

STS HOLDINGS LIMITED

Annual Report 2011

APOLLO HOSPITALS DHAKA




stsgroup



Apollo Hospitals

DHAKA

touching lives



We thrive on touching lives to ensure you live your life in a better way.

Apollo Hospitals Dhaka devotes itself to provide the best possible healthcare service in Bangladesh. We believe in being there for our patients from the moment they come to our hospital to when they are healthy and ready to go back home. Every healthy smile from patients who are ready to go home takes us that much closer to our vision of healthier and happier Bangladesh.

With every person getting well at Apollo Hospitals Dhaka, we celebrate health and happiness; hence we present ourselves as a hospital with hope, affection, empathy, smile, support and assurance.





Contents



This is Apollo Hospitals Dhaka	05
Notice of the 15th Annual General Meeting	07
Vision & Mission	08
Corporate Directory	13
Corporate Chronology	14
Our Success Stories	18
USP	21
Board of Directors	24
STS Holdings Limited Corporate Management Team	26
Message from the Chairman	28
Directors' Report	35
Corporate Governance Information	40
Management Team	48
Management Discussion	50
Future Outlook	67
Financial Highlights	74
Auditors Report	75
Proxy Form	99



This is Apollo Hospitals Dhaka

There is a passion shared by each and every staff member of Apollo Hospitals Dhaka. As unique as each of us are, we come together under a common belief and a natural tendency to help and connect with those in need. Apollo Hospitals Dhaka is the only 'JCI Accredited' 450-bed multi-disciplinary super-specialty tertiary care hospital in Bangladesh, confidently providing comprehensive health care with the latest medical, surgical and diagnostic facilities. These services are provided by expert medical professionals, skilled nurses and technologists using state-of-the-art technology. Apollo Hospitals Dhaka is not all about cutting-edge technology and performance driven skill of its doctors and nurses; it is also about the hope that we bring to each life we touch. We are Apollo Hospitals Dhaka.



Notice of the 15th Annual General Meeting

Notice is hereby given that the Fifteenth Annual General Meeting of the Shareholders of STS Holdings Limited will be held on Tuesday, the 8th May, 2012 at 10.00 a.m. in the Board Room of Apollo Hospitals Dhaka, Plot # 81, Block # E, Bashundhara R. A., Dhaka-1229, Bangladesh to transact the following business:

Agenda 01: To receive, consider and adopt the Directors' and Auditors' Report and Audited Financial Statements for the year ended December 31, 2011.

Agenda 02: To elect Directors in place of those who retire by rotation in terms of the Article of Association of the Company.

Agenda 03: To consider re-appointment/Extension of term of Office of Mr. Khondoker Monir Uddin as Managing Director for a further period of five years from 19th September, 2012 as per section 110 of the Companies Act – 1994.

Agenda 04: To appoint Auditor for the year 2012 and fix their remuneration.

By order of the Board



(B. R. Sikder)

Company Secretary

Dated:

Dhaka, April 15, 2012.

Note:

- i. For the sake of convenience, shareholders are requested to submit their queries, if any, on the Directors Report and Audited Statements of Accounts for the year 2011, at the Corporate Office of the Company, located at House # 8/A, Road # 143, Gulshan-1, Dhaka-1212 preferably 72 hours before the day of the Annual General Meeting.
- ii. A member eligible to attend and vote in the AGM may appoint a Proxy to attend and vote in his/her behalf. The Proxy Form duly completed and stamped must be deposited at the registered office of the Company not later than 48 hours before the time fixed for the meeting.

Our Vision & Mission

“Our Vision is Our Way of Life”



Vision

To be recognized as a healthcare industry leader, valued by patients and healthcare providers, respected by the healthcare community, sought after as an employer and admired by our competitors.

Apollo Hospitals Dhaka (AHD) enjoys the distinction of being the first private sector for-profit corporate hospital in Bangladesh. We started our operations as a tertiary care super specialty hospital on March 30, 2005. Its affiliation with prestigious quality brand of Apollo Hospitals Enterprises Limited (AHEL) of India, reflects the International Standard for Quality and Patients Safety in providing corporate healthcare and consumer value in our market niche. Being the first and only Joint Commission International Accredited hospital in Bangladesh, AHD leads with clear superiority in healthcare solution market proving once inaccessible pinnacles in healthcare delivery parameters can be reached. Of course our clinical excellence today, is unmatched. But the courage – the courage to go first as a for-profit corporate hospital in this country, to lead, where none has gone before – is doubly unmatched.

In AHD, our strength is built through struggle and hardship to upkeep consistent quality in every aspect of patient service. All of us share that strength with us to improve our patient's health and contribute productively to their condition and thus the opportunity to build lives that are better, fuller and healthier in every way. Through our actions to make quality healthcare accessible to our patients, everyday we prove that our service isn't a mere occupation, but a way of life.

Apollo Hospitals Dhaka is staffed with people having natural tendency to help, combined with the qualities of mind and spirit that always seek to reach out and connect to patients. When we counsel our patients, we give those who hear us confidence not only in us but also in themselves to get well. Not only we listen to our patients, we hear what is actually said by them. We need to know about our customers' pains and problems, so we can help. So we can change their life. And not later or a little bit. But now, profoundly.

Mission

Our Mission is to bring Healthcare of International standards within the reach of every individual. We are committed to the achievement and maintenance of excellence in education, research and healthcare for the benefit of humanity.



Hospital **with** HOPE

He never thought he would live long enough to see his grandchild born when he had this massive heart attack. In **Apollo Heart Centre**, we made sure his heart kept beating. Years later, look at him playing chess with his grandson!





Corporate Directory

There is a network which binds our organization in bondage. These are the people who know the businesses of touching lives. It is through their touch that Apollo Hospitals Dhaka has become the best at providing healthcare services. They are the Life Line of Apollo Hospitals Dhaka.

Name of the Company : STS Holdings Limited

Name of the Project: Apollo Hospitals Dhaka

Legal Form Incorporated as a Private Limited Company in 1997. Subsequently converted into a Public Limited Company in July, 2006.

Date and Place of Incoption August 28, 1997, Dhaka, Bangladesh.

Registration No. C-33709 (455)/97

Registered office House # 8A, Road # 143, Gulshan - 1, Dhaka - 1212, Bangladesh.

Board of Directors	Mr. Bhagwan W. Kundanmal	Chairman
	Mr. Khondoker Monir Uddin	Managing Director
	Mr. Tipu Munshi	Director
	Mr. Mohammad A. Moyeen	Director
	Mr. Nissanka Weerasekera	Director
Auditor	S. F. Ahmed & Co.	
	Chartered Accountants	
Banker	Eastern Bank Limited	
	Pubali Bank Limited	
	Commercial Bank of Ceylon Plc	
	Dutch-Bangla Bank Limited	
	HSBC	
	Standard Chartered Bank	
Legal Advisor	Hasan & Associates	
	Sadat, Sarwat & Associates	
Company Secretary	Mr. B. R. Sikder, FCS	



Corporate Chronology

August, 1997	Company Registration
December, 1997	Authorized Capital Increased
December, 2002	Authorized Capital Increased
April, 2005	Out-patients Activity Started
February, 2006	Authorized Capital Increased
July, 2006	Converted to Public Limited Company
June, 2007	Private Placement for Preference Share
September, 2007	Private Placement of Ordinary Share (foreign)
October, 2007	Private Placement of Ordinary Share (local)
January, 2008	Syndication Loan Repayment



April, 2008	JCI Accreditation
June, 2009	Inauguration of Dedicated Pediatric In-patient Wing in AHD
April, 2010	Receiving allotment of land from Chittagong Development Authority (CDA) for construction of a Multispecialty Hospital
September, 2010	Application for Initial Public Offer (IPO) submitted to Securities and Exchange Commission Bangladesh
June, 2011	JCI Re-accreditation



Hospital with **AFFECTION**

Giving birth to her baby girl was only the beginning of motherhood. The real reward was **Apollo Mother & Child Centre** helping her child grow into a happy, healthy person.





Our Success Stories

In life, miracles don't just happen as it does in stories. They take place everyday when you believe in touching lives. We never really cure patients; we treat mothers, fathers, sons, daughters, grandfathers and grandmothers. So that they can get better and go home in the quickest possible time, and touch the hearts of everyone in their family by bringing a smile to their faces. This is the miracle we perform.

Since its inception in 2005, 345,080 patients have registered with Apollo Hospitals Dhaka (AHD) and over 1,113,704 patients have availed out-patient consultation across 29 disciplines.

Over 34,737 successful surgeries have been carried out in the hospital till date.

Apollo Heart Centre is a complete coronary care solution for the treatment of cardiac diseases and related complications, providing cutting edge technology. Since beginning, AHD has completed 2,356 successful Cardiac Surgeries. For the first time in Bangladesh, Apollo Cardiothoracic & Vascular Surgery Department has performed a rare cosmetic heart surgery for closure and repair of Atrial Septal Defect of heart in March 2011. World-class Cardiac Catheterization in state-of-the-art Cath Lab is also provided here. 7,165 Angiography and 2,002 Angioplasty procedures have been successfully executed at AHD (including 2 Carotid Angioplasty). 13 Atrial Septal Defect (ASD) closures by non-surgical procedures have been accomplished in our Cath Lab, as well as 5 IVC (inferior vena cava) filter implantations and 2 Patent Ductus Arteriosus (PDA) devices. Successful implantation of Intra-Cardiac devices like ICD and Pacemaker are being performed by Cardiology Department with zero infection rates. There have been 28 ICD implants and 371 Pacemaker placements at AHD till now. The Cardiology Department has also performed in Bangladesh for the first time epicardial channel retrograde PCI of CTO lesion via diagonal-1 to LAD in November 2010.

Apollo Neuroscience Centre provides complete care for patients suffering from Neurological Dysfunction with dedicated Neurology, Neurosurgery and Neuro Rehabilitation services through highly trained medical team and the most modern technology and OT. AHD has achieved 2,949 successful Neuro Surgeries from its start to date.

Apollo Bone & Joint Centre is a one-stop centre for Orthopaedic, Rheumatology and knee conditions, as well as Physical Medicine & Rehabilitation. 5,630 Orthopaedic Surgeries have been successfully completed in AHD since its inauguration, including 63 Hip Replacement and 91 Knee Replacement surgeries. Apollo Knee Centre, the first and only super specialty Knee Centre in Bangladesh, deals with all knee conditions associated with trauma, arthritis and age related wear and tear.

Apollo Kidney & Urology Centre provides complete treatment of kidney and urinary tract conditions of children and adults, as well as abnormalities of the male reproductive system. The hospital offers advanced dialysis services and kidney transplantation surgery for patients suffering from kidney failure. 13 Renal Transplants have been successfully completed in AHD, which is the first of its kind among the private hospitals in Bangladesh. Endourology and reconstructive surgeries are also performed, along with complete urodynamic testing. The Urology Department has performed Percutaneous Nephrolithotomy (PCNL) surgeries with bilateral Double “J” (DJ) Stenting on June 2, 2011, which were the first such cases performed under local and epidural anaesthesia in Apollo Hospitals Dhaka, as well as in Bangladesh.

Apollo Mother & Child Centre offers comprehensive treatment in Obstetrics/Gynaecology, Neonatology, Paediatrics, Paediatric Surgery & Paediatric Urology, and Infertility Management (Apollo Fertility Centre). Gynaecological surgeries like open, vaginal & laparoscopic hysterectomy, hysteroscopic removal of tumours, etc. are routinely performed. Maternity Unit offers equipped delivery rooms, OT, cardiotocograph, painless delivery by epidural analgesia, immediate emergency surgeries, and breast feeding counselling room. The hospital is equipped with Neonatal ICU for premature babies or sick babies with conditions requiring surgery immediately after birth. Apollo Fertility Centre provides complete infertility management with utmost privacy. The Paediatric Surgery & Paediatric Urology Department performs all types of routine and complex surgeries of children; the department has started Laser Circumcision, a more efficient, less painful and faster procedure than conventional circumcision. The first test tube babies (full term healthy twins) were born in Apollo Fertility Centre on November 20, 2009. Since then, more than 31 babies have been born through in vitro fertilization (IVF). In addition to IVF, IUI, ICSI, ET, and cryopreservation of embryo and sperm are also performed.

Apollo Surgical Centre provides full range of surgical services from routine procedures to complex works, backed by expert surgeons, state-of-the-art technology and anaesthesia support in General & Laparoscopic Surgery, Plastic, Cosmetic & Reconstructive Surgery, ENT Surgery, Dental & Maxillofacial Surgery, and

Ophthalmology (eye) Surgery. AHD has completed 2,640 high-end Plastic & Reconstructive Surgeries and 3,988 General Surgeries. The General & Lap Surgery Department has successfully performed laparoscopic removal of gallbladder in a pregnant woman for the first time at AHD in March 2010, and performs Liver Resection Surgery, the first of which was successfully carried out on November 23, 2009. Two Cochlear Implants for permanent deaf patients have been successfully performed by ENT Department. Cochlear implant facility is also the first of its kind among the private hospitals in Bangladesh. ENT Department has also successfully managed a case of subglottic stenosis (SGS) in an eight-year-old child in June 2011.

Apollo Critical Care Units are providing Intensive Care Unit (ICU) support with state-of-the-art specialized personal care for critical patients, supervised by trained ICU doctors and nurses 24 hours a day, 7 days a week. Apollo's ICU support has increased to over 100 beds with Medical ICU (MICU), Surgical ICU (SICU), High Dependency Unit (HDU), Kidney Transplant Unit (KTU), Neuro ICU (NICU), Coronary Care Unit (CCU), Post CCU, Intensive CCU (ICCU), Cardiothoracic ICU (CTICU), and Neonatal ICU.

Apollo Accident & Emergency Centre provides multidisciplinary emergency support 24 hours a day, 7 days a week with state-of-the-art facilities and expert trauma team, providing ventilator and life support equipped ambulances, stroke management, life support, cardiac support and trauma life support protocols with emergency and triage beds, and immediate access to diagnostic, medical and surgical specialties. Accident & Emergency Centre has started dedicated Chest Pain Observation Unit (CPOU) for emergency management of patients with chest pain but at low risk of heart attack, aiming to improve the efficiency of care of low-risk patients without unnecessary admissions. Nine Emergency Codes are followed within the hospital, denoting different emergency situations for efficient management.

Apollo Diagnostic Centre offers state-of-the-art 24-hour diagnostic services of JCI quality, supervised and evaluated by expert post graduate doctors in Radiology, Nuclear Medicine, Lab Medicine, and Blood Bank. In Lab Medicine Department, real time internal quality control protocol for clinical biochemistry was re-endorsed with BIORASD USA. Along with high resolution capillary electrophoresis, newer blood tests

for parameters like vitamin D, Fructosamine, anti mullerian hormone, Dengue NS1 antigen and Chikungunya IgM antigen were introduced. Apollo Diagnostic & Interventional Radiology Department has pioneered Trans-radial Angiogram (through the wrist) with dedicated radial lounge for the first time in Bangladesh, which has created a new horizon in patient care as patients can leave the hospital within 4 hours. The Interventional Radiology team has successfully performed percutaneous biliary metal stent placement for the first time in August 2010 on a patient suffering from malignant or cancerous biliary obstruction. Other advanced interventional radiology procedures are being performed by the expert team, which are not available in most hospitals in the country.

Apollo Primary Care Centre provides complete management and monitoring of your everyday health needs with specialties like Internal Medicine, Endocrinology & Diabetology, Gastroenterology & Hepatology, and Respiratory Medicine. The hospital provides modern gastrointestinal procedures like endoscopy, colonoscopy, ERCP, etc., as well as procedures for the lungs and respiratory tract like Pulmonary Function Test (spirometry, lung volume, diffusion capacity) and Bronchoscopy. Respiratory Medicine Department also provides Bronchoprovocation Test (BPT) for patients with breathing difficulty.

Apollo Therapeutic Centre: AHD's super specialized Dermatology Department is providing skin balancing treatment to rejuvenate one's skin; its Laser Centre is performing surgery with PDL and Multiplex as the only centre in Bangladesh having both, and its ultramodern Phototherapy Centre is equipped with latest PUVA and narrow band UVB chamber. Medical Oncology Department provides Chemotherapy for cancer patients under skilled Consultant support. Psychiatry Department provides medical care for depression, ADHD, anxiety disorders, bipolar disorders, schizophrenia, drug addiction disorders, etc

Considering the demand of the rising number of maternity patients, a dedicated mother-friendly premium maternity ward was created in AHD Level 10 Deluxe Cabins manned with specially trained medical and nursing staff.

Two new Information Centres in Comilla and Mymensingh were added to existing four, in 2011.

UNIQUE ADVANTAGES CONSTITUTING USP

- ❑ Only hospital in Bangladesh having JCI (Joint Commission Accreditation) Gold Seal Approval; first time ever in Bangladesh
- ❑ Affiliation with AHIL (Apollo Hospitals Enterprises Limited)
- ❑ Highest number of medical and surgical subspecialties
- ❑ Proven best
 - Infection Control System
 - Emergency and Accident Service
 - Waste Disposal and Management System
- ❑ Corporate & Collaborative Governance ensuring accountability at every step of service
- ❑ Stringent Credential Policy for selection of medical and allied staff
- ❑ Only hospital in Bangladesh having active Hospital Emergency Codes
- ❑ Strongest IT backup support having the only Jukebox in the country and demonstrating complete EMHR (electronic medical health record) of patient
- ❑ All facilities under one roof
- ❑ World class dedicated nursing staff



Hospital with **EMPATHY**

Everybody wrote him off because of injuries, but we were there beside him. Then he played master blaster innings the following season, and proved everyone else wrong! Thanks to **Apollo Bone & Joint Centre.**





Board of Directors



Mr. Bob W. Kundanmal

Chairman

Mr. Kundanmal is a renowned business personality of Sri Lanka and has in his credit a long business career in Sri Lanka, Bangladesh and Thailand. Apart from Apollo Hospitals Dhaka, Mr. Kundanmal is also associated with Sino Lanka (Pvt.) Ltd., Shanta Group, Lanka Bangla Finance Ltd., Royal Park Residence Ltd. as Chairman/Director.



Mr. Khondoker Monir Uddin

Managing Director

Mr. Monir Uddin is a renowned business personality of the country and is involved with the business for more than 20 years. Mr. Monir Uddin is also associated with Shanta Garments Ltd., Shanta Apparel Ltd., Moazzem Garment Industries Ltd., Shanta Washing Plant Ltd., Shanta Industries Ltd. at EPZ, GDS Chemical Bangladesh Ltd., Universal Business Machines Ltd., and Shanta Properties Ltd. (SPL) in the capacity of Managing Director. He is the shareholder Director of Dhaka Bank Limited, Spring Valley Ltd., and Lanka Bangla Finance Ltd. He was the Chairman of the Board of Directors of Dhaka Bank Limited, a reputed bank in the private sector.



Mr. Mohammad A. Moyeen

Director

After graduating as an architect from Bangladesh University of Engineering and Technology in 1982, Mr. Moyeen involved himself in business. Besides being the Director of Apollo Hospitals Dhaka, he is the Founding Member and Chairman of LankaBangla Finance Ltd. and the Managing Director of Tropica Garments Ltd. and Global Aviation Services Ltd. He is also a Director of Standard Paper Products Ltd., Wings Air Cargo Ltd., Swift Logistics Services Ltd., M & M Ltd., Freight Care Aviation Services Ltd., Expo Express Services Ltd., Wings Logistic Ltd., Orchid Air Ltd., UCL Logistic Ltd., Cross Freight Lines Ltd. and Air Line Cargo Resources Ltd.



Mr. Tipu Munshi

Director

Mr. Munshi is involved with the garment and textile manufacturing, exporting business, education and healthcare service. He is also associated with Sepal Garments Ltd., MAS Trade Int'l Garments Ltd., Creative Garments Ltd., Glory Fashion Wear Ltd., and Sepal Washing Plant Ltd. as Managing Director; Orchid Garments Ltd. as Director. Mr. Munshi was the President of Bangladesh Garments Manufacturers & Exporters Association (BGMEA). He is currently a Member of Parliament elected from the reigning party Bangladesh Awami League.



Mr. Nissanka Weerasekera

Director

Mr. Weerasekera is representing Aureos South Asia Fund LLC, one of the institutional shareholders of STS Holdings Limited as a nominated Director of the Board. Mr. Weerasekera is also the current Managing Partner of Aureos Lanka Advisers (Pvt.) Limited in Sri Lanka, a sister concern of Aureos South Asia Fund LLC is one of the 10 funds established by Aureos Capital, a joint venture between CDC group plc, a UK Government fund and the Nonfund, the Norwegian investment fund for developing countries that focuses on investment in India, Sri Lanka and specially in Bangladesh.

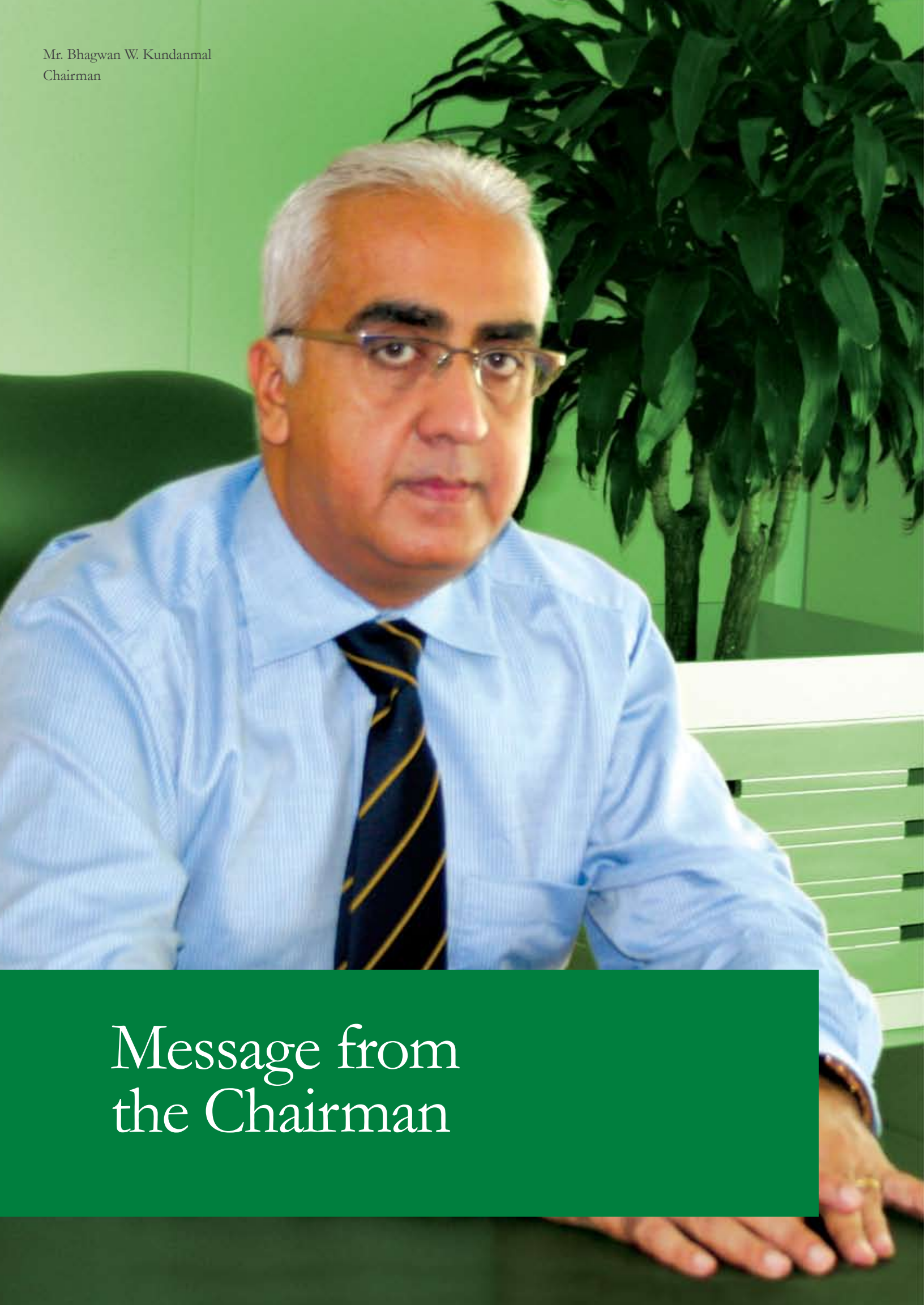
STS Holdings Limited Corporate Management Team





From Left to Right: Mr. B. R. Sikder-Company Secretary; Mr. Sarath N. Jayasinghe-Group Director Human Resources; Mr. Faisal Kader-Chief Operating Officer; Mr. Abu Taleb-Chief Executive Officer; Mr. Giash Uddin-Chief Financial Officer; Mr. M. Khan Bahar-General Manager Procurement & Logistic; Mr. Chira Ranjan Barua-General Manager Administration

Mr. Bhagwan W. Kundanmal
Chairman



Message from the Chairman

Distinguished Shareholders, it is my pleasure to welcome you all here to the 15th Annual General Meeting of the STS Holdings Limited. On behalf of the Board of Directors and myself, I express my heartiest thanks and gratitude to you all for your continuous support and guidance in achieving greater heights in many areas of our operation.

Year 2011 was a year of great pride and achievements for us. We were re-accredited by Joint Commission International for a consecutive second term after a week long strenuous exercise. This accreditation – for our standard of excellence in quality is upto 2014 after which another assessment is made for this prestigious JCI survey.

Employee satisfaction, commitment and motivation played pivotal role in achieving a team-driven patient satisfaction across the hospital. Growth envisioned became a reality not only in terms of numbers but also in terms of satisfying patients.

Health Care Industry: Challenges and obstacles

Increasing patients' consciousness and their demands of the treatment they deserve kept the industry under strict consumer vigil throughout 2011. Due and undue media hype on maltreatment and malpractices of health caregivers occupied significant portions of print and audiovisual media coverage through out the year. A drive to clean-up the illegal organ trading, by the authorities, brought the kidney transplant program of the country to a stop, as the physicians and hospitals shied away in fear of legal harassment, eventually driving patients to avail transplantation abroad at a much higher price.

Hikes in Power and fuel prices in successive months increased overall operating cost of this sector like other service sectors. At the first stage, the average bulk tariff was increased by 11percent from BDT 2.37 per KWh to BDT 2.63 per KWh from February 2011; in second stage the average bulk power tariff was increased from BDT 2.63 KWh to BDT 2.80 KWh representing a 6.66 percent rise effective from August 2011. On the fuel

front, the government announced significant increases to about 20 percent. The total fiscal impact of the petroleum and CNG is estimated around BDT 49 billion (equivalent to 0.6 percent of GDP).

Among all private hospitals of the country, Apollo Hospitals Dhaka, remained staunch and resolute in the face of escalating costs and continued to deliver as committed, proper patient care at a justified price, proving that welfare of patients was foremost. None of the prominent newspapers published any news against us. All media campaigns were dealt and clarified with pre-emptive measures. Stringent infection control practices, waste management protocol and hospital wide disaster management drills continued to be the strong and intangible feel-good-feel-safe factor for the hospital.

The overall quality of skilled manpower in hospital management starting from back office to front office remained one of the biggest challenges faced by the hospital. Hence, recruitment was strengthened by on-the-job training in every sphere of the organization. At every step of our walk, we had to walk the talk, by practicing what we preached as our motto i.e. *patient service is our priority*.

2011: Looking back

In 2011, Apollo Hospitals Dhaka's earned revenue was BDT 2,590 million which is 16.72% higher from BDT 2,219 million earned revenue of 2010. Increase of patient flow in OPD, increased number of surgeries and procedures, increased laboratory and radiology investigations and increased pharmacy sales brought about this increase. Because of price hike of power and fuels and also that of overall consumer and industrial products, operating cost rose to BDT 1,374 million which is 19.17% over that of 2010 though it is lower to the cost rise of 34% over 2009. The bottom line had sustained a growth of 15.62% in net profit amounting to BDT 262 million from BDT 227 million of 2010.

The volume of patients in OPD was increased by 11% despite the traffic congestion of the entry road to the hospital inhibiting patients with acute critical illness

from choosing us thereby affecting our emergency department's performance. This is one area hopefully we would be able to overcome with a new road opening this year.

In Lab Medicine department, real time internal quality control protocol for clinical biochemistry was re-endorsed with BIORASD USA. Along with high resolution capillary electrophoresis, newer blood tests for parameters like vitamin D, Fructosamine, anti mullerian hormone, Dengue NS1 antigen and Chikungunya IgM antigen were introduced. Considering the demand of the rising number of maternity patients, a dedicated mother-friendly premium maternity ward was created in AHD Level 10 Deluxe Cabins manned with specially trained medical and nursing staff.

Information Centres were added in Comilla and Mymensing in 2011. The role of these Information Centres in six different locations of the country, was heightened through increased numbers of health clinics where patients from local community had the opportunity to avail themselves of treatment by AHD Consultants. Focused meeting with community physicians in different localities, acted as a platform to enhance knowledge sharing and strengthening of bond between them and AHD. Monthly patient forum was organized with patients of different specialties where patients shared their experiences of recovery which served as a strong 'voice of customer' for the hospital.

Diversified use of on-line marketing through regular e-flyer, customer satisfaction survey, social marketing media (facebook, twitter, blog) has proven to be effective throughout 2011, which resulted on significantly increased online appointment booking request through AHD website.

Opportunities

Relentless pursuits towards providing patient centric service in all steps and commitment to deliver at all point of patient contact have proven to be the consistent USP of AHD. We deliver what we commit and we commit only what we can deliver; this has been our pledge from

inception; in the crowd of over-promising and under-delivering hospitals in the country, this is what has made patients more reliant to AHD.

Patients also feel confident with our electronic medical health record system which will continue to endorse our strength. Increasing referral of International Insurance Companies along with interests from overseas patients about our healthcare facilities show good opportunity to open up a scope of medical tourism. Addition of focused dedicated OPD clinics for selective diseases will also contribute to draw more patients e.g. epilepsy clinic, snoring clinic, etc.

2012: Looking forward

All of us associated with AHD are looking forward to a brighter 2012 with hope, anticipation and expectation of a more vibrant and dynamic operation. On 2012, we hope to start a new block (F block) added to the existing hospital building. This will add three more Operation Theatres to the existing eight; plus it will have an additional CSSD (central sterile supply department) catering to the added demand of new surgeries. With addition of Consultant chambers in F block, more Consultants can be housed with spacious patient waiting area. Relocated and redecorated dermatology department is being planned in F block to make it an independent sought-after aesthetic centre.

Dialysis centre will be expanded to a twenty-four bedded facility from existing twelve, serving to the rising demand of chronic kidney disease patients; addition of real time PCR lab for molecular diagnosis will add a first timer edge in diagnosing genetic disorders in unborn babies like Thalassemia, Hemophilia, Down's syndrome, etc. Addition of Dexa Scan machine in radiology department in measuring bone density will reinforce the patient services manifold. The second Cath Lab will also come in operation in 2012, not only increasing interventional cardiology cases but also referring patients for heart bypass surgeries.

Apollo Hospitals Chittagong, the second multi-disciplinary tertiary care hospital from STS Holdings

Limited is designed to be established in Ananya Residential Area of Chittagong Development Authority (CDA) for which a land measuring 145 decimal is acquired. This will be a pioneer in modern, international standards driven, hospital based health services in Chittagong. It will be an advanced clinical setting for skilled practitioners, providing them with access to a multi-specialty hospital with both outpatient diagnostics and treatment on a tertiary specialty level. The feasibility study for this hospital was conducted by HEXEL, a renowned hospital consulting firm of India. For its design, a contract has been signed with the world famous hospital designer Smith Group of USA. The design is now being finalized and we expect to start construction of the Hospital within next quarter of this year.

Acknowledgement

I take this opportunity to reassure you of our commitment to build values for our shareholders. Our efforts to add value to the business and thus to the shareholders' earnings will continue relentlessly in the future days as well. The success so far achieved has been possible only due to the collective and productive efforts of the passionate group of people working in Apollo Hospitals Dhaka.

Our financial strategy will continue to focus on maintaining an efficient organization thereby strengthening our balance sheet. Our belief evolves around maximizing shareholders value by maintaining a long-term focus on return on equity. We put our patients

first in all our thought, plan and action and focus on serving our patients with the best care. For us, our patients are our ambassadors and we believe in the importance of building shareholders trust. We adhere to the highest levels of business practices, which provide guidelines for ethical conduct by our Directors, Management Staff and Employees. We believe that we've created a solid corporate structure to realize AHD's long-term potential of goals and values.

I express my gratitude and appreciation to the Consultants, Management, Staff and Employees at all levels of the organization for the time and effort they spend in making AHD the preferred hospital of choice in Bangladesh. In AHD, our strength is built through struggle and hardship to upkeep consistent quality in every aspect of patient service. The confidence that the customers have in us has always been the source of our strength. We are grateful to our patients and other customers for giving us the opportunity to serve them as their health care providers.

Finally I end with my profound thanks to my fellow board members for their invaluable contribution throughout the year.



(Bhagwan W. Kundanmal)
Chairman



Hospital **with SMILE**

He had watched his wife's kidney problems worsen over many years. Her kidney function deteriorated to the point where she had to have dialysis with severe diet restrictions and a greatly diminished quality of life. **Apollo Kidney & Urology Centre** came forward with their Kidney Transplantation programme; with their confidence, encouragement and support, he donated a kidney for his wife - a wonderful gift of love and life. Years after the transplant, he feels just fine. He rarely realizes he has one kidney. But he will always have that wonderful feeling of being able to help his wife live a more normal life. Look at the smiling couple!





Directors' Report

Director's Report

Dear shareholders, on behalf of the Board of Directors, it is our pleasure to present the reports and audited financial statements of STS Holdings Limited for the year 2011, ended on 31 December.

On the year 2011, the company had a sustainable growth in top line and bottom line. AHD entered this year with a strong balance sheet, healthy cash flow and a business plan geared to identify new business opportunities and protect our core businesses.

The past six years have brought a higher level of organizational maturity and a keen knowledge of the healthcare market that allows AHD to consistently outperform the market and deliver growth. While paying close attention to maintaining or improving margins, AHD kept its commitment to not compromise the quality of its medical care and service to patients.

Much credit for these achievements goes to our doctors and nurses, along with other clinical and support staff of the hospital who positively touched the lives of millions of patients. The credit goes to these satisfied and loyal patients who have supported us throughout the years.

Growth

In 2011 the Company has achieved a growth of 16.72% amounting to BDT 2,590 million on the reported revenue from the hospital operations from BDT 2,219 million in 2010. This increase came from the increase in patient flow to avail our out-patient services, investigations, surgeries and pharmacy. In 2011, the cost of operations of the Company came to BDT 1,374 million which is 19.17% higher from BDT 1,153 in 2010. The operating cost increased due to price hike of power and fuel and that of overall consumer & industrial products. The Net Profit of the company increased by 15.62% to BDT 262 million from BDT 227 million in 2010.

JCI Re-accreditation

We all know that in April 2008, Apollo Hospitals Dhaka became the first hospital in the country to receive Joint Commission International (JCI) Accreditation, an international stamp for excellence in clinical practices in patient care and safety. In June 2011, after a rigorous one-week survey process, the hospital was once again fully re-accredited by JCI, for consistently upholding its quality and safety parameters. JCI accreditation is an important indicator for Apollo Hospitals Dhaka as an "International Health Care Provider". This accreditation documents our world-class healthcare services and the accomplishment of such accreditation affirms our commitment to providing the people of Bangladesh international standard health care in their own country.

Chittagong Project:

The Chittagong hospital work will start by the end of next quarter on the 145 decimal land that the Company has acquired in Ananya Residential Area of Chittagong Development Authority (CDA). It will be a tertiary care multi disciplinary hospital catering to the needs of people of Chittagong and surrounding areas of Comilla, Feni, Maizdee and Cox's Bazaar.

IPO issues

As per our previous commitment with the shareholders and plan of the Company, the IPO issues could not be materialized because of the turbulent condition of the share market of the Country in the year 2011. At that time the Securities and Exchange Commission (SEC) was very reluctant to approve issuing any IPO. Therefore, we still are waiting for the share market to settle down vis-à-vis we'd await for achieving better financial results by the Company. As soon as the condition becomes favourable to get better price of our shares, renewed proposal will be submitted to the SEC for its approval.

Strategy

Being the first corporate sector private hospital in Bangladesh, we had some responsibilities in setting up competition in healthcare quality. We decided not to compete on price with the other top tier hospitals but instead to continuously improve our patient services quality in order to capture market share and ensure margin growth for our business. We strive to continuously meet and exceed our customers' expectations. We act daily to sustain continuous process improvement in direct response to customer input.

Through its JCI accreditations Apollo Hospitals Dhaka conveys a strong message to the community about our confidence in the quality and safety services we provide. The JCI guidelines and proven best practices implemented here are aimed at constantly improving risk prevention and risk reduction, so that patients are put at ease once they are within the folds of Apollo.

Stringent infection control practices, waste management protocol and hospital wide disaster management drills continued to be the strong and intangible feel-good-feel-safe factor for the hospital. We deliver what we commit and we commit only what we can deliver; this has been our pledge from inception; in the crowd of over-promising and under-delivering hospitals in the country, this is what has made patients more reliant to AHD.

Our Commitment

Apollo Hospitals Dhaka through its leadership has made conscious commitment since our inception, to provide safe, quality services to the people of Bangladesh. Now, having implemented these standards for world class patient care, we stand even more strongly committed to providing the best. We are also committed to routinely updating our protocols and practices based on the most current information available and through implementation of periodic international quality updates issued by JCI.

Patient Care

The hospital provides patient care in an ethical manner, and at the best quality possible, taking into consideration patient safety, patient satisfaction and efficiency in providing services. Different wide spectrum collaborative governance committees of the hospital ensure appropriate interactions between health care providers and protect patients' rights. In addition, the Hospital reviews customers' complaints, monitors and continuously

improves the quality of the care provided while taking into consideration patients' needs and suggestions. Utmost importance is given on patient feedback listening to patients speak; thereafter analyzing the root cause of each and every dissatisfaction and actions are geared towards maximizing customer satisfaction.

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Quality Control

AHD is committed to providing a system of Quality Management for its ongoing clinical and operational activities. Apollo Hospitals Dhaka has put in place a strong Quality Management Protocol to ensure quality, safety and efficiency in all departments of the hospital. We are decided to achieving complete patient satisfaction.

A specially designated team monitors the quality, safety and infection control related data from the various departments to ensure that they meet the hospital's standards. Clinical Incidence Report Analysis with its corrective guidelines, advice on best practices and monitoring of patient satisfaction are among the functions which help elevate the quality of care. This team also monitors the implementations of JCI standards in the hospital and conducts internal reviews and quality audits from time to time. There is a regular ongoing training program for the hospital staff on the quality and JCI standards.

The Quality Steering Committee, comprised of Senior Physicians and Management staff of the Hospital, regularly meets to review the data, consider quality related issues and make suitable recommendations for compliance with the stringent international healthcare quality standards is a testament to the dedication of the entire staff of Apollo Hospitals Dhaka and to their efforts for ensuring the best and safest care for our patients.

Risk Assessment

The company regularly assesses business risk factors, taking into account economic, political, social and environmental circumstances, including the industry situation and competition, which are external factors. It also assesses internal factors, especially risk factors concerning medical services, which may have a significant impact to the company.

In addition, the Company has established a risk management policy and assigned the management to continually monitor for incidents which could increase the risk factors. It has also defined the Hospital Risk Management Process and the Safety and Environment Risk Assessment as part of the Hospital Administrative Policy (HAP). Consequently, we believe that the Company has an effective management process that can mitigate risks to an acceptable level.

Information and Communication

The company ensures the effective flow of information on internal activities and external factors across the management levels. All individuals receive a clear message from senior management that control responsibilities must be taken seriously.

Corporate Social Responsibility

Healthcare delivery organizations are now regarded as “Corporate Citizens” and as a result, they are striving to fulfill their responsibility in this regard. STS Holdings Limited emphasizes that social, ethical and environmental responsibility must be taken seriously.

At Apollo Hospitals Dhaka, we believe that our ability to make a difference extends beyond our hospital walls. Both as an organization and as individuals, we’re dedicated to playing an active role in providing services with support, outreach programs and special services to improve quality of life factors. This sense of responsibility to the community is a core element of our professional culture, and our nurses and allied health clinicians go to tremendous lengths to adopt mission as their own.

Each day, we are discovering new ways to make a positive impact in the lives of people both within and beyond the hospital, and just how rewarding it can be in our own lives. Our continued growth, both in terms of size and stature, has been paralleled by the expansion of our commitment to serving poor and disadvantaged patients. We take great pride in offering free or reduced rate hospital care to qualifying patients, as well as funding from Foundation Fund, which is one of the most generous financial assistance policies in the area. We also sponsor and participate in a wide range of physician training and development programs and activities that ultimately benefit the general population.

Control Environment

Control activities are the policies and procedures which help ensure that management directives are carried out, and the necessary actions are taken to minimize the risks of failure to meet stated objectives. Policies and procedures are effectively established within the Company and are continuously reviewed for compliance, adequacy and improvement opportunities.

The Board of Directors sets the tone for an effective control environment through regular reviews of the processes for identifying, evaluating and managing significant risks. The Standard Operating Procedures (SOP) are signed off by each Head of Department to provide assurance that these standards are communicated, understood and complied with. An effective Control environment is set by top management and cascades across all business functions. Every year the top team conducts a self assessment of key controls that affect the business and develops action plans to make the internal control environment more robust.

Contribution to National Exchequer

Apollo Hospitals Dhaka has contributed significantly to government effort in collection of revenue. As per law Hospital deducts income tax at source, VAT and other required withholdings from various payments for services and deposits them to the benefit of the government exchequer. STS also pays tax on its earnings as per the income tax laws.



Supplier Payment Policy

AHD developed and implemented set payment policies for all suppliers. We explain the payment method and system and review the process with the vendor before issuing a purchase order. Bills are paid according to the payment terms and VAT and other withholding taxes are deducted from bills as per law. As of date, there are no legal case filed by the Hospitals of filed against the Hospitals by any supplier.

Board of Directors' Meeting

It is the duty of every Director to attend Board of Directors' meeting regularly, in order to acknowledge and make decisions relating to the operations of the company. The Directors hold 4 scheduled meetings and additional meetings as necessary.

Before each meeting the agenda items are clearly set by the chairman of the Board together with other Directors and Chief Executive Officer. The Company Secretary prepares and sends notice of the meetings, together with the agenda and supporting documents, to the Directors in advance to study information prior to the meeting.

Senior Management team members are invited to attend the Meeting to provide useful information and to directly obtain business strategies from the Directors which are to be implemented in the Company's operations.

The Chief Financial Officer, as per directives of the Securities & Exchange Commission (SEC) and the Head of Internal Audit, also attends the meeting as per invitation of the Board.

The Company Secretary is responsible for documenting and circulating the minutes of the meetings to the Board of Directors and so other relevant divisions for adoption.

Financial Overview

During the year 2011 under review the company has achieved a gross profit of Taka 1,216 million along with a net profit (after tax) of Taka 262 million. After six years of operation, the hospital has now become financially robust with a healthy Balance Sheet. The Hospital cash flows are also improving. The healthcare industry generally requires huge initial capital investments, especially in equipment and for recruiting and retaining skilled healthcare workers. With such huge upfront investments, we consider 2011 to be an exceptional year for AHD as we have a reported net profit of Taka 262 Million.

Amount in Taka (Million)

	2011	2010	2009
Revenue	2,590	2,219	1,702
Direct Operating Expenses	(303)	(258)	(188)
Hospital Supplies	(1,072)	(895)	(671)
Gross Contribution	1,216	1,066	843
General and Admin Expenses	(653)	(538)	(475)
Marketing Expenses	(38)	(44)	(24)
Management Fees	(30)	(30)	(30)
Finance Cost	(54)	(58)	(83)
Depreciation and amortization	(183)	(172)	(170)
Other Income	16	14	10
Net Profit/ (Loss) before tax	275	238	71
Provision for tax	13	11	-
Net Profit/ (Loss) after tax	262	227	71

Election of Directors

Mr. Bhagwan W. Kundanmal and Mr. Nissanka B. Weerasekera Directors among the Board of Directors of the Company retire as per article 91(2) of the Companies Act 1994, being eligible, have offered themselves for re-election.

Extension of term of Office of the Managing Director

The present term of office of the Managing Director will expire on 18th September, 2012. As per section 110 of the Companies Act 1994 and article 144 of the Articles of Association of the Company, extension of term of office of the Managing Director, Mr. Khondoker Monir Uddin may be considered for another five years from 19th September, 2012.

Appointment of Auditors

M/S. S. F. Ahmed & Company, Chartered Accountants, Auditors of the Company, retire at this Annual General Meeting and eligible offer themselves for appointment as Auditor of the Company for the year 2012 with re-fixation of their remuneration.

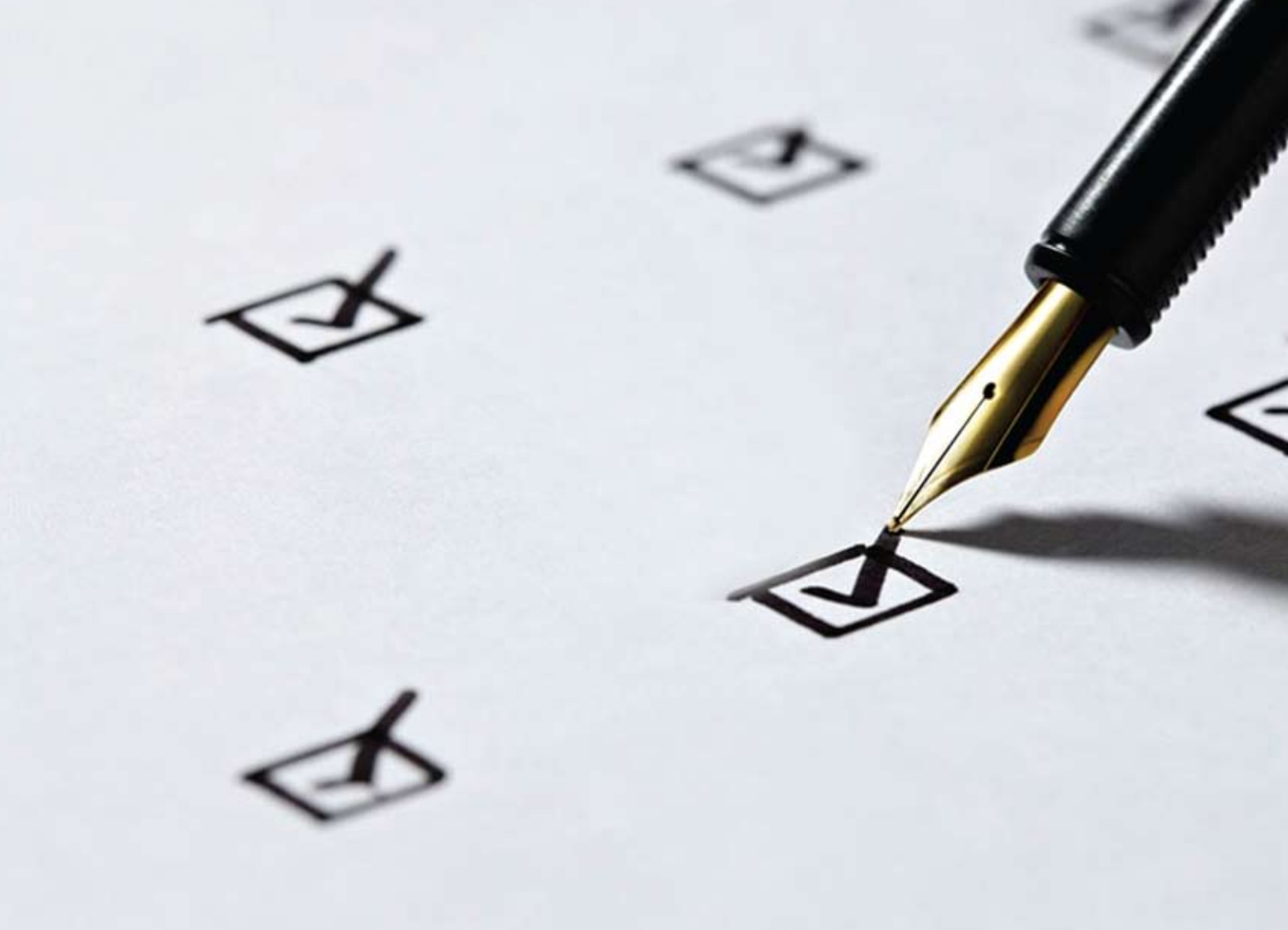
Appreciation

The Board of Directors would like to express their deep appreciation to the management and employees for their unrelenting commitment throughout 2011. We would like to place on record our thanks to our valued business partners for their support and loyalty. The above listed achievements are the result of the commitment and diligence of all our employees and business partners. In addition, the Board of Directors also expresses their gratitude to the shareholders of the company for their ongoing support as we continue to move forward with Apollo Hospitals Dhaka as a leading healthcare player within our society.

On behalf of the Board of Directors,



Bhagwan W. Kundanmal
Chairman



Corporate Governance Information

Apollo Hospitals Dhaka practices Good Corporate Governance which is the glue that holds together responsible business practices, which ensures positive workplace management, marketplace responsibility, environmental stewardship, community engagement and sustained financial performance.

Corporate Governance Statement

Corporate Governance has been defined as the system by which companies are directed and controlled. The Board is accountable to the shareholders for ensuring that appropriate Corporate Governance measures are in place. It is imperative for the Company to maximize the shareholder's value and wealth. Though disclosure of Corporate Governance practices is not mandatory in Bangladesh, STS Holdings reports its activities so that investors can place their full confidence in the Company.

Corporate Governance is a blend of law, regulation, enforcement, and appropriate voluntary practices by companies that permit a company to attract capital, perform efficiently and generate long-term economic value for its shareholders, while respecting the interests of its stakeholders and society in general. The principal characteristics of effective Corporate Governance include:

- Protection of the rights of minority shareholders
- Transparency, including disclosure of relevant and reliable financial and operational information; information on ownership and control; and information on the internal processes of management
- Responsible Directors capable of independently evaluating and approving the company's strategy, business plans and decisions, independently hiring, monitoring and, when necessary, replacing management and consultants

This Statement outlines the main Corporate Governance Practices in STS Holdings Limited under the following headings:

- Board of Directors and their roles
- Relationship with shareholders
- Accountability and audit
- Compliance with legal requirements
- Human Resources Policy
- Standards of Business Conduct

Board of Directors and their Roles:

The present Board of STS Holdings Limited (owner of Apollo Hospitals Dhaka) consists of 5 Directors. A code of Corporate Governance has been produced as a framework for Directors to the Board of STS Holdings Limited. It describes their roles and responsibilities and suggests a process for their continued development in order to ensure an effective ongoing contribution to our healthcare business. The Company fully supports establishment of the Code and is committed to ensuring that structured processes are used to direct and manage the business. We believe this enhances business ethics and corporate accountability with the ultimate objective of realizing long term shareholders value, while taking into account the interests of other stakeholders. The Code on Corporate Governance of the Company sets out the principles and best practices to be applied by the Company in its operations to achieve an optimal governance framework. The Board of Directors is responsible for protecting the rights and interests of all shareholders and is also accountable for the overall management of the Hospital. In addition to its legal and statutory responsibilities, the Board is responsible for the following:

- Reviewing and adopting a strategic business plan for the Company
- Overseeing the conduct of the Company's business to evaluate whether the Company is being properly managed
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, and replacing senior management
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines
- Reviewing and approving the financial statements and accounting policies of the Company
- Establishing committees, including the Audit Committee and the Compensation Committee

- Determining the levels of authority to be delegated to committees of the Board
- Receiving and reviewing reports from committees of the Board
- Establishing and monitoring compliance with the Company's Standards of Business Conduct and other policies of the Company
- Establishing appropriate systems of Corporate Governance in the Company
- Considering and approving other matters specifically reserved for the attention of the Board
- Constantly guiding and assisting the Company in external Stakeholder Management

Relationship with Shareholders

Good corporate governance encourages dialogue with shareholders, and the Annual General Meeting encourages participation by shareholders. The Company continues to have regular communication with shareholders through periodic updates of performance and at any other time when it believes it to be in the best interests of shareholders generally.

Accountability and Audit

Apollo Hospitals Dhaka values the internal control system and internal audit systems, and realizes that good internal control and audit systems can prevent potential losses, detect existing process errors, mitigate business and operational risk to ensure an acceptable confidence level, ensure accurate and reliable financial reports, and by doing so, help the Company achieve its goals. The Board of Directors has, therefore, assigned an audit team to review and comment on the effectiveness of the Company's internal control system which in further discuss in the Board meetings as and when necessary.

The Company set its vision, mission and operating policy, with emphasis on integrity and ethics, and has clearly defined both short-term and long-term business goals. It has also rewarded employees based on their performances in achieving those goals. In addition, the Company has created an organizational structure and work procedures that help tighten operational controls and prevent unauthorized asset use.

As part of the operational control system, the Company has established transaction approval authority and limits based on nature and amount of the transaction. In cases of connected transactions or transactions with high potential for conflict of interest, the audit team has a duty to review the necessity and rationale of those transactions, which must be approved by the management. The Company set up an Internal Audit Division, reporting directly to the Board of Directors, to ensure its independence. Its duty is to audit the internal control system, the risk management process, and corporate governance.

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The audit objectives are to ensure that:

- Operations in various processes are efficient and effective enough to achieve the Company's objectives
- The financial reporting process has adequate and proper controls to make financial data reliable
- The management control process is sufficiently effective to govern adherence to laws and regulations, and the Company's policies and procedures
- The internal controls on work processes pertaining to patients' safety are effective and adequate

Compliance with Legal Requirements

The Board, through the Legal and Secretarial function, makes every endeavor to ensure that the business of the Company complies with the laws and regulations of Bangladesh and that the necessary controls are in place to ensure compliance with the policies of the Board. The Board of Directors requires that in all possible aspects, the Financial Statements are prepared in accordance with the Bangladesh Accounting Standards and requirements of

Securities and Exchange Commission. Maximum possible information is provided to shareholders and full disclosure is made while ensuring appropriate treatment of sensitive information which could directly impact the Company.

Human Resources Policy

Apollo Hospitals Dhaka actively encourages employee involvement in the Company's business through team briefings and regular meetings with various departmental employees. The Company's equal opportunity employment policy includes commitments to recruit people on the basis of their ability. Employee competence and commitment are the key drivers of the competitive advantage of any organization. The Management continues to put emphasis on staff development initiatives. Examples include on Continuous Medical Education (CME) and Continuous Nursing Education (CNE) as part of the hospital's staff development program. In-house management training and symposia are conducted regularly for all the employees to develop their soft skills. The Management is working steadily and continuously to maintain Apollo Hospitals Dhaka as a learning organization.

AHD is committed to providing excellent customer service for the patients and their attendants. The Management is ensuring that regular Customer Service Training programs are available throughout the year. We have taken various actions including recognition and rewards for employees demonstrating excellent customer service. AHD has organized staff recreational and motivational programs to boost employee morale. A sampling of the activities includes the New Year Celebration with Corporate Theme, Employee Appreciation Program, Best Employee Recognition Program, Movie Nights, Cultural Nights, and other motivational and recreational opportunities. To meet our future needs, we are focusing on putting patients first.

Standards of Business Conduct

Apollo Hospitals Dhaka is committed to achieving high standards of integrity in public life and in all of its business practices. This commitment is set out in the Standards of Business Conduct adopted by the Company in order to conduct the Company's business with honesty, integrity and

transparency. It is critical to the continuing development of a business that is responsible, successful and sustainable in the long term. The Standards provide support and guidance to ensure that employee conduct meets the highest expectations, complies with the regulations applicable to the Company's business and that they act with integrity. The Standards are an integral part of the principles of corporate governance in STS Holdings and are designed to:

- Ensure that decisions and judgments made by the employees are lawful and comply with the ethical standards expected of a premier hospital in Bangladesh
- Set a tone and culture for the organization which will ensure it is regarded as a good corporate citizen
- Help employees who are faced with making appropriate judgments in the course of doing their work
- Assist managers in considering disciplinary matters where appropriate, giving reassurance to shareholders, customers and suppliers, as well as to Government and to other third parties with whom STS Holdings comes into business contact
- Seek to protect STS Holdings Limited from being subject to loss as a consequence of extortion, fraud, theft, bribery, corruption, insider dealing and market abuse, violations of anticompetitive and antitrust laws, money laundering, terrorism, or other forms of dishonesty

The Standards of Business Conduct are reviewed from time to time and updated to reflect what we see as developments and issues currently affecting corporate conduct, values, and expected standards.

Management Team

The Board is the highest decision and policy making authority of the company to execute the directions. The Management Team is the executive leadership of STSHL and is charged with managing the affairs of the Company. The Management Team consists of the CEO and other key leaders within the company. The CEO is the leader of the Team. The Management Team endeavors to achieve the strategic goals and mission of the hospital as set by the Board of Directors. The Management Team meets at least on a weekly basis to monitor the operational and business performance of the Hospital.

The following are the major scope of work by this committee:

- Set and review vision, mission, strategies, and organogram of the Hospital and its business units
- Make strategic and tactical decisions relating to medical services, business, and operations
- Analyze business and financial performance of the Hospital
- Review and discuss policies and procedures of the Hospital and make changes or recommend to the Board as appropriate
- Finalize periodic employee performance appraisal and promotions
- Analyze market opportunities and internal service quality
- Discuss and agree on budget development for Board review and approval
- Analyze monthly business and financial performance
- Review and analyze monthly performance of each business unit
- Manage and develop human resources

Control Environment in Apollo Hospitals Dhaka

In implementing the right Governance in STSHL, the Board and the Management Team ensure the following:

- a) Business Plan & Forecast
The Management prepares the Strategy and Business Plan each year which is approved by the Board. Such plans are prepared and modified from time to time considering the forecast and actual market situation.
- b) The Company has strong financial reporting procedures in line with the requirements of the International Financial Reporting Standard (IFRS), Bangladesh Standards of Accounting (BSA) and other local legislations. In 2010, the Company completed total automation under the HIS model (Hospital Information System). Financial reports are generated from this automated platform.
- c) Management of Assets
The Company is continuously investing in healthcare services in line with the business plan. To maintain accountability and proper utilization of assets, it

complies with clearly defined and approved policies starting from procurement, recording, reporting, and disposal of assets. To ensure proper safeguarding of assets, physical verification of all assets is conducted periodically and all risk relating to these assets is appropriately insured.

d) Internal Control

The Company has established an effective internal control system to maintain accountability, integrity and security of its assets, as well as information. The internal control system guides every member of the Hospital with regard to processing of every transaction, authority level for approval of the transaction, documentation, access to the system and related responsibilities. As the business evolves, amendments and improvements are also brought to the internal controls on a regular basis.

e) Statutory Audit

Statutory Audit of the Company is governed by the Companies Act, 1994 of Bangladesh. The Companies Act explicitly provides guidelines for the appointment, scope of work and retirement of auditors and fixes their remuneration in the Annual General Meeting. The Shareholders appoint Auditors upon evaluation in the Annual General Meeting. S. F. Ahmed & Co. Chartered Accountants is the present Statutory Auditor of the Company. In addition to the annual audit, the auditors carry out interim audits and review the quarterly financial reports of the Company.

- f) Compliance with Rules and Regulations of the Country
As the leaders of a compliant Company, the Management Team of AHD is accountable not only to its Board and Shareholders, but also to various external regulatory bodies. These regulatory bodies review AHD and its activities and monitor our standard practices with in comparison those that are generally applicable for healthcare industry.

g) Internal Auditor

The Internal Audit Department is responsible for monitoring the operational activities of the Company in light of the policies and procedures set by the Board of Directors and the Management Team for ensuring effective internal control, transparency and accountability



in the organization. On the basis of reports from the Internal Auditor, actions are taken to bring development and improvement in the processes and policies.

h) Business Continuity Management (BCM)

A Business Continuity Management (BCM) process has been adopted in STSHL for identifying and addressing the potential risk and threats related to environmental, technical and operational areas of the company. In this process, after an assessment of the probability and impact of the potential risk, detailed plans have been prepared in order to mitigate and manage the risks and to secure the continuity of the business in the long run.

i) Code of conduct

The Company has adopted a clearly defined Code of Conduct, approved by the Board of Directors for securing good business ethics in all aspects of the company's activities. The Code of Conduct is clearly communicated to all the employees, and is strictly enforced.

Communication for Transparency & Accountability

The Company as well as the Apollo Hospitals Dhaka believes that all stakeholders should have access to complete information regarding the business and financial performance and position of the Company to enable them in accurately assessing its future potential. The Annual Report, including audited financial statements, is available for review by the shareholders and other stakeholders.

Decision Making Process

The Board is involved in the decision making process on a continuous basis. The degree of involvement is variable depending upon the extent of delegation of authority from the top down and upon the reporting requirements for the accountability from the bottom up. These aspects of governance are shared by the Board of Directors, Executive Management, operational participants and others in fulfillment of the common goals that converge in increasing the benefits for all stakeholders. To this end, the entire corporate governance effort is committed to good governance practices and ethically and morally acceptable standards.

Environmental Policy

We have established environmental, health, and safety policies that comply with government regulations and world standards, and ensure that staff and contractors are properly educated and trained in these policies. Every staff member and contractor on the Hospital's premises is expected to follow the Hospital's environmental policies and report any environmental, health or safety concerns to the management for appropriate actions. We have minimized the environmental impact of the hospital's operations on the neighboring communities due to such potential hazards as infectious waste management, etc., we respect the use of natural resources by participating in energy conservation initiatives and supporting the recycling of materials. We conduct stringent audits and reviews of the Hospital's compliance with our environmental policies and strive to continuously protect and improve the environment.



Hospital **with SUPPORT**

"What an experience! I love talking about my life", he says. Three years ago, it was a different story. When he had a stroke caused by haemorrhages in his brain, due to high blood pressure; which left him dazed and confused in hospital, unable to walk or talk, **Apollo Neuroscience Centre** steered him through a difficult brain surgery. Now, more than anything, he seems excited by the fact that he can still remember his life at all!



From Left to Right:

Md. Shafiqul Islam-DGM Supply Chain; Dr. Shagufa Anwar-General Manager Business Development;
Dr. Prasad R Muglikar-Director Medical Services; Mr. Mukesh Chandra Rai-Director Finance;
Dr. Arif Mahmud-General Manger Medical Services; Mr. Keerthi Weragoda-General Manger Hospitality Services;
Mr. Prashant Vashisht-Head of IT; Mr. Kishwar Imdad-General Manager Operations;
Mr. Sarath N. Jayasinghe-Group Director Human Resources;



Profile of the Management Team Apollo Hospitals Dhaka

Smart, knowledge-based and experienced management professionals have kept Apollo Hospitals Dhaka well positioned to weather difficult economic times and maintain the company's strategic direction.





Management Discussion

Apollo Hospitals Dhaka is a very special place, over and beyond its legacy of providing excellent care. It remains dedicated to a mission that values the sanctity of life and places the highest priority on treating every individual with dignity. It has touched more and more lives, providing medical excellence with a human touch and has emerged as a pioneer in its class. From the physicians and nurses to our leadership team and other professionals, we all share in a single-minded approach to provide care for the physical, emotional, and spiritual needs of our community. We succeeded in executing our expansion strategy to grow our network and strengthen our position as a leading provider of value-based integrated healthcare in Bangladesh - always a step ahead in terms of advanced and latest technology, the first internationally accredited JCI Hospital has set the highest standards for the country's private healthcare systems.



Operating Performance

During the year our revenue was Taka 2,590.48 million as against Taka 2,219.32 million in 2010. In 2011, increased revenue was Taka 371.16 million compared to last year which is 16.72% up. Gross contribution increased by Taka 150.27 million i.e., by 14.10% higher than previous year. In 2011, gross margin was 46.94% against 48.02% in 2010. Net profit increased by 35.39 million over last year.

Infrastructure Facility

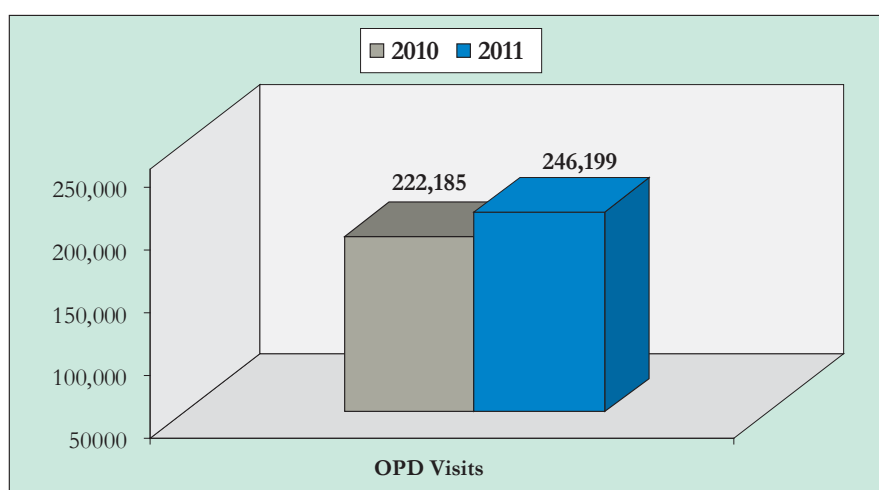
Apollo Hospitals Dhaka is presently operating with 358 beds. With an expandable capacity of 450 beds, this tertiary care hospital's mission is to provide high quality International standard healthcare that will meet the needs and exceed the expectations of the people of Bangladesh. We now have a complete dialysis unit with private rooms; lithotripsy service (treatment of kidney stones); we have 104 ICU beds, 12 Cardiac ICU beds, 96 Standard beds, 60 Semi private beds, 24 Single private beds, 44 Deluxe beds, 18 Deluxe-s beds, 5 Suite beds and 20 other category beds. Our emergency department has 8 dedicated emergency beds; and 25 beds for day care facility. The state of the art Radiology Department including 1.5 Tesla MRI, 64 Slice CT, Colored Doppler, Ultrasound and Gamma camera have created the most modern radiology service in the country, with equipment that is faster and capable of conducting a wide range of examinations with a higher degree of detail. This is in addition to the EEG, EMG, ECG, Stress test, pulmonary function test, matched by the state of the art Laboratory services.

Segment Overview

OPD

The outpatient department of Apollo Hospitals Dhaka is consisting of 5 centers of excellence and 5 strategic business units with 29 specialties and 57 consultants. In terms of OPD patients, a growth of 10.81% in 2011 compared to 2010. Average monthly OPD visit is 20,517. The revenue also showed a growth of Taka 214.53 million which is 27.05% up than that of previous year.

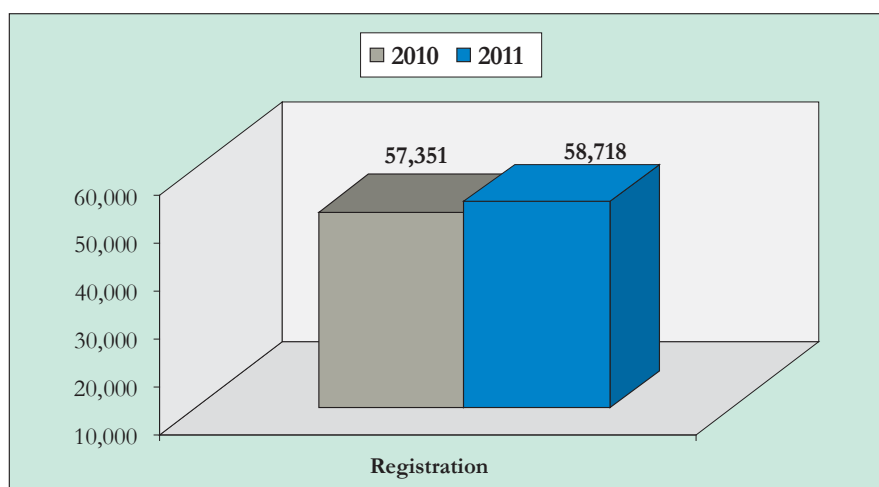
	2010	2011	Variance
OPD Visits	222,185	246,199	10.81%



Registration

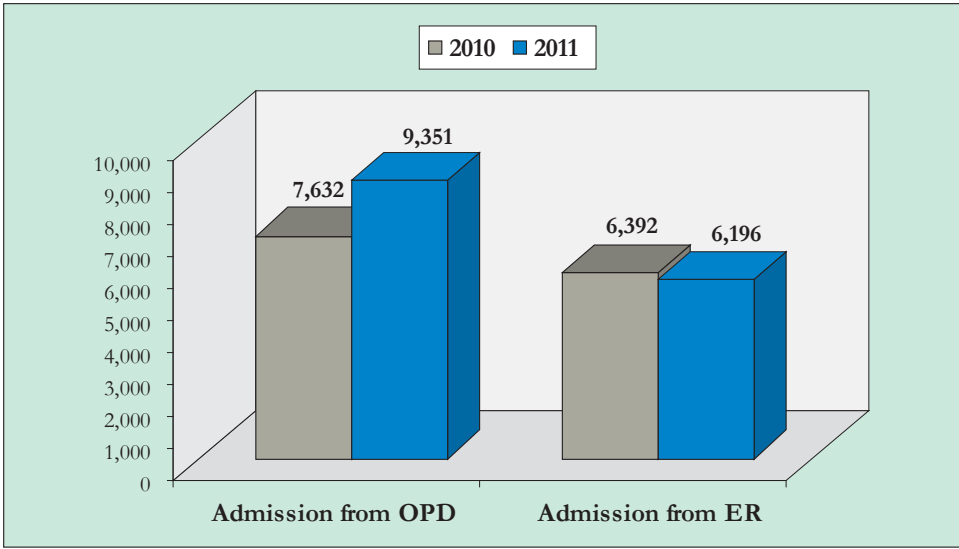
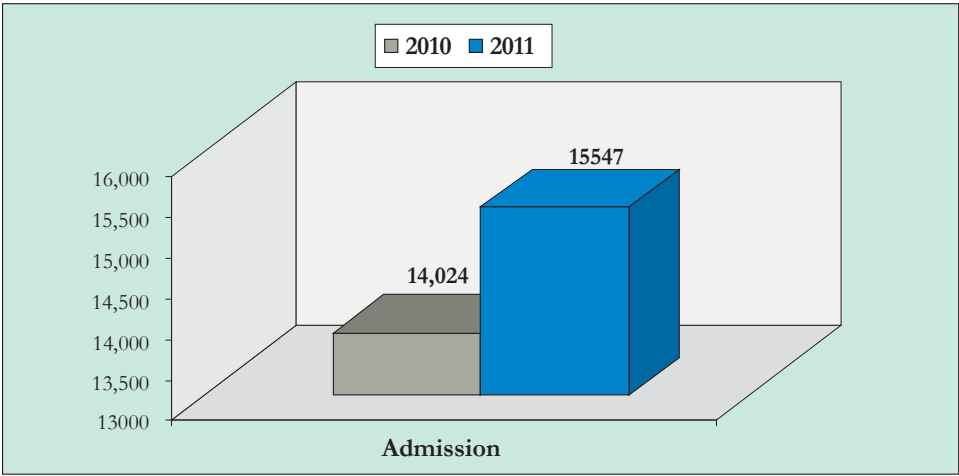
In 2011, new registration has been increased by 2.38% compared to last year. Average per day registration in 2011 was 194 as compared to 188 in 2010.

	2010	2011	Variance
Registration	57,351	58,718	2.38%

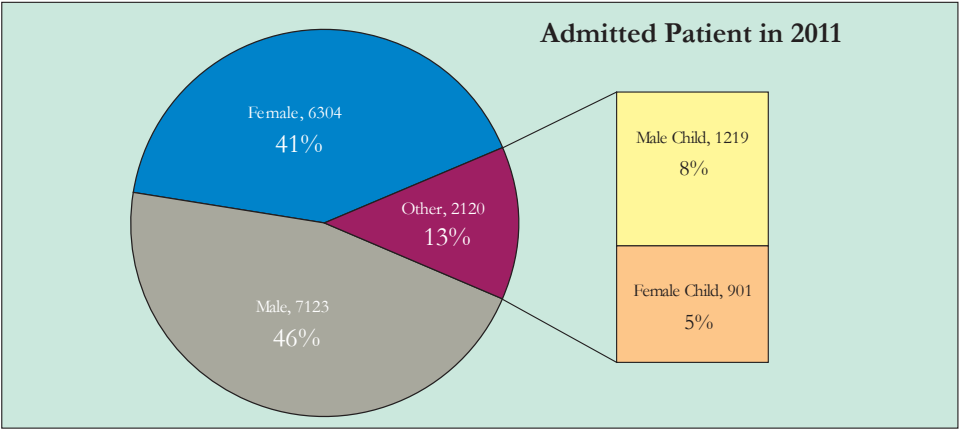


Admission

In 2011, the number of admitted patients has increased by 10.86% in comparison to 2010 whereas admission through OPD increased by 22.52% and through emergency decreased by 3%.



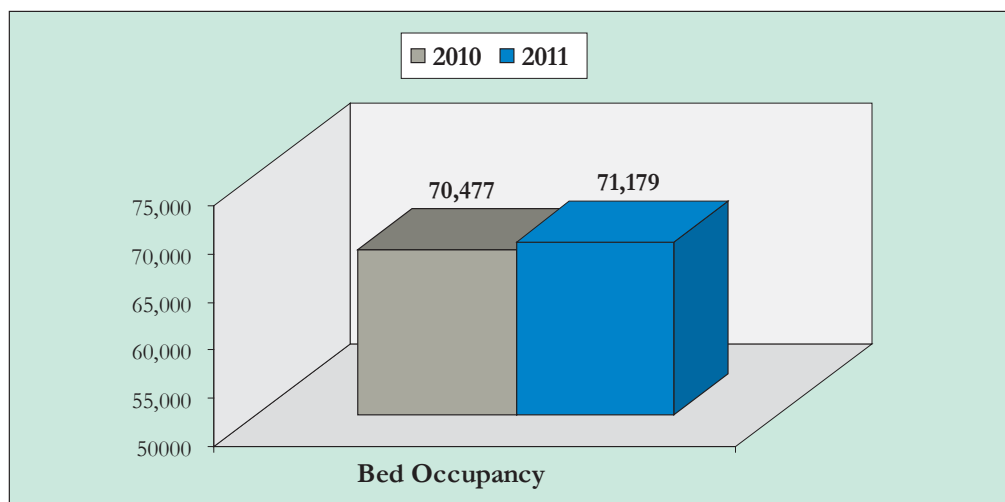
Among the total admitted patient 15,547 in 2011, 87% were adult and 13% were pediatric age group.



Bed Occupancy

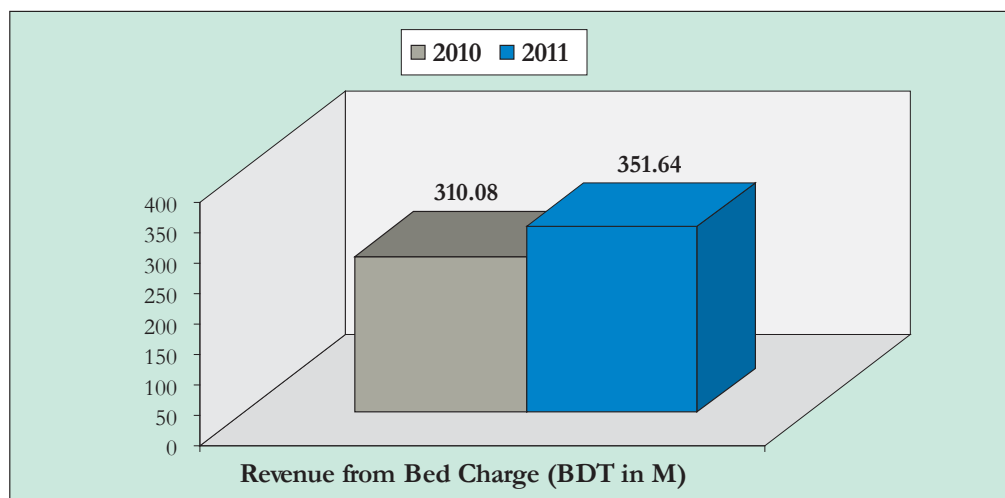
In 2011, the average bed occupancy was 57% which has been increased by 1% in comparison to 2010. Deluxe, Single Private and standard bed always maintained above average occupancy whereas Suite, Super deluxe room occupancy was below average line.

	2010	2011	Variance
Bed Occupancy	70,477	71,179	1%



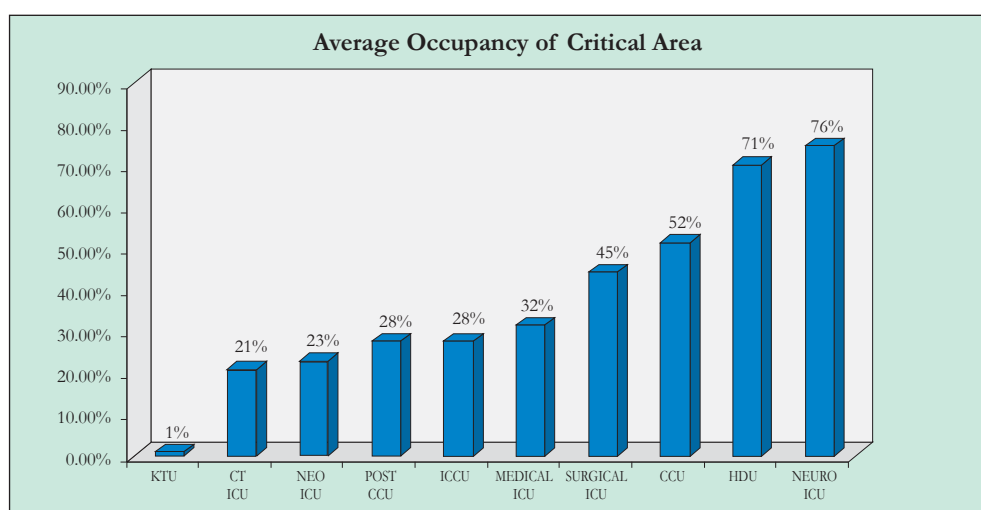
BDT 351.64 Million revenue earned from bed charges in 2011 which is 13.40% higher than that of previous year 2010.

	2010	2011
Revenue from Bed Charge BDT. in M	310.08	351.64



Bed Category Wise Revenue			
		2011 Vs 2010	(In Million BDT)
Bed Category	2010	2011	Variance
Standard Bed	48.95	54.58	12%
Semi Private	41.36	44.29	7%
Single Private	43.06	46.97	9%
Deluxe	65.03	82.01	26%
Suite	11.81	10.03	-15%
ICU	90.97	106.24	17%
Other	4.91	7.52	53%
Grand Total	310.09	351.64	13%

Average occupancy of critical and specialized area was as follows:

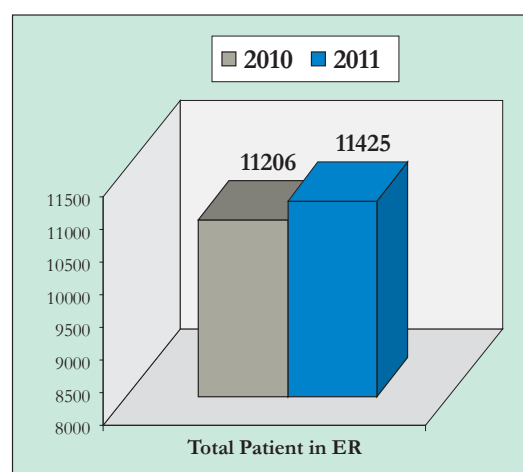


Emergency Department

In 2011, the number of emergency patient has increased by 2% in comparison to 2010. Admission from emergency is decreased by 3%.

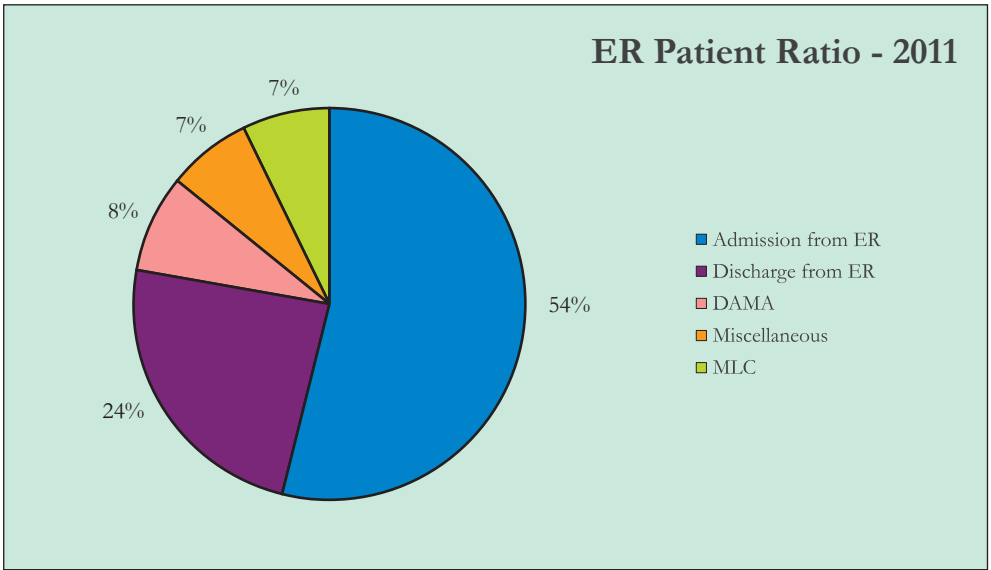
Overall statistics of emergency department is as below:

	2010	2011
Total Patients in ER	11206	11425
Admission from ER	6366	6196
Shifted to wards	3946	3609
Shifted to ICU, CCU, HDU	2420	2587
Discharge from ER	2388	2796
DAMA	795	903
Miscellaneous	1619	1468
MLC	845	795
Death in ER	18	20
Brought in death	20	42



*Emergency information source: ER registration book.

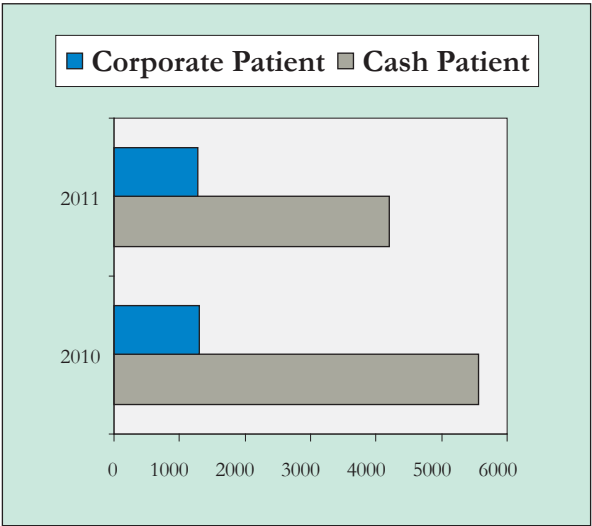
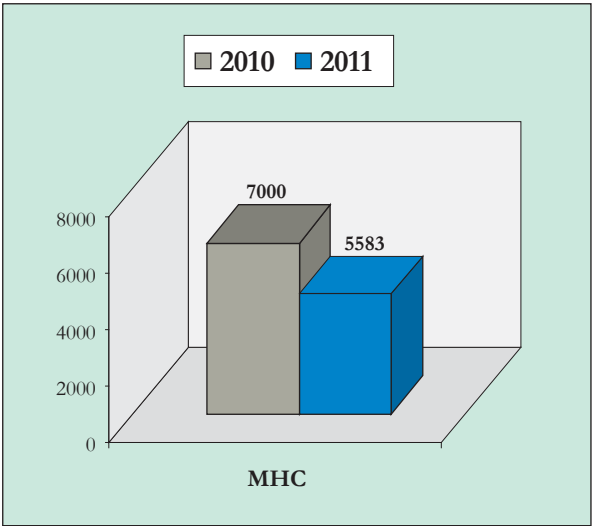
Emergency Patient Ratio in 2011 was as follows:



Master Health Checkup

In MHC, the number of cash patient has decreased by 22% in 2011 and also corporate patient has decreased by 5% in comparison to 2010.

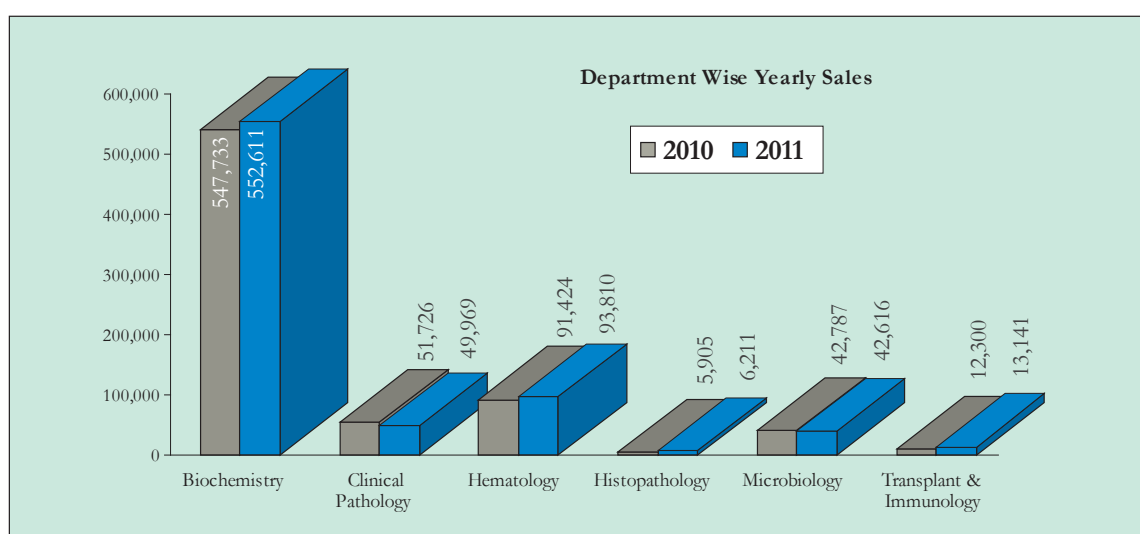
	2010	2011	Variance
Cash Patient	5538	4330	-22%
Corporate Patient	1322	1253	-5%
Total Patients	7000	5583	-20%



Lab Medicine

In 2011, 758,358 tests were done in our laboratory which contributed a positive growth of 1% in comparison to 2010. Below table shows the contribution of various departments resulting growth.

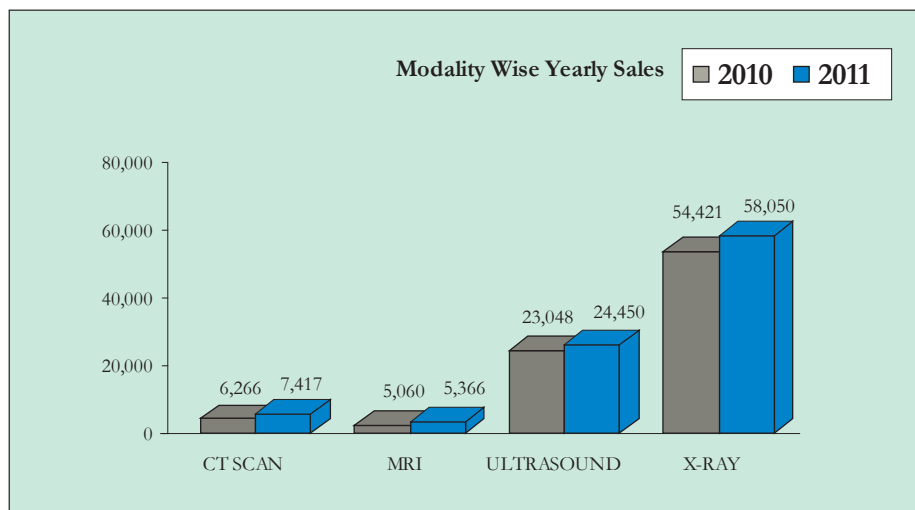
	2010	2011	Variance
Biochemistry	547,733	552,611	1%
Clinical Pathology	51,726	49,969	-3%
Hematology	91,424	93,810	3%
Histopathology	5,905	6,211	5%
Microbiology	42,787	42,616	0%
Transplant & Immunology	12,300	13,141	7%
Total Test Done	751,875	758,358	1%



Radiology & Imaging

In 2011, total 95,283 scans were done in different modalities which provided a positive growth of 7% in comparison to 2010. Below table shows the contribution of various modalities towards this growth.

	2010	2011	Variance
CT SCAN	6,266	7,417	18%
MRI	5,060	5,366	6%
ULTRASOUND	23,048	24,450	6%
X-RAY	54,421	58,050	7%
Total Scan Done	88,795	95,283	7%

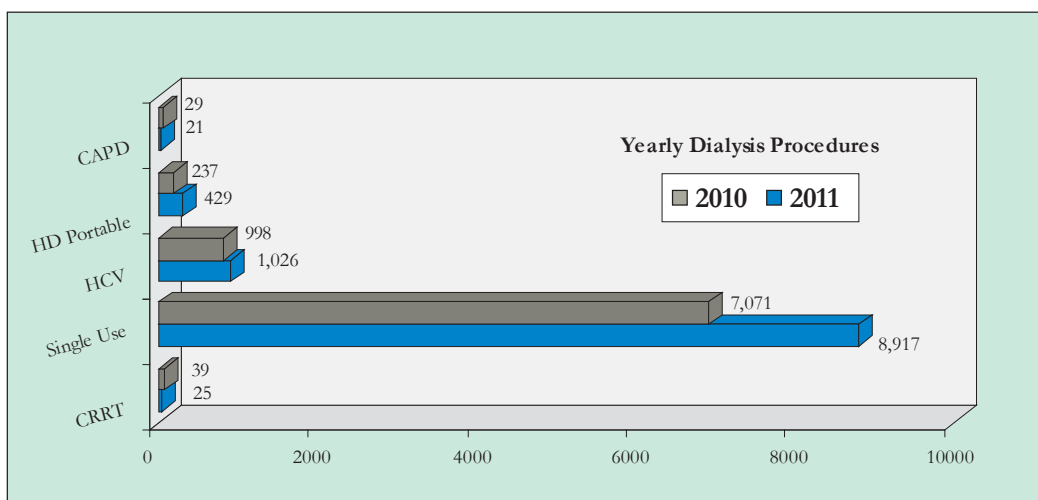


Above is the modality wise no. of scan chart comparing 2010 & 2011

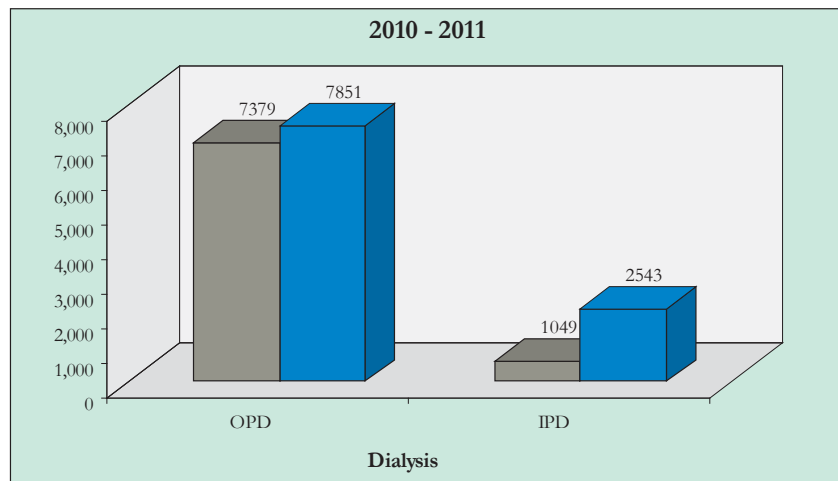
Dialysis

In 2011, over all dialysis procedures has increased by 24% comparing to 2010. Single use dialysis increased by 26%. However, CRRT and CAPD show a negative growth.

	2010	2011	Variance
CRRT (24 Hours Session)	39	25	-36%
Dialysis with Single Use Dialyser	7,071	8,917	26%
HCV Dialysis with Single Use Dialyser	998	1,026	3%
HD Portable	237	429	81%
CAPD	29	21	-28%
Total Test Done	8,428	10,418	24%



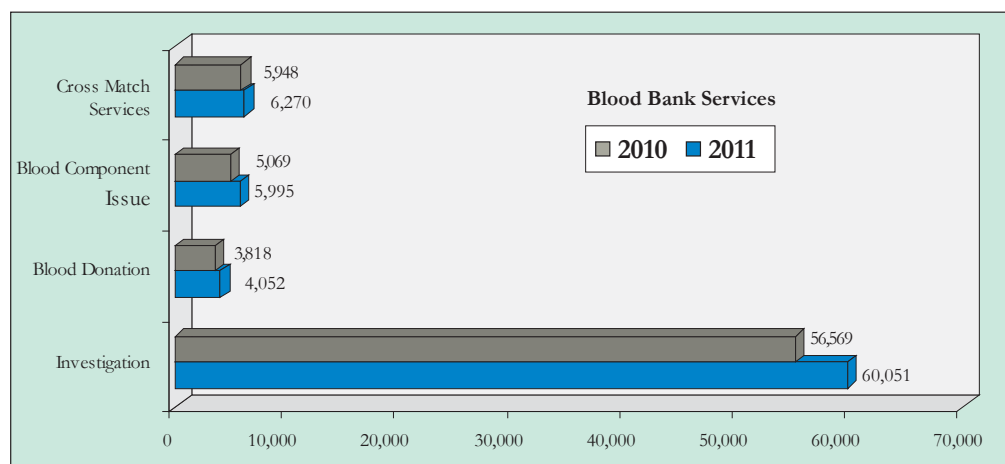
	2010	2011	Variance
OPD	7,379	7,851	6%
IPD	1,049	2,543	142%
Total Dialysis Procedures	8,428	10,394	23%



Blood Bank

Over all Blood bank services has increased in 2011 by 7% comparing to 2010 as a result of increased amount of blood donation and related investigations.

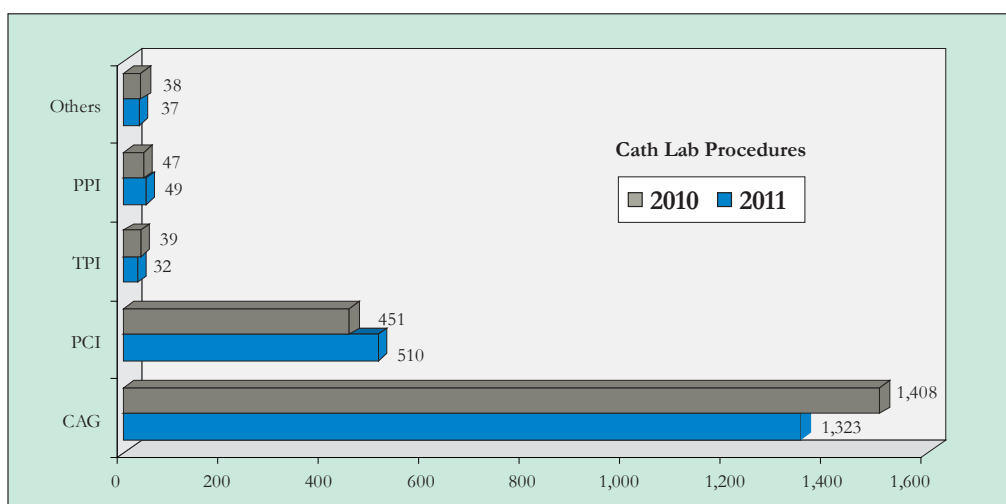
	2010	2011	Variance
Investigation	56,569	60,051	6%
Blood Donation	3,818	4,052	6%
Blood Component Issue	5,069	5,995	18%
Cross Match Services	5,948	6,270	5%
Total	71,404	76,368	7%



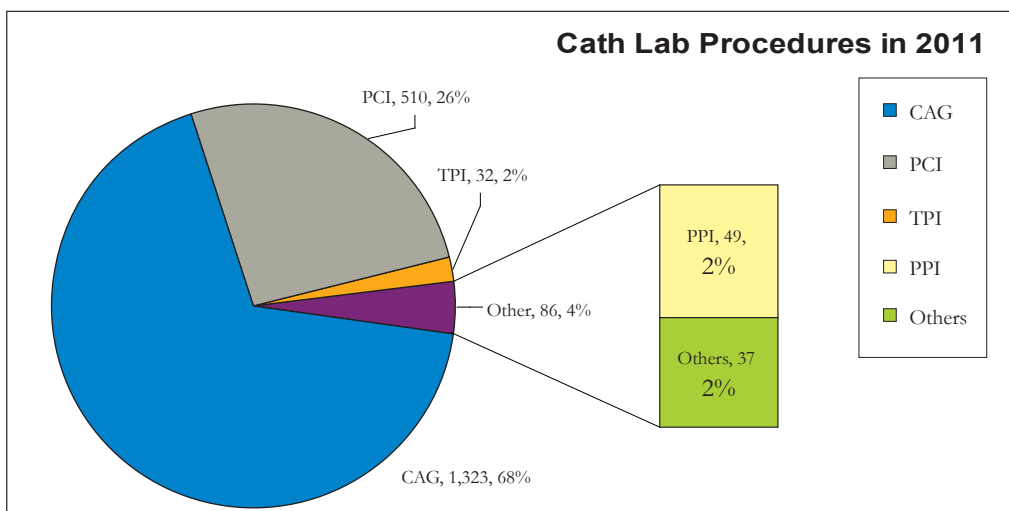
Cardiology

CAG is main procedure done in Cath Lab representing 68% of work load of Cath lab which has decreased 6.04% in 2011 comparing to 2010, followed by PCI which has increased about 13.08%. However, in 2011 total Cath procedures decreases by 1.61% comparing to the previous year.

	2010	2011
CAG	1,408	1,323
PCI	451	510
TPI	39	32
PPI	47	49
Others	38	37
Total Cath Procedures	1,983	1,951



Below is the different procedures done in Cath lab

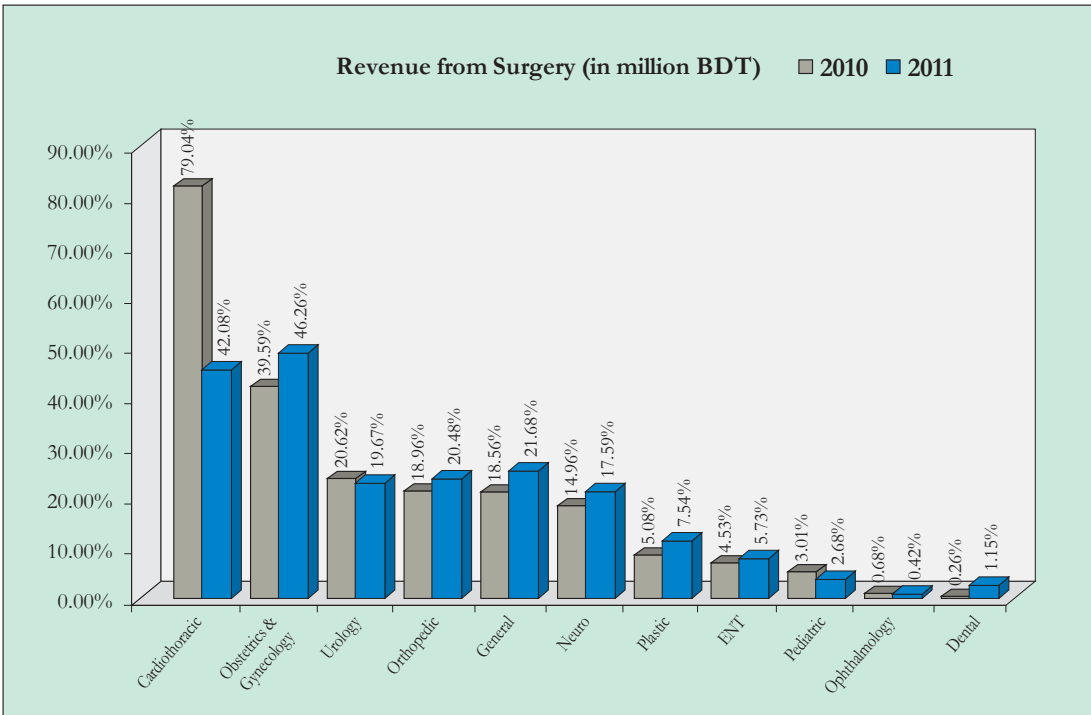


Surgery Performance

In terms of number of surgery Obstetrics & Gynecology performed highest number of surgery in 2011. However, in terms of revenue Obstetrics & Gynecology earned 17% more than that of previous year. On the other hand Orthopedics, General & Laparoscopic Sugery, Neurosurgery, ENT and Plastic Surgery department gained substantial growth (8%, 17%, 18%, 26% and 48% respectively) in terms of revenue. However, the revenue of cardiothoracic surgery specialty shows decline of 47% than previous year.

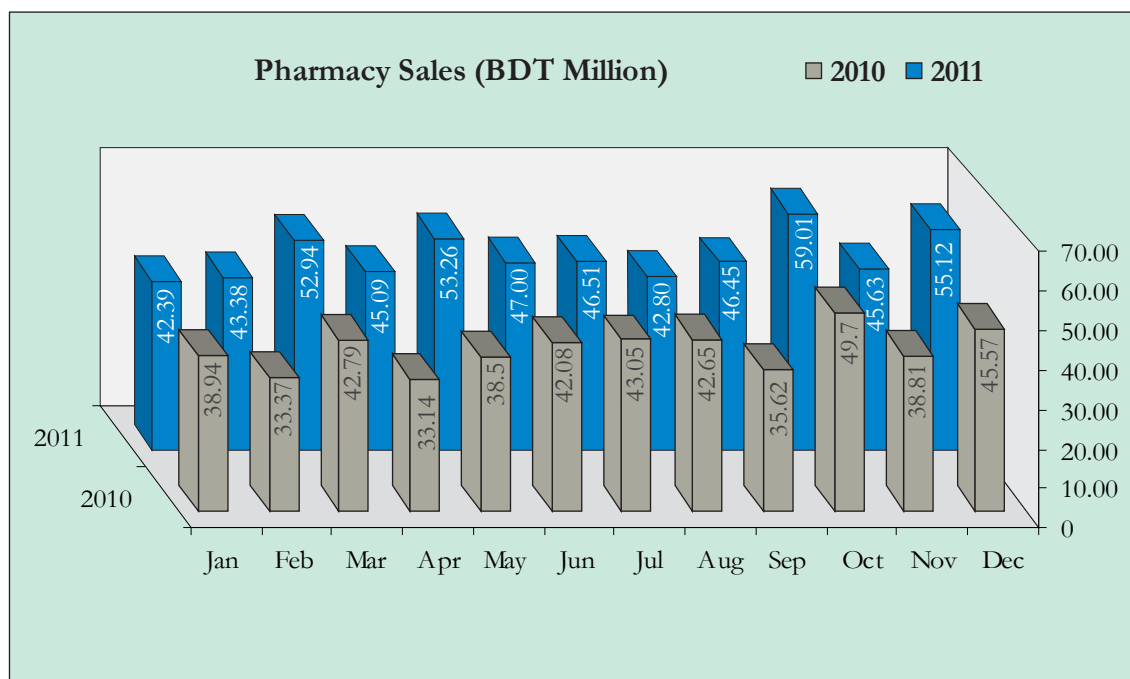
Surgery: Comparison between 2010 and 2011

SURGERIES	2010		2011		Variance	
	Number	Amount (In Million BDT)	Number	Amount (In Million BDT)	Number	Amount (In Million BDT)
Cardiothoracic Surgery	385	79.04	220	42.08	-43%	-47%
Obstetrics & Gynecology Surgery	1,793	39.59	1,794	46.26	0%	17%
Urology Surgery	903	20.62	933	19.67	3%	-5%
Orthopedic Surgery	881	18.96	1052	20.48	19%	8%
Neuro Surgery	543	14.96	614	17.59	13%	18%
General Surgery	703	18.56	807	21.68	15%	17%
ENT Surgery	433	4.53	550	5.73	27%	26%
Plastic Surgery	862	5.08	1100	7.54	28%	48%
Pediatric Surgery	311	3.01	286	2.68	-8%	-11%
Ophthalmology Surgery	90	0.68	59	0.42	-34%	-38%
Dental Surgery	14	0.26	51	1.15	264%	342%
Total	6,918	205	7,466	185	8%	-10%



Pharmacy

Sales trend of Pharmacy is pretty good and shows an incessant growth rate. Sales of overall Pharmacy from 2010 to 2011 show a rapid increase of 18%. In 2011, combined IP and OP pharmacy made BDT 90 million more revenue than 2010.



Note: Pharmacy sales is included consumables

In comparison to 2010, In-Patient Pharmacy Sales reaches at BDT 390 million which is 11% higher than previous year. Out-Patient Pharmacy sales achieved 35% growth by Sales reaches at BDT 189 million - set a landmark in all previous years' sales records.





Hospital with **ASSURANCE**

When his family was in a road accident in the middle of the night, he found himself helpless with no one to turn to. Then, the 24/7 multidisciplinary team of **Apollo Accident & Emergency Centre** was on the move, taking care of his family, and he could finally breathe a sigh of relief. Look at them now, happy family back together!





We don't dwell on our
triumphs because we
believe in the power of
change and
advancement.



FUTURE OUTLOOK

It has only been six years since Apollo Hospitals Dhaka began to touch lives in Bangladesh. We grow stronger with each life that we touch. We perform more and more miracles everyday. Yet, we think of ourselves as a new born, because there's no limit to how many lives we can touch.

Apollo Hospitals Dhaka, with continuously increasing patient number, has set up bigger plans for expansion of its services and facilities to cater to the needs of its patients. Our goal is not only to reach out to the premium segment patients in full swing with our escalating middle-class patients, but also addressing developing and growing niche therapeutic areas with a view to contribute to a bigger market for the hospital. Our aim is to keep these old and new patients satisfied with our services and facilities, in light of which we are going to expand our complex and incorporate more numbers of advanced equipments and other facilities.

“Group of Hospitals” concept of STS turning into a reality



Multi-disciplinary Super-specialty Hospital in Chittagong

Multi-disciplinary Hospital in Chittagong

Apollo Hospitals Chittagong, the second multi-disciplinary tertiary care hospital from STS Holdings Limited is designed to be established in Ananya Residential Area of Chittagong Development Authority (CDA) for which a land measuring 145 decimal is acquired. This will be a pioneer in modern, international standards driven, hospital based health services in Chittagong. The facility will be located approximately 3 miles north of central Chittagong. The main road is a four lane, 100 foot wide divided thoroughfare. It will be an advanced clinical setting for skilled practitioners, providing them with access to a multi-specialty hospital with both outpatient diagnostics and treatment on a tertiary specialty level.

Its linkage with Apollo Hospitals Dhaka will provide an avenue to transfer patients with a higher level of acuity to the Tertiary level sister hospital in Dhaka. The project contemplates a 450 bed general medical/surgical hospital with emergency services, outpatient clinic space, and shared diagnostic and treatment areas in an attractive facility which meets Joint Commission International requirements as well as local regulations. In the initial operational phase, it is anticipated that a minimum of

300 inpatient beds will be operational with shell space for an additional 200 beds.

This hospital will be built keeping the specialties and facilities of Apollo Hospitals Dhaka as a model. All super specialties of Medicine and Surgery supported by ultramodern technology and skilled nurses will make it a showcase of patient care for the patients of Chittagong, Cox's Bazar, Feni, Maizdee and Comilla. For uninterrupted power supply, 2 Gas Generators having 1500 MW capacity along with 1 standby generator of 75 MW capacities will be installed. Integrated IT systems will be implemented to run the fully automated hospital with effective HIS (hospital information system) and HMS (hospital management system) modules.

The feasibility study for this hospital was conducted by HEXEL, a renowned hospital consulting firm of India. For its design, a contract has been signed with the world famous hospital designer Smith Group of USA. The design is now being finalized and we expect to start construction of the Hospital within next quarter of this year.



Expansion of Hospital Complex in Bashundhara Baridhara, Dhaka

To increase services for its continuously growing patients, Apollo Hospitals Dhaka (AHD) is going to expand its original complex in Bashundhara at Baridhara, Dhaka. A new block comprising of an approximate area 13,000 sqft with 5 stories will be built, which will be inter-connected to the existing hospital building.

Block F

New block (F block) added to the existing hospital building will add three more Operation Theatres to the existing eight; it will have an additional CSSD (central sterile supply department) catering to the added demand of new surgeries. With addition of Consultant chambers in F block, more Consultants can be housed with spacious patient waiting area; Relocated and redecorated dermatology department is being planned in F block to make it an independent sought-after aesthetic centre.

Other Services Magnified

Extended Dialysis Centre

Dialysis centre will be expanded to a twenty-four bedded facility from existing twelve, serving to the rising demand of chronic kidney disease patients;

Expansion of Diagnostic Services

Addition of real time PCR lab for molecular diagnosis will add a first timer edge in diagnosing genetic disorders in unborn babies like Thalassemia, Hemophilia, Down's syndrome, etc. Addition of DEXA Scan machine in radiology department in measuring bone density will reinforce the patient services manifold.

Second Cath Lab

The second Cath Lab will also come in operation in 2012, not only increasing interventional cardiology cases but also referring patients for heart bypass surgeries.

2 (Two) New Ambulances: Hospital on Wheel

Two new full furnished cardiac ambulances are in the offing, which will take the ambulance fleet to a number of six; with opening up of new exit/entry roads to and from Bashundhara will enable more critical patients reach our ER in regular and odd hours.



HOSPITALS DHAKA
Dhaka, Bangladesh

has been
Accredited
by

Hospital with **QUALITY**

In June, 2011 Apollo Hospitals Dhaka successfully received JCI accreditation for the second time in recognition of upholding its consistent & documented service quality. Through its JCI accreditation Apollo Hospitals Dhaka conveys a strong message to the community about our confidence in the quality and safety services we provide.


Jack Bailey, M.B.A.
Chair


Paula Wilson
President, Chief Executive Officer

Joint Commission International is a division of Joint Commission Resources Inc., an affiliate of The Joint Commission.

APOLLO HOSPITALS DHAKA

Dhaka, Bangladesh

has been
Accredited
by



JOINT COMMISSION INTERNATIONAL

which has evaluated this Hospital and found it to meet the international health care quality standards for patient care and organization management.

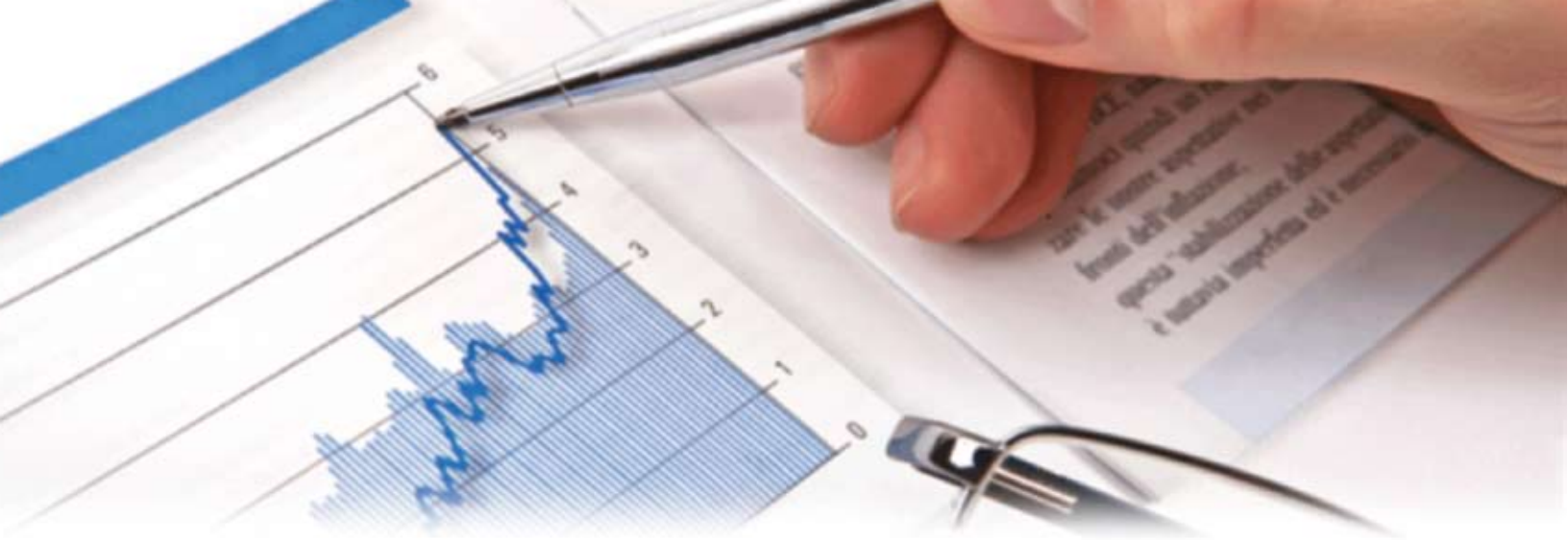
Effective 18 June 2011 through 17 June 2014


Jack Bailey, M.B.A.
Chair


Paula Wilson
President, Chief Executive Officer

Joint Commission International is a division of Joint Commission Resources Inc., an affiliate of The Joint Commission.

CN 1251.1



Financial Highlights

	2011	2010 (Restated)	2009	2008	2007
Current Assets	297.79	249.82	218.62	189.95	240.25
Total assets	7,158.34	4,582.26	2,726.31	2,937.35	3,141.22
Current liabilities	619.54	673.69	514.48	691.27	1,278.96
Total Liabilities	684.37	753.25	674.59	925.16	1,373.62
Shareholders' equity	6,471.41	3,825.79	2,047.87	2,007.70	1,762.46
Revenue (Net)	2,590.48	2,219.32	1,701.95	1,348.08	1,286.29
Net Earnings	261.94	226.55	71.22	(216.43)	(380.68)
Earning per share	1.50	1.14	0.09	(2.00)	(3.54)
Book Value per share	41.96	23.23	10.55	11.28	11.59
Gross Profit Margin (%)	46.94%	48.02%	49.53%	44.49%	44.73%
EBITDA Margin (%)	19.76%	21.06%	19.01%	6.60%	-0.49%
Pre-tax Profit Margin	10.61%	10.71%	4.18%	-16.05%	-29.60%
Net Profit Margin	10.11%	10.21%	4.18%	-16.05%	-29.60%
Growth on Sales from Hospitals Operations (%)	16.72%	30.40%	26.25%	4.80%	30.12%
Net Profit Growth (%)	15.62%	218.10%	132.91%	43.15%	8.77%
Return on Equity (%)	3.58%	5.21%	0.77%	-17.46%	-25.64%
Return on Assets (%)	3.66%	4.94%	2.61%	-7.37%	-12.12%
Liabilities to Equities (X)	0.11	0.20	0.33	0.46	0.78
Debt to Equity (X)	0.03	0.12	0.37	0.44	0.32
Interest Coverage Ratio (X)	5.77	5.09	1.86	(0.90)	(0.97)
Current ratio (Times)	0.48	0.37	0.42	0.27	0.19
Quick ratio (Times)	0.16	0.11	0.12	0.08	0.07
Average Collection Period (Days)	1.48	1.62	2.08	3.63	3.04
Average Inventory Period (Days)	50.20	53.36	62.58	69.93	77.64
Average Payable Period (Days)	30.00	30.36	35.71	57.97	55.77

এস. এফ. আহমেদ এন্ড কোং

S. F. Ahmed & Co., Chartered Accountants

Bangladesh Representative of Ernst & Young Global

---Established: 1958

AUDITORS' REPORT TO THE SHAREHOLDERS OF STS HOLDINGS LIMITED

We have audited the accompanying financial statements of STS HOLDINGS LIMITED (the Company), namely Statement of Financial Position as of 31 December 2011 and related Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Equity and the notes thereto for the year then ended. The preparation of these financial statements and notes thereto, in due conformity with Generally Accepted Accounting Principles, procedures and Accounting Standards as applicable in Bangladesh, are the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

Basis of Opinion :

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

Opinion :

In our opinion, the financial statements together with the notes thereto, prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), which fully comply with International Financial Reporting Standards (IFRS) give a true and fair view of the state of the Company's affairs as of 31 December 2011 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- 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;
- in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- the Company's Statement of Financial Position, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account; and
- the expenditure incurred and payments made were for the purpose of the Company's business.



S. F. Ahmed & Co.

Chartered Accountants

House-25, Road-13A, Block-D, Banani, Dhaka 1213, Bangladesh

&

House-21, Road-13, Sector-01, Uttara, Dhaka 1230, Bangladesh

Dated: 15 April 2012

STS HOLDINGS LIMITED

Statement of Financial Position

As at 31 December 2011

	Notes	Figures in Taka	
		31.12.2011	31.12.2010 as restated
Assets			
Non current assets		6,860,548,745	4,332,437,909
Property, plant and equipment	4	6,774,268,039	4,273,280,121
Capital work in progress	5	86,280,706	59,157,788
Current assets		297,794,820	249,818,528
Inventories	6	200,005,039	178,020,979
Trade and other receivable	7	11,010,000	10,698,002
Advances, deposits and prepayments	8	61,860,763	44,155,483
Cash and cash equivalents	9	24,919,018	16,944,064
Total assets		7,158,343,565	4,582,256,437
Equity and liabilities			
Owners' equity		6,471,407,033	3,825,792,610
Ordinary share capital	10	1,509,450,000	1,509,450,000
Preference share capital	11	137,047,300	319,141,900
Share premium	12	614,925,000	614,925,000
Revaluation surplus	13	4,910,328,934	2,333,360,720
Retained earnings	14	(700,344,201)	(951,085,010)
Donation fund	15	2,567,200	3,209,000
Non current liabilities		64,829,026	79,564,115
Obligation under finance lease	16	2,493,535	26,552,910
Deferred liability (Gratuity)	17	62,335,491	53,011,205
Current liabilities		619,540,306	673,690,712
Trade and other payable	18	215,527,128	226,441,390
Current tax liabilities	19	13,032,564	11,166,741
Short term bank loan	20	201,454,925	174,126,434
Bank overdraft	21	162,573,756	170,118,121
Obligation under finance lease	16	26,951,933	91,838,026
Total liabilities		684,369,332	753,254,827
Total equity and liabilities		7,158,343,565	4,582,256,437

The attached notes from 1 to 33 form an integral part of these accounts and should be read in conjunction therewith

For and on behalf of the Board of Directors of STS HOLDINGS LIMITED

Sd/- _____ Company Secretary	Sd/- _____ Director	Sd/- _____ Director
------------------------------------	---------------------------	---------------------------

Note: As the Managing Director is out of the Country, the Balance Sheet (Statement of Financial Position) has been signed by two Directors as per Section 189(2) of the Companies Act 1994.

Signed in terms of our report of date annexed.

S. F. Ahmed & Co.

Chartered Accountants

House-25, Road-13A, Block-D, Banani, Dhaka 1213, Bangladesh

&

House-21, Road-13, Sector-01, Uttara, Dhaka 1230, Bangladesh

Dated: 15 April 2012

STS HOLDINGS LIMITED
Statement of Comprehensive Income
For the year ended 31 December 2011

	<u>Notes</u>	Figures in Taka	
		31.12.2011	31.12.2010 as restated
Net Revenue	22	2,590,477,890	2,219,315,632
Direct operating expenses	23	(1,374,421,836)	(1,153,534,194)
Gross Profit		1,216,056,054	1,065,781,438
Other operating expenses	24	(903,379,690)	(784,003,228)
Profit from operations		312,676,365	281,778,210
Finance cost	25	(53,742,203)	(58,094,232)
Other income	26	16,034,818	14,032,598
Net profit before tax		274,968,980	237,716,576
Provision for tax		(13,032,564)	(11,166,741)
Net profit after tax		261,936,416	226,549,835
Earning per share/Taka:			
Basic earning per share (par value Tk.10)	27	1.50	1.14

The attached notes from 1 to 33 form an integral part of these accounts and should be read in conjunction therewith
For and on behalf of the Board of Directors of STS HOLDINGS LIMITED

Sd/-

Company Secretary

Sd/-

Director

Sd/-

Director

Note: As the Managing Director is out of the Country, the Profit & Loss Account (Statement of Comprehensive Income) has been signed by two Directors as per Section 189(2) of the Companies Act 1994.

Signed in terms of our report of date annexed.

S. F. Ahmed & Co.

Chartered Accountants

House-25, Road-13A, Block-D, Banani, Dhaka 1213, Bangladesh

&

House-21, Road-13, Sector-01, Uttara, Dhaka 1230, Bangladesh

Dated: 15 April 2012

STS HOLDINGS LIMITED**Cash Flow Statement**

For the year ended 31 December 2011

	Figures in Taka	
	2011	2010
Cash flows from operating activities :		
Collection from hospitals services & others	2,622,741,317	2,236,519,934
Payment for cost and expenses	(2,143,737,434)	(1,734,272,396)
Cash generated from operation	479,003,883	502,247,538
Interest paid	(55,406,330)	(55,882,158)
Income taxes paid	(19,597,323)	-
Net cash flows from operating activities	404,000,230	446,365,380
Cash flows from investing activities :		
Payment for acquisition of property, plant & equipment	(82,760,090)	(254,281,275)
Payment for capital work-in-progress	(27,122,917)	(41,746)
Net cash used in investing activities	(109,883,007)	(254,323,021)
Cash flows from financing activities :		
Cash paid lease finance	(88,945,468)	(78,037,021)
Cash paid for demand loan/ working capital loan	27,328,491	46,405,136
Cash paid associates undertakings	-	(11,626)
Cash paid for redemption of preference shares	(182,094,600)	(136,094,600)
Cash paid for dividend on preference share	(34,886,327)	(55,170,889)
Net cash used in financing activities	(278,597,904)	(222,909,000)
Net increase/(decrease) in cash and cash equivalent :	15,519,319	(30,866,641)
Opening cash and cash equivalents	(153,174,057)	(122,307,416)
Closing cash and cash equivalents	(137,654,738)	(153,174,057)
Closing cash and cash equivalents represents :		
Cash and bank balances	24,919,018	16,944,064
Bank overdraft	(162,573,756)	(170,118,121)
	(137,654,738)	(153,174,057)

The attached notes from 1 to 33 form an integral part of these accounts and should be read in conjunction therewith

For and on behalf of the Board of Directors of STS HOLDINGS LIMITEDSd/-
Company SecretarySd/-
DirectorSd/-
Director

Signed in terms of our report of date annexed.

S. F. Ahmed & Co.**Chartered Accountants**

House-25, Road-13A, Block-D, Banani, Dhaka 1213, Bangladesh

&

House-21, Road-13, Sector-01, Uttara, Dhaka 1230, Bangladesh

Dated: 15 April 2012

STS HOLDINGS LIMITED

Statement of Changes in Equity

For the year ended 31 December 2011

	Ordinary share capital Taka	Preference share capital Taka	Share premium Taka	Revaluation reserve Taka	Retained earnings Taka	Total equity (Restated) Taka
Balance as on 1 January 2010	1,509,450,000	455,236,500	614,925,000	620,434,977	(1,152,176,335)	2,047,870,142
Ordinary share issue	-	-	-	-	-	-
Revaluation surplus	-	-	-	1,742,638,122	-	1,742,638,122
Dividend paid on preference shares	-	-	-	-	(55,170,889)	(55,170,889)
Redemption of preference shares	-	(136,094,600)	-	-	-	(136,094,600)
Excess of depreciation for revaluation	-	-	-	(29,712,379)	29,712,379	-
Profit for the year ended 31 December 2010	-	-	-	-	226,549,835	226,549,835
Balance as on 31 December 2010	1,509,450,000	319,141,900	614,925,000	2,333,360,720	(951,085,010)	3,825,792,610
Ordinary share issue	-	-	-	-	-	-
Redemption of preference shares	-	(182,094,600)	-	-	-	(182,094,600)
Dividend paid on preference shares	-	-	-	-	(34,886,327)	(34,886,327)
Revaluation surplus	-	-	-	2,601,950,000	(1,291,066)	2,601,950,000
Prior year adjustment	-	-	-	(24,981,786)	24,981,786	-
Excess of depreciation for revaluation	-	-	-	-	261,936,416	261,936,416
Profit for the year ended 31 December 2011	-	-	-	-	(700,344,201)	-
Balance as on 31 December 2011	1,509,450,000	137,047,300	614,925,000	4,910,328,934	(700,344,201)	6,471,407,033

The accompanying notes form an integral part of these financial statements.

For and on behalf of the Board of Directors of STS HOLDINGS LIMITED

Sd/-
Company Secretary

Sd/-
Director

Sd/-
Director

Signed in terms of our report of date annexed.

S. F. Ahmed & Co.
Chartered Accountants
House-25, Road-13A, Block-D, Banani, Dhaka 1213, Bangladesh
&
House-21, Road-13, Sector-01, Uttara, Dhaka 1230, Bangladesh

STS HOLDINGS LIMITED

Notes to the Financial Statements

As at and for the year ended 31 December 2011

1. Reporting entity :

1.1 Company profile :

STS Holdings Limited is a public limited company formed under Companies Act 1994 and incorporated in Bangladesh in the year 1997 bearing Registration No. C-33709(455)/97 dated 28.08.1997. The registered office as well as the corporate office of the company is situated at House 8A, Road 143, Gulshan, Dhaka-1212.

1.2 Nature of business :

The company has been formed with the object of engaging in healthcare services of international standard. As a pioneering venture, it has established super specialty tertiary care hospital named Apollo Hospitals Dhaka (AHD) with the franchise and assistance of Apollo Hospitals Enterprises Limited, India. By virtue of separate Project Management Agreement, Operations Management Agreement and Franchise Agreement AHD uses the expertise, skills, know-how and technical services of Apollo Hospitals Enterprises Limited, India for commissioning, managing and operating this international standard super specialty hospital. Apollo Hospitals Dhaka is located at Plot No.81, Block No. E, Bashundhara R/A, Dhaka-1229, Bangladesh.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared on going concern basis in accordance with the applicable Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standard (BFRS), the Companies Act 1994, and other applicable laws and regulations.

2.2 Basis of measurement

These financial statements have been prepared on going concern basis under historical cost convention with the exception of the revaluation of certain property, plant and equipment mentioned under the note no-4.

2.3 Functional and presentational currency & level of precision :

These financial statements are presented in Bangladesh Taka (Taka/Tk.) except where indicated otherwise, which is both functional currency and presentation currency of the Company. The figures of financial statements have been rounded off to the nearest taka.

2.4 Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and the associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision affects only that period ,or in the period of revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and judgments in applying accounting policies that have most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 6: Inventory valuation

Note 18: Expenses creditors and accruals

2.5 Reporting period :

The financial statements of the company have been prepared for the period from 01 January 2011 to 31 December 2011.

2.6 Comparative amount :

Wherever necessary, figures of the prior year has been rearranged to conform to current year's presentation. The comparative period covers for the period from 01 January 2010 to 31 December 2010.

3 Significant accounting policies

The accounting policies and methods of computation used in preparation of financial statements for the year ended 31 December 2011 are consistent with the policies and methods adopted in preparing the financial statements for the year ended 31 December 2010.

3.1 Foreign currency

Foreign currencies are translated into Taka at the rates ruling on the transaction dates. Monetary assets and liabilities are reconverted at the rates prevailing at the balance sheet date. Non-monetary assets and liabilities are reported using the exchange rate at the date of respective transactions. Difference arising on conversion are charged or credited to income statement.

3.2 Property, plant and equipment :

The fixed asset of the company shown under "Property, Plant and Equipment" as per BAS 16 is initially recorded at historical cost. Historical cost includes its purchase price and any directly attributed cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties, non-refundable taxes and (a) the cost of site preparation; (b) initial delivery and handling costs; (c) installation costs; (d) professional fees such as for architects and engineers; and (e) the estimated cost of dismantling and removing the asset and restoring the site, to the extent applicable in line with the provisions under 'BAS 37: Provisions, Contingent Liabilities and Contingent Assets'.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

3.3 Revaluation of Property, Plant & Equipment :

To confirm fair valuation, a portion of land were revalued as on 12 December 2011 for 3rd time as per decisions of the Board of Directors. All other fixed assets under property, plant and equipment as on 30 April 2010 were revalued for second time to their fair market value as per decisions of the Board of Directors. All the revaluation of fixed assets under property, plant and equipment were performed by an independent valuer. The basis of valuation of assets has been the fair market value of those assets as on the cut-off date after allowing depreciation at applicable rates against the revalued amount. The carrying amount shown in the balance sheet represents revalued amount of fixed assets less restated depreciation.

Increase in the carrying amount arising on revaluation is credited to "Revaluation Surplus" under shareholders' equity. Each year the difference between depreciation based on the revalued carrying amount and depreciation based on the asset's original cost is transferred from "Revaluation Surplus Reserve" to retained earnings.

3.4 Depreciation :

Land is held on a freehold basis and is not depreciated considering its useful unlimited life. In respect of all other fixed assets, depreciation is provided on straight line method to amortize the cost of the assets after commissioning, over their expected useful life. Depreciation is charged on additions to fixed assets from the month of capitalization and no depreciation is provided from the month of retirement. The annual depreciation rates applicable to different category of a

Land and land development	: 0%
Building	: 2%
Computer & IT equipment	: 20%
Furniture & fixture	: 10%
Library books	: 25%

Medical and surgical equipment	: 10%
Office equipment	: 15%
Housekeeping equipment	: 20%
Air conditioning plant & air conditioners	: 10%
Electrical installations, generators, boiler, elevator etc.	: 10%
Vehicles	: 20%

3.5 Impairment :

The carrying value of the Company's assets other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the income statement.

3.6 Leases :

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased assets is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets is accounted for in accordance with accounting policy applicable to the assets.

3.7 Inventories :

Inventories comprise consumables, medicine, materials, linens, printing & stationery etc.

Inventories are stated at the lower of cost and net realizable value in accordance with BAS 2 "Inventories" after making due allowances for any obsolete or slow moving items.

The cost is determined using the first-in, first-out (FIFO) method consistently. The cost of inventories comprises expenditure incurred in the normal course of business in bringing such inventories to their present location and condition. Net realizable value is based on estimated selling price less VAT in the ordinary course of business less any further costs expected to be incurred to make the sale (applicable variable selling expenses).

3.8 Cash and cash equivalents :

This comprises cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown in current liabilities on the balance sheet.

3.9 Borrowing costs :

Interest and other costs incurred by the company in connection with the borrowing of funds are recognized as expense in the period in which they are incurred, unless such borrowing cost relates to acquisition / construction of assets in progress that are capitalized as per alternative treatment of BAS 23 "Borrowing Costs".

3.10 Taxation :

In view of cumulative operating loss, provision for taxation is made in accordance with the section 16CCC of Income Tax Ordinance 1984.

3.11 Revenue recognition :

Revenue in the hospital is recognized as follows:

- (i) In case of IPD services, as and when final bill for different services are raised.
- (ii) In case of OPD services, as and when invoices are issued.
- (iii) In case of Pharmacy, when medicines are delivered from the pharmacy counter.

3.12 Donation fund :

Donation Fund has been created out of the donation received from Shing On International Ltd. in 2005 to finance acquisition of medical equipment for Apollo Hospitals Dhaka. As per decisions of the Board of Directors,

donation fund is subject to set off against the depreciation charge on assets acquired out of the said fund over the expected useful life of the related assets following the principles of BAS 20 "Accounting for Government Grants and Disclosure of Government Assistance".

3.13 Provisions, contingent liabilities and contingent assets :

3.13.1 Contingent liabilities and contingent assets :

Contingent liabilities are not provided for unless a reliable estimate of probable amount as at the balance sheet date can be made. Contingent assets are not recognized.

3.13.2 Provision :

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, future outflow will require to meet the past obligation and a reliable estimate can be made of the amount of the obligation.

3.14 Post-employment benefit schemes :

Schemes of post-employment benefits of eligible employees, payable after completion of employment, include contributory provident fund, unfunded gratuity and group insurance scheme as envisaged in BAS 19. The management of recognized provident fund, within the framework of the Rules approved by the National Board of Revenue, is vested in a Board of Trustees which is independent of Company's management. All permanent employees contribute @8.33% of their basic pay to the said provident fund and the Company makes equal contribution. Furthermore, the Company operates an unfunded gratuity scheme for its permanent employees under which an employee is entitled, upon completion of minimum five years' continuous service, gratuity of one month's basic pay, last drawn, for each completed year of his/her service. The Company calculates the provisions for maximum exposure as at the balance sheet date for all eligible employees. While no actuarial valuation has ever been done, the management does not anticipate significant difference in amount payable on the basis of such actuarial valuation vis-à-vis provisions made.

3.15 Finance expenses

Finance expenses comprise interest expenses on term loan, overdraft, and bank charges. All finance expenses are recognized in the income statement.

3.16 Earning per share

The Company presents basic earning per share (EPS) data for its ordinary shares.

3.17 Basic earning per share

Basic EPS is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

3.18 Cash flow statement :

Cash flow statement is prepared principally in accordance with BAS-7 and the cash flow from the operating activities has been presented under the direct method.

3.19 Restatement of financial statements:

Finance Act 2011 introduced minimum tax vide 16CCC of Income Tax Ordinance 1984 for the income year 2010-11. As no provision was made in last year, company decided to restate its Statement of Comprehensive Income by making a provision for tax in amount of Tk. 11,166,741

3.20 Events after the reporting date :

Events after the reporting date that provide additional information about the company's position at the date of statement of financial position are reflected in the financial statements. Events after the reporting period date that are non adjusting events are disclosed in the notes when material.

4. Property, plant and equipment :

Category of Assets	Cost & Revaluation					Rate %	Depreciation					Written Down Value as on 31 Dec, '11 Taka
	Balance As on 01 Jan, '11 Taka	Addition during the year Taka	Disposal/ Adjustment Taka	Adjustment for Revaluation Taka	Balance As on 31 Dec, '11 Taka		Balance As on 01 Jan '11 Taka	Charged during the year Taka	Disposal/ Adjustment Taka	Adjustment for Revaluation Taka	Balance As on 31 Dec, '11 Taka	
(1)	(2)	(3)	(4)	(5)	6=(2+3 - 4+5)	(7)	(8)	(9)	(10)	(11)	12=(8+9 - 10-11)	13 (6-12)
Lease free:												
Land and land development	2,342,842,482	2,500,000	-	-	2,601,950,000	0%	-	-	-	-	-	4,947,292,482
Building	1,288,290,500	263,690	-	-	1,288,554,190	2%	142,972,757	25,767,861	-	-	168,740,618	1,119,813,572
Computer & IT equipment	143,407,101	3,527,832	-	-	146,934,933	20%	129,982,222	9,943,595	-	-	139,925,817	7,009,116
Furniture & fixture	109,631,629	3,592,969	11,000	-	113,213,598	10%	49,543,023	11,138,838	1,879	-	60,679,982	52,533,616
Library Books	1,338,384	92,535	-	-	1,430,919	25%	384,144	344,236	-	-	728,380	702,539
Medical and surgical equipment	863,577,672	50,940,250	1,110,180	-	913,407,742	10%	423,241,469	87,755,029	550,588	-	510,445,910	402,961,832
Office equipment	2,347,186	234,500	145,000	-	2,436,686	15%	925,722	360,985	85,813	-	1,200,894	1,235,792
Housekeeping Equipment	610,000	103,900	-	-	713,900	20%	131,650	125,738	-	-	257,388	456,512
Air conditioning plant & air Conditioners	159,396,993	1,821,793	-	-	161,218,786	10%	65,110,784	15,982,908	-	-	81,093,692	80,125,094
Electrical installations, generators, boiler, elevator etc	264,096,037	20,316,880	13,585	-	284,399,332	10%	106,835,059	26,676,461	7,227	-	133,504,293	150,895,039
Vehicles	9,519,726	-	-	-	9,519,726	20%	1,291,830	1,903,943	-	-	3,195,773	6,323,953
Lease hold:												
Electrical installations, generators, boiler, elevator etc	4,290,000	-	-	-	4,290,000	10%	1,036,000	429,000	-	-	1,465,000	2,825,000
Vehicles	16,467,908	-	-	-	16,467,908	20%	11,080,835	3,293,581	-	-	14,374,416	2,093,492
31 December 2011	5,205,815,618	83,394,349	1,279,765	2,601,950,000	7,889,880,202		932,535,495	183,722,175	645,507	-	1,115,612,163	6,774,268,039
31 December 2010	3,213,789,261	254,281,275	-	1,737,745,082	5,205,815,618		765,208,493	172,220,049	-	4,893,045	932,535,497	4,273,280,121

4.1 Current year's (i.e. FY '11) depreciation charge (Tk.183,722,175) has been adjusted by Tk. 641,800 by way of transfer from donation fund @ equivalent to 10% of donation fund balance as being deferred income (Note - 24.5) to derive net charge of tk.183,080,375

	Notes	Figures in Taka	
		31.12.2011	31.12.2010
5. Capital work in progress :			
Local procurement	5.1	57,805,838	51,761,235
Capital-goods in transit	5.2	28,474,868	7,396,553
		86,280,706	59,157,788
5.1 This includes various construction works of hospital building not completed as on the date of Statement of Financial Position.			
5.2 Capital-goods in transit			
Equipment & other capital item		28,474,868	7,396,553
		28,474,868	7,396,553

6. Inventories :

Particulars	Opening Balance	Purchase	Consumption	Closing Balance	
Consumable	47,663,041	771,925,281	771,605,183	47,983,139	47,663,041
Pharmacy	16,809,153	285,497,833	287,433,122	14,873,865	16,809,153
Hospitality services	6,258,018	76,033,722	76,313,908	5,977,831	6,258,018
Goods-in-transit	2,909,834	22,096,995	10,428,386	14,578,443	2,909,834
Instruments	52,410,735	11,356,577	3,984,895	59,782,417	52,410,735
Maintenance spares	21,077,287	31,563,568	28,660,762	23,980,092	21,077,287
Medical gas	237,773	7,828,700	7,845,376	221,097	237,773
Others	30,655,138	42,670,163	40,717,146	32,608,155	30,655,138
	178,020,979	1,248,972,839	1,226,988,778	200,005,039	178,020,979

6.1 In view of innumerable items of inventory and diverse units of measurement, it is not feasible to disclose quantities against each item.

7. Trade and other receivable

Trade receivable	10,681,551	10,369,553
Other receivable	328,449	328,449
	11,010,000	10,698,002

These are unsecured but considered good and as such no provision was considered against these debtors.

Debts exceeding six months	1,829,917	1,635,781
Debts below six months	8,851,634	8,733,772
	10,681,551	10,369,553

	Notes	Figures in Taka	
		31.12.2011	31.12.2010
8. Advances, deposits & prepayments :			
Advances :			
Margin on bank guarantee		10,059,506	10,471,278
Advance to contractor		27,867,578	18,872,237
Advance income tax	8.1	13,342,860	6,157,111
Advance rent		3,307,831	1,732,941
Margin on letter of credit		195,969	224,836
Advance against motorcycle		288,974	1,116,501
Other advance		925,321	836,911
		55,988,039	39,411,814
Deposits :			
Security deposit		2,617,989	1,849,989
Lease deposit		1,207,401	1,207,401
		3,825,390	3,057,390
Prepayments :			
Pre-paid insurance		2,047,334	1,686,279
		61,860,763	44,155,483
8.1 Advance income tax			
Opening balance		6,157,111	5,189,185
Advance tax paid / deducted at source during the year		10,613,503	967,926
		16,770,614	6,157,111
Adjusted during the year		3,427,754	-
		13,342,860	6,157,111
9. Cash and cash equivalents :			
STD and collection accounts		1,001,947	2,243,958
Current accounts		987,115	3,953,439
Cash and cheques on hand		22,929,956	10,746,667
		24,919,018	16,944,064
10. Share Capital :			
Authorized:			
240,000,000 ordinary shares of Taka 10 each.		2,400,000,000	2,400,000,000
60,000,000 preference share of Taka 10 each.		600,000,000	600,000,000
		3,000,000,000	3,000,000,000
Issued, subscribed and paid up:			
10.1 Ordinary share capital :			
150,945,000 ordinary shares of Taka 10 each issued and fully paid-up in cash	10.1.1	1,509,450,000	1,509,450,000
10.2 12.75% Redeemable Preference share capital :			
13,704,730 Preference Shares of Taka 10 each	11	137,047,300	319,141,900

10.1.1 Position of ordinary shareholding :

The composition of share holders at balance sheet date was as follows:

Name of shareholders	Percentage of shareholdings		Value	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Individual :				
Mr. Khondoker Monir Uddin	20.76%	20.76%	313,357,500	313,357,500
Mr. Mohammad A. Moyeen	5.46%	5.46%	82,462,500	82,462,500
Mr. Mahabubul Anam	5.46%	5.46%	82,462,500	82,462,500
Mr. Khondoker Jamil Uddin	2.91%	2.91%	43,980,000	43,980,000
	34.60%	34.60%	522,262,500	522,262,500
Corporate :				
Ramon Investments Ltd.	22.09%	22.09%	333,402,500	333,402,500
Sepal Garments Ltd.	0.07%	0.07%	1,000,000	1,000,000
Aureos South Asia Fund LLC.	9.92%	9.92%	149,700,000	149,700,000
STS Educational Group Ltd.	6.64%	6.64%	100,250,000	100,250,000
LankaBangla Finance Limited-IP A/C	3.18%	3.18%	48,000,000	48,000,000
United Commercial Bank Ltd	2.65%	2.65%	40,000,000	40,000,000
Sino Lanka (Pvt.) Ltd.	1.59%	1.59%	23,935,000	23,935,000
Anwer Khan Modern Hospital Ltd.	1.32%	1.32%	20,000,000	20,000,000
Modern Hatchery Ltd.	0.66%	0.66%	10,000,000	10,000,000
National Accessories Ltd.	0.66%	0.66%	10,000,000	10,000,000
Jhony Textiles Ltd.	0.66%	0.66%	10,000,000	10,000,000
South Asia Capital Fund	0.53%	0.53%	8,000,000	8,000,000
AIMS First Guaranteed Mutual Fund	0.33%	0.33%	5,000,000	5,000,000
Grameen One	0.33%	0.33%	5,000,000	5,000,000
Grameen One-Scheme Two	0.26%	0.26%	4,000,000	4,000,000
Sepal Holdings Ltd.	7.25%	7.25%	109,450,000	109,450,000
Diamond Investment Ltd.	7.25%	7.25%	109,450,000	109,450,000
	65.40%	65.40%	987,187,500	987,187,500
	100.00%	100.00%	1,509,450,000	1,509,450,000

10.1.2 Composition of shareholdings as on 31 December 2011 was under:

	No. of Shareholders	No. of Shares	Percentage
Sponsors (Institution)	3	35,833,750	23.74
Sponsors (Individual)	3	47,828,250	31.69
General Public	15	67,283,000	44.57
Total	21	150,945,000	100.00

10.1.3 Classification of shareholders by holding:

Holdings	Number of holders		Total holding (%)	
	2011	2010	2011	2010
Less than 500 shares	-	-	-	-
500 to 5000 shares	-	-	-	-
5001 to 10000 shares	-	-	-	-
10001 to 20000 shares	-	-	-	-
20001 to 30000 shares	-	-	-	-
30001 to 40000 shares	-	-	-	-
40001 to 50000 shares	-	-	-	-
50001 to 100000 shares	1	1	0.07%	0.07%
100000 to 1000000 shares	7	7	3.44%	3.44%
Over 1000000 shares	13	13	96.49%	96.49%
	21	21	100%	100%

Figures in Taka	
31.12.2011	31.12.2010

11 Position of preference shares holding

Opening balance	319,141,900	455,236,500
Redeemed during the year	(182,094,600)	(136,094,600)
	137,047,300	319,141,900

Preference are those share which give their holders an entitlement to a fixed dividend but which do not usually carry voting rights. Preference shares comprise 13,704,730 shares (12.75% , 5 years cumulative redeemable) of Tk.10 each

Name of shareholders	Percentage of shareholdings		Value	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Bangladesh Industrial Finance Co. Ltd.	24.80%	25.70%	34,000,000	82,000,000
Southeast Bank Limited	29.19%	25.07%	40,000,000	80,000,000
IDLC Bangladesh Limited	8.06%	10.38%	11,047,300	33,141,900
Brac Bank Limited	7.30%	9.40%	10,000,000	30,000,000
Bank Alfah Limited	7.30%	9.40%	10,000,000	30,000,000
Eastern Bank Limited	14.59%	12.53%	20,000,000	40,000,000
Premier Bank Limited	8.76%	7.52%	12,000,000	24,000,000
	100%	100%	137,047,300	319,141,900

12. Share Premium

Share Premium	614,925,000	614,925,000
---------------	--------------------	--------------------

This amount represents issue of 40,995,000 ordinary shares at premium of Taka 15 per share.

13 Revaluation surplus

Opening balance	2,333,360,720	620,434,977
Addition during the year:		
Gross revaluation surplus during the period	2,601,950,000	1,737,745,078
Excess revalued depreciation	-	4,893,044
Addition to revaluation surplus	2,601,950,000	1,742,638,122
Excess of depreciation for revaluation	(24,981,786)	(29,712,379)
Closing balance of revaluation surplus	4,910,328,934	2,333,360,720

14 Retained earnings

Opening balance- as reported	(951,085,010)	(1,035,240,483)
Prior year adjustment:		
Prior year adjustment for deferred revenue expenditure	-	24,477,047
Prior year adjustment , adjusted in 2009	-	(141,412,899)
	-	(116,935,852)
Retained earning, beginning ,as restated	(951,085,010)	(1,152,176,335)
Revaluation surplus realized during the year	24,981,786	29,712,379
Profit earned during the year	261,936,416	226,549,835
Payments of dividend on preference shares	(34,886,327)	(55,170,889)
Income tax paid for the income year 2005-2006	(1,291,066)	-
	(700,344,201)	(951,085,010)

	<u>Notes</u>	Figures in Taka	
		31.12.2011	31.12.2010
15. Donation fund :			
Opening balance		3,209,000	3,850,800
Less: Transfer to Income Statement		641,800	641,800
Closing balance		2,567,200	3,209,000

An amount of US\$ 100,000 (exchange rate 1US\$ = TK. 64.18) received from Shing On International Ltd. as donation for acquisition of medical equipment of the hospital on May 28, 2005 with the approval of the Bangladesh Bank. The grant is recognized as income over the life of a depreciable asset (10 years) by way of a reduced depreciation charge.

16. Obligation under finance lease :

Repayment of lease obligation is classified as follows:

Payment due within one year (Current portion)	26,951,933	91,838,026
Payment due within 5 years but later than one year	2,493,535	26,552,910
	29,445,468	118,390,936

Obligation under finance lease represents lease of vehicles and other equipments from United Leasing Company Limited, International Leasing Company Limited and IDLC Finance Limited.

17. Deferred liability (Gratuity) :

Opening balance	53,011,205	41,721,029
Provision during the year	15,529,548	14,155,835
	68,540,753	55,876,864
Payment during the year	(6,205,262)	(2,865,659)
	62,335,491	53,011,205

Liability for gratuity is payable to the permanent employees at the time of separation from the company. The balance represents provision up to 31 December 2011.

18. Trade & other payable :

Trade payable		98,236,989	107,048,743
Expenses creditors and accrual	18.01	89,055,563	95,190,193
Sundry creditors	18.02	28,234,576	24,202,454
		215,527,128	226,441,390

18.01 Expenses creditors and accrual

Contractors		10,261,740	16,393,516
Withheld tax payable		4,755,833	11,151,928
VAT payable		1,144,620	4,644,248
Accrual for consultants' fees		27,192,772	20,164,125
Accrued expenses		5,798,050	3,122,361
Interest payable		594,067	2,258,194
Management fee payable	18.01.01	39,308,481	37,455,821
		89,055,563	95,190,193

		Figures in Taka	
		31.12.2011	31.12.2010
18.02 Sundry creditors			
Patients advance collection		24,553,763	21,774,480
Security deposit received		100,000	100,000
Advance collection from health Clinic		720,929	720,929
Collection from Apollo Health Club		1,800,952	984,000
Other liability		1,058,932	623,045
		28,234,576	24,202,454
18.01.01 Management fees payable :			
to AHEL: 1% of revenue	(a)	25,903,075	22,193,128
to AHEL: 5% of PBDT	(a)	6,789,627	9,227,372
to AHEL : fixed fees	(a)	6,534,162	5,960,006
		39,226,864	37,380,506
to AHEL: Franchise fees	(b)	81,617	75,313
		39,308,481	37,455,819
a	This represents operation management fees payable to AHEL (Apollo Hospitals Enterprise Ltd.) as per agreement dated 25 June 1998 and supplemental agreements of different dates. According to 2nd Supplementary Agreement dated 28.01.02, every year during first seven and half years, the fees payable are: a) fixed sum of IRs 4,000,000/- (Rupees Four Million only) shall be paid in advance for first 2 years and in 4 equated quarterly installments for the remaining subsequent periods. b) 1% of the Gross Revenue of the hospital business and c) 5% of Profit before Depreciation and Tax (PBDT) shall be paid on quarterly basis based on provisional accounts drawn at the end of each quarter. However, the cumulative payment under the above will not exceed Taka 30,000,000 (Thirty Million) in any one year.		
b	This represents royalty payable to AHEL (Apollo Hospital Enterprise Limited) India, @ IRs. 50,000 per annum as per agreement dated 25 June 1998.		
19. Current tax liabilities			
Opening balance		11,166,741	-
Provided during the year		13,032,564	11,166,741
		24,199,305	11,166,741
Advance tax adjusted during the year		3,427,754	
Paid during the year		7,738,987	-
		13,032,564	11,166,741
20. Short term bank borrowings			
Demand loan-Eastern Bank Ltd.		145,000,000	93,500,000
Demand loan-Commercial Bank of Ceylon Plc		-	80,000,000
Import loan-Eastern Bank Ltd.		56,454,925	626,434
		201,454,925	174,126,434
This amount forming working capital has been received from Eastern Bank Limited and Commercial Bank of Ceylon Plc. The demand loan and import loan limits are Tk.250 million and Tk. 80 million respectively.			
21. Bank overdraft :			
Pubali Bank Limited		131,119,290	129,269,699
Eastern Bank limited		21,708,499	30,972,260
Commercial Bank of Ceylon Plc		9,745,967	9,876,162
		162,573,756	170,118,121
These overdraft are secured by first charge on Pari Passu basis over all Fixed Assets (excluding land and building) and current assets. The overdraft limit of Pubali Bank Limited is Tk. 150 (One hundred fifty) million, Eastern Bank Limited is Tk. 30 million and Commercial Bank of Ceylon Plc is Tk.10 million.			

		Figures in Taka	
	Notes	2011	2010
22. Net revenue :			
Revenue from health care services-net of VAT		2,613,319,049	2,249,101,738
Less :Free bed and Discounts	21.1	22,841,159	29,786,106
		2,590,477,890	2,219,315,632
22.1	Represents discounts allowed to corporate clients, company staffs and free bed to poor patients.		
23. Direct operating expenses :			
Hospital supplies		784,480,976	654,395,264
Medicine		287,433,122	240,905,900
Consultants' fees		200,219,576	164,342,606
F & B and House keeping & sterilization expenses		53,695,113	45,880,912
Power and energy		30,193,693	31,751,755
Outsource test expenses		10,553,980	8,195,313
Medical gas		7,845,376	8,062,444
		1,374,421,836	1,153,534,194
24. Other operating expenses			
General and administrative expenses	24.1	652,558,990	538,178,028
Management fees	24.2	30,081,132	30,075,312
Marketing expenses	24.3	37,659,192	44,171,639
Depreciation	24.4	183,080,375	171,578,249
		903,379,690	784,003,228
24.1 General and administrative expenses :			
Salary & allowances	24.1.1	499,757,399	412,220,528
Repair & maintenance	24.1.2	49,841,908	40,717,025
Printing & stationery	24.1.3	22,967,086	17,179,562
Premises	24.1.4	13,834,996	11,891,539
Car maintenance	24.1.5	10,629,470	11,944,638
Other administration expenses	24.1.6	14,844,292	11,289,654
Communication	24.1.7	5,412,388	6,454,607
Recruitment	24.1.8	7,472,432	6,003,032
Traveling	24.1.9	4,609,161	2,798,203
Legal, registration & renewal	24.1.10	11,222,099	4,616,699
Employee welfare	24.1.11	6,598,523	8,279,088
Insurance	24.1.12	4,692,604	4,518,262
Training	24.1.13	676,633	265,192
		652,558,990	538,178,028

		Figures in Taka	
		2011	2010
24.1.1 Salary & allowances :			
Salary & allowances	437,769,249	358,676,801	
Festival bonus	18,434,189	16,012,722	
Gratuity	15,529,548	14,155,835	
Overtime	12,860,568	11,836,090	
Employer contribution to PF	7,366,042	6,715,604	
Leave encashment	3,705,128	2,312,593	
Part time & casual staff	4,092,675	2,510,883	
	499,757,399	412,220,528	
24.1.2 Repair & maintenance :			
Bio- medical equipment	24,662,133	24,487,156	
Plant & machinery	6,128,807	6,626,129	
Electrical	5,230,277	4,341,383	
Building	8,020,175	2,624,020	
General	4,110,286	1,301,256	
Office furniture	1,333,771	842,796	
Water test and other fees	310,059	304,103	
Generator	7,440	44,842	
Office equipment	38,960	145,340	
	49,841,908	40,717,025	
24.1.3 Printing & stationery :			
Printing, stationery & computer accessories	19,208,808	15,029,838	
Office supplies	3,170,312	1,572,317	
Newspaper & periodicals	587,966	577,407	
	22,967,086	17,179,562	
24.1.4 Premises :			
Guest house rent	7,588,200	7,095,700	
Security services	4,330,427	3,237,816	
Service charge & utilities	463,013	384,781	
Other premises costs	1,453,356	1,173,242	
	13,834,996	11,891,539	
24.1.5 Car maintenance :			
Lease rental	2,490,237	4,404,690	
Car allowances	2,622,000	2,869,823	
Fuel & oil	2,590,216	2,229,596	
Repairs & maintenance	2,468,327	1,125,758	
Hire	-	756,000	
Insurance	261,299	394,490	
Registration & renewal fees	197,391	164,281	
	10,629,470	11,944,638	

Figures in Taka		
	2011	2010
24.1.6 Other administration expenses :		
Corporate office expenses	12,600,000	9,000,000
Entertainment	1,353,908	1,862,452
Loading & unloading expenses	533,817	127,745
Office expenses	356,567	299,457
	14,844,292	11,289,654
24.1.7 Communication :		
Mobile phone costs	3,027,042	2,999,467
Internet usage subscription	925,262	1,453,802
Telephone expenses	896,125	977,949
Cable Network	387,323	615,827
Courier services	176,635	407,562
	5,412,388	6,454,607
24.1.8 Recruitment :		
Advertisement	2,307,228	1,744,578
Visa & work permit	2,124,405	1,664,825
Traveling	951,717	544,627
Others	2,089,082	2,049,002
	7,472,432	6,003,032
24.1.9 Traveling :		
Overseas	4,159,871	1,992,770
Local	449,290	805,433
	4,609,161	2,798,203
24.1.10 Legal, registration & renewal :		
Legal & other fees	5,999,858	2,560,897
License & registration	1,746,475	508,100
Share issue expenses	938,142	178,057
Audit fees	439,000	1,129,000
AGM Expenses	443,400	-
JCI accreditation	1,655,224	240,645
	11,222,099	4,616,699
24.1.11 Employee welfare :		
Dress & uniform	3,235,030	3,417,749
Refreshment allowance	2,122,013	2,453,567
Sports & social club	881,951	1,993,203
Other welfare cost	152,654	240,523
Professional subscriptions	206,875	174,046
	6,598,523	8,279,088
24.1.12 Insurance :		
General insurance	2,380,583	2,437,823
Group life insurance	2,312,021	2,080,439
	4,692,604	4,518,262

		Figures in Taka	
		2011	2010
24.1.13 Training :	Notes		
Local training		229,368	129,900
Overseas training		447,265	135,292
		676,633	265,192
24.2 Management fees :			
Operations management fees (1% of revenue)		23,510,004	22,193,133
Operations management fees (5% of PBDT)		-	1,846,863
Operations management fees (Fixed)		6,489,996	5,960,004
		30,000,000	30,000,000
Franchise fee (Fixed)		81,132	75,312
		30,081,132	30,075,312
The above fees, up to a maximum of Tk. 30 million excluding fixed franchise fee, are payable to Apollo Hospitals Enterprises Limited, India by virtue of Operations Management and Franchise Agreement signed on 25 June 1998.			
24.3 Marketing expenses :			
Promotional expenses		19,294,153	14,350,277
A & P - news paper & periodicals		12,721,028	11,047,460
A & P - bill board, neon sign		3,162,810	3,922,596
Seminar & special events		2,196,201	1,524,698
Sponsorship		285,000	150,000
A & P - radio & TV		-	13,176,608
		37,659,192	44,171,639
24.4 Depreciation :			
Depreciation	4	183,722,175	172,220,049
Less: Adjusted with donation fund	15	641,800	641,800
	4.1	183,080,375	171,578,249

		Figures in Taka	
	Notes	2011	2010
25. Finance cost :			
Interest -finance lease		13,656,720	24,913,964
Interest -working capital loan		14,452,692	11,461,799
Interest-demand loan		16,662,327	14,194,350
Interest-inter-company loan		-	-
Bank charges		8,970,464	7,524,119
		53,742,203	58,094,232
26. Other income :			
Miscellaneous income		2,345,828	3,429,605
Income from restaurant	26.1	11,000,741	8,388,339
Car parking		2,532,877	2,028,988
Bank interest received		155,372	185,666
		16,034,818	14,032,598

26.1 Income from restaurant represents net of VAT and after deducting consumable expenses.

26.2 Miscellaneous income includes scrap sale, ID card re-issue and share of profit from the sale of foods & beverage etc.

27. Earning per share

27.1 Basic earning per share

The computation of earning per share is given below:

Net profit after tax	Taka	261,936,416	226,549,835
Dividend on preference share	Taka	(34,886,327)	(55,170,889)
Earning attributable to the ordinary shareholders	Taka	227,050,089	171,378,946
Number of outstanding share during the year	No.	150,945,000	150,945,000
	Taka	1.50	1.14

27.2 Diluted earning per share

No diluted earning per share is required to be calculated for the year as there was no potentially dilutive potential ordinary shares during the year.

28. Capacity utilisation

The company has 358 operational bed, excluding emergency and day-care bed.

Since the company offers innumerable and diverse health care services, it is not realistic to disclose utilisation of capacity against each category of service.

29. Related party disclosure :

During the year the Company carried out a number of transactions with related parties in the normal course of business at arms' length basis. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of BAS-24: Related Party Disclosure.

Name of Related Party	Nature of Relationship	Nature of Transaction	Transaction Value Taka	Outstanding Balance Taka	Terms and conditions
STS Education Group Ltd.	Common Directorship	Proportionate corporate office expenses	12,600,000	-	Mutual understanding

30. Contingent Liabilities and Commitments :

30.1 The Company has a contingent liability for the guarantee issued by Dutch Bangla Bank Ltd., Gulshan Branch and Southeast Bank Ltd., Gulshan Branch in favor of National Board of Revenue for Tk. 34,204,210 as there is a dispute with the customs authority regarding the duty exemption facilities pursuant to the SRO No.133-Aain/2005/2069/Sulko dated 02/06/2005 issued by the National Board of Revenue (NBR).

30.2 The Company has no capital expenditure commitments.

30.3 There is no claim against the company acknowledged as debt.

31. Number of employees engaged

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk.36,000 and above were as follows:

	Figures in Taka	
	31.12.2011	31.12.2010
Management	7	12
Staff	1,730	1,330
Total	1,737	1,342

32. Remittances in foreign currency

	31.12.2011		31.12.2010	
	In USD	Taka	In USD	Taka
Operational management fee -1% Revenue	272,394	22,193,156	241,959	17,019,488
Operational management fee (Fixed)	79,870	6,507,355	81,349	5,720,000
Franchise fee	979	79,802	1,024	71,500
	353,243	28,780,313	324,332	22,810,988

The fees were paid to Apollo Hospitals Enterprise Ltd., India by virtue of Operations Management and Franchise Agreement. Remittances has been made after deduction of applicable income tax.

33. Others :

33.1 Directors' remuneration for attending board meeting.

No remuneration is paid to Directors for attending board meetings.

33.2 Directors' remuneration for special service rendered.

No remuneration is paid to the Directors for special service rendered.

33.3 Receivable from directors

No amount is lying as receivable from the Directors.

For and on behalf of the Board of Directors of STS HOLDINGS LIMITED

Sd/-
Company Secretary

Sd/-
Director

Sd/-
Director



STS Holdings Limited

(Registered Office: House # 8/A, Road # 143, Gulshan-1, Dhaka-1212)

PROXY FORM

I/We
of
being a member of STS Holdings Limited do hereby appoint

Mr./Mrs./Miss
of

as my/our proxy to attend and vote for me/us on my/our behalf at the 15th Annual General Meeting of the Company to be held on Tuesday the 8th May, 2012 at 10.00 a.m. in the Board Room of Apollo Hospitals Dhaka at Plot # 81, Block-E, Bashundhara R/A, Dhaka-1229 and at any adjournment thereof.

As witness my hand this day of May, 2012.

(Signature of the Proxy)

(Signature of the Shareholder)

Register Folio No.....

Dated:.....

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



Apollo Hospitals
touching lives **DHAKA**



Organization Accredited
by Joint Commission International

APOLLO HOSPITALS DHAKA

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