7,538,531
Legal Charges	210,150	215,750
Depreciation	26,070,061	26,756,933
Software & Hardware Support Services	1,086,286	8,170,028
Other Expenses	9,217,962	8,985,308

Tk. **246,631,850** **265,818,880****16. OTHER INCOME: Tk. 907,022,896**

This is arrived at as follows:

Bank Interest	602,648,432	655,027,692
Interest on Loan to Sister Concern	98,124,244	50,864,682
Dividend	114,141,334	21,140,396
Gain on Marketable Securities (Realized)	1,770,412	350,121
Gain on Redemption of Zero Coupon Bond	36,831,527	4,035,966
P.F Forfeited Amount **	31,667,264	-
Others	21,839,683	23,105,093

Tk. **907,022,896** **754,523,950**

\*\* The amount of Provident Fund Forefeiture has been returned on 24-08-2020 from Square Pharmaceuticals Employees Provident Fund and also recognized as Other Income.

<b>2020</b> (Jul'2020-Sep'2020)	<b>2019</b> (Jul'2019-Sep'2019)
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**17. INCOME TAX EXPENSES-Current: Tk. 1,210,658,041**

**17.1 CALCULATION OF RECONCILIATION OF EFFECTIVE TAX RATE WITH INCOME TAX EXPENSES:**

Income Tax Expnses-Current	1,210,658,041	1,084,276,419
Income Tax Expnses/(Assets)-Deferred (Note-12)	(15,417,306)	(44,960,856)
Tk.	<u>1,195,240,735</u>	<u>1,039,315,563</u>

**RECONCILIATION OF EFFECTIVE TAX RATE:**

	Jul'2020-Sep'2020		Jul'2019-Sep'2020	
	%	Amount (Taka)	%	Amount (Taka)
<b>Profit before Tax</b>		<b>4,920,300,032</b>		<b>4,237,209,611</b>
Tax using Corporate Tax Rate	25%	1,230,075,008	25%	1,059,302,403
Effect of Tax Exempted Income	-0.58	(28,677,144)	-0.44%	(18,877,302)
Effect of Lower Tax Rate	-0.13	(6,157,129)	-0.03%	(1,109,538)
	<b>24.29%</b>	<b>1,195,240,735</b>	<b>24.53%</b>	<b>1,039,315,563</b>

**18. GAIN/(LOSS) ON MARKETABLE SECURITIES (UNREALIZED): Tk. 778,188,667**

Unrealized Gain/(Loss) Position (Closing)	325,561,721	(67,834,129)
(-) Unrealized Gain/(Loss) Position (Opening)	(452,626,946)	(145,585,283)
Tk.	<u>778,188,667</u>	<u>(213,419,412)</u>

**19. NET ASSET VALUE PER SHARE (NAV) - Tk. 88.07**

The computation is given below:

Equity Attributable to the Ordinary Shareholders	74,353,228,787	69,849,980,823
Weighted average number of Shares outstanding during the Period	844,239,058	844,239,058
Net Asset Value Per Share (NAV)	<u>88.07</u>	<u>82.74</u>

**20. EARNINGS PER SHARE (EPS) - Tk. 4.41**

The computation is given below:

Surplus for the year attributable to Shareholders (Net Profit after Tax)	3,725,059,297	3,197,894,048
Weighted average number of Shares outstanding during the Period	844,239,058	844,239,058
Earnings per Share	<u>4.41</u>	<u>3.79</u>

**21. NET OPERATING CASH FLOW PER SHARE (NOCF) - Tk. 3.45**

The computation is given below:

Net Cash Generated from Operating Activities	2,910,317,802	3,273,307,290
Weighted average number of Shares outstanding during the Period	844,239,058	844,239,058
Net Operating Cash Flow Per Share (NOCF)	<u>3.45</u>	<u>3.88</u>

\*\* The Net Operating Cash Flow per Share (NOCF) has been decreased due to incremental procurement of Raw Materials, Packaging Materials and increased of operating expenses.

**21.1. RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES:**

<b>Profit after Tax</b>	3,725,059,297	3,197,894,048
Adjustment to Reconcile Net Profit to Net Cash Provided by Operating Activities:		
<b>Non-Cash Expenses:</b>	434,337,109	420,940,798
Depreciation	449,932,306	467,032,895
Exchange Rate Fluctuation	(39,597)	(1,131,241)
Deferred Tax	(15,555,600)	(44,960,856)
<b>Non-Operating Items:</b>	(853,515,949)	(731,418,857)
Dividend Income	(114,141,334)	(21,140,396)
Others	(739,374,615)	(710,278,461)
<b>Changes in Working Capital:</b>	(395,562,655)	385,891,301
(Increase)/Decrease in Inventories	(673,894,365)	(121,592,536)
(Increase)/Decrease in Trade Debtors	(164,107,413)	(60,680,193)
(Increase)/Decrease in Advances, Deposits and Prepayments	25,373,671	258,906,708
Increase/(Decrease) in Trade Creditors	19,597,170	19,452,895
Increase/(Decrease) in Liabilities for Expenses	(103,170,567)	(107,850,035)
Increase/(Decrease) in Liabilities for Other Finance	500,638,849	397,654,462
<b>Net Cash Generated from Operating Activities</b>	<u>2,910,317,802</u>	<u>3,273,307,290</u>

2020 (Jul'2020-Sep'2020)	2019 (Jul'2019-Sep'2019)
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## 22. RELATED PARTY TRANSACTIONS:

The company did not do any related transactions with its sister concern other than its subsidiary/associates undertaking viz Square Textiles Ltd., Square Fashions Ltd., Square Hospitals Ltd., Square InformatiX Ltd., Square Lifesciences Ltd., Square Formulations Ltd., Square Denims Ltd., Square Apparels Ltd., Square Securities Management Ltd., Square Herbal & Nutraceuticals Ltd., Pharma Packages (Pvt) Ltd. and AEGIS Services Ltd. during the year reporting. The summary is as follows:

### Transaction with Square Textiles Ltd. (Associate Undertaking and holdings 46.36% Shares):

Opening Balance	3,277,576,394	2,168,788,505
Total Paid during the Period	413,035,434	247,851,418
Total Realized during the Period	(1,000,000,000)	(331,139,300)
Closing Balance (Receivable)	<u>Tk. 2,690,611,828</u>	<u>2,085,500,623</u>

### Transaction with Square Fashions Ltd. (Associate Undertaking and holdings 48.63% Shares):

Opening Balance	2,411,950	672,588,614
Total Paid during the Period	869,170,414	115,930,025
Total Realized during the Period	(665,675,202)	(59,406,869)
Closing Balance (Receivable)	<u>Tk. 205,907,162</u>	<u>729,111,770</u>

### Transaction with Square Hospitals Ltd. (Associate Undertaking and holdings 49.94% Shares):

Opening Balance	1,604,350,413	95,693,947
Total Paid during the Period	183,912,481	113,838
Total Realized during the Period	(357,705,839)	(68,322,834)
Closing Balance (Receivable)	<u>Tk. 1,430,557,055</u>	<u>27,484,951</u>

### Transaction with Square InformatiX Ltd. (Service Provider):

Opening Balance	(2,197,662)	(2,214,332)
Total Paid during the Period	50,739,600	20,020,204
Total Realized during the Period	(1,342,152)	(16,361,260)
Closing Balance (Receivable/Payable)	<u>Tk. 47,199,786</u>	<u>1,444,612</u>

### Transaction with Square Lifesciences Ltd. (Subsidiary Company and holdings 99.50% Shares)::

Opening Balance	751,363	-
Total Paid during the Period	520,711	-
Total Realized during the Period	-	-
Closing Balance (Receivable)	<u>Tk. 1,272,074</u>	<u>-</u>

### Transaction with Square Denims Ltd. (Subsidiary of Associate, Square Fashions Ltd.):

Opening Balance	-	-
Total Paid during the Period	43,433,293	88,670,287
Total Realized during the Period	(43,433,293)	(88,670,287)
Closing Balance (Receivable)	<u>Tk. -</u>	<u>-</u>

### Transaction with Square Apparels Ltd. (Subsidiary of Associate, Square Fashions Ltd.):

Opening Balance	-	-
Total Paid during the Period	27,637,358	58,323,838
Total Realized during the Period	(27,637,358)	(58,323,838)
Closing Balance (Receivable)	<u>Tk. -</u>	<u>-</u>

### Transaction with Square Securities Management Ltd. (Port Folio Management):

Opening Balance	34,874,272	19,884,032
Total Paid during the Period	11,288,927	102,156,495
Total Realized during the Period	(2,590,191)	(60,072,876)
Closing Balance (Receivable)	<u>Tk. 43,573,008</u>	<u>61,967,651</u>

### Transaction with Pharma Packages (Pvt.) Ltd. (Supplier):

Opening Balance	12,206,021	117,457,765
Total Paid during the Period	179,546,292	209,748,579
Total Realized during the Period	-	(80,060,375)
Closing Balance (Receivable)	<u>Tk. 191,752,313</u>	<u>247,145,969</u>

<b>2020</b>	<b>2019</b>
<small>(Jul'2020-Sep'2020)</small>	<small>(Jul'2019-Sep'2019)</small>

**Transaction with AEGIS Services Ltd. (Service Provider):**

Opening Balance	-	300,000
Total Paid during the Period	12,264,977	8,377,988
Total Realized during the Period	(12,264,977)	(11,960,161)
Closing Balance (Payable)	-	<b>(3,282,173)</b>

Tk.

**22.1 KEY MANAGEMENT PERSONNEL COMPENSATION:**

During the period, the amount of compensation paid to Key Management Personnel including Board of Directors is as under (As

Short-Term Employee Benefits	101,620,402	97,719,714
Post-Employment Benefits	-	16,060,245
Other Long-Term Benefits	-	-
Termination Benefits	-	-
Share-Based Payment	-	-

**23. The Contingent Liabilities of the company as of September 30, 2020 were as follows:**

The Contingent Liabilities as Sight Letter of Credits for Tk. 3,683,012,152 crore of Square Pharmaceuticals Ltd. and Tk. 156,819,739 of Square Pharmaceuticals Kenya EPZ Limited.