

SQUARE Textiles Limited and It's Subsidiaries

Consolidated Statement of Financial Position (Unaudited)

As at September 30, 2017

	30/Sep/17 Taka	30/Jun/17 Taka
ASSETS:		
Non-Current Assets		
Property, Plant & Equipment- Carrying Value	4,418,810,038	4,514,651,120
Capital Work In Progress	619,995,772	270,319,942
Goodwill	56,283,760	56,283,760
Current Assets	5,099,367,684	5,340,902,541
Inventories	1,991,005,260	1,963,904,496
Accounts Receivable	2,041,463,393	1,931,002,020
Advances, Deposits & Prepayments	621,849,560	583,074,262
Cash & Cash Equivalents	445,049,471	862,921,763
TOTAL ASSETS	10,194,457,254	10,182,157,363
SHAREHOLDERS' EQUITY & LIABILITIES:		
Shareholders' Equity		
Share Capital	1,789,133,790	1,789,133,790
Retained Earnings	5,676,457,370	5,556,117,259
Non controlling Interest	22,049,190	21,507,901
Non-Current Liabilities		
Deferred Tax Liability	207,747,395	203,277,250
Current Liabilities & Provisions		
Short Term Bank Loan (Secured)	1,844,917,260	1,939,547,763
Creditors & Others Payable	84,277,304	117,079,071
Liabilities for Other Finance	162,108,922	165,235,373
Short Term Loan	21,807,192	21,386,290
Provision for Income Tax	385,958,831	368,872,666
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	10,194,457,254	10,182,157,363
Net Asset Value Per Share (Restated)	41.73	41.05

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Md. Kabir Reza
Chief Financial Office

Sd/-
Ratna Parta
Vice Chairman

Sd/-
Khandaker Habibuzzaman
Company Secretary

Sd/-
Tapan Chowdhury
Managing Director

SQUARE Textiles Limited and It's Subsidiaries

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)
For the 1st Quarter ended September 30, 2017

	Amount in Taka	
	July to Sept. 2017-18	July to Sept. 2016-17
Sales Revenue	2,055,832,745	1,840,504,149
Cost of Goods Sold	1,821,775,881	1,558,043,957
Gross Profit	234,056,864	282,460,192
Administrative Overhead	62,454,962	54,125,078
Selling and Distribution Overhead	1,598,763	1,431,166
Profit from Operations	170,003,139	226,903,948
Finance Cost	20,800,865	4,017,896
Other Income	357,322	48,009
Profit Before W.P.P.F & W.F	149,559,596	222,934,061
Allocation for W.P.P.F & W.F	7,121,886	10,615,908
Profit Before Tax	142,437,710	212,318,153
Provision for Tax (Current)	17,020,775	30,581,638
Provision for Tax (Deferred)	4,470,145	1,336,410
Profit After Tax for The Period	120,946,790	180,400,105
Non-Controlling Interest	541,288	696,723
Net Income for the Period	120,405,502	179,703,382
Earnings Per Share (EPS)- Restated	0.67	1.00

Sd/-
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Chairman

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Chief Financial Office

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE Textiles Limited and It's Subsidiaries

Consolidated Statement of Changes in Equity (Unaudited) For the 1st Quarter ended September 30, 2017

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2017	1,789,133,790	5,556,051,868	7,345,185,658
Net Profit for 1st Quarter ended September 30, 2017	-	120,405,502	120,405,502
Cash Dividend for 2016-17	-	-	-
Stock Dividend for 2016-17	-	-	-
Balance As at September 30, 2017	1,789,133,790	5,676,457,370	7,465,591,160

Consolidated Statement of Changes in Equity (Unaudited) For the 1st Quarter ended September 30, 2016

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2016	1,626,485,270	5,713,934,024	7,340,419,294
Net Profit for 1st Quarter ended September 30, 2016	-	179,703,382	179,703,382
Cash Dividend for 2015-16	-	(406,621,325)	(406,621,325)
Stock Dividend for 2015-16	162,648,520	(162,648,520)	-
Balance As at September 30, 2016	1,789,133,790	5,324,367,561	7,113,501,351

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Ratna Parta
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Kabir Reza
Chief Financial Office

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE Textiles Limited and It's Subsidiaries

Consolidated Statement of Cash Flows (Unaudited)

For the 1st Quarter ended September 30, 2017

Particulars	Amount (Tk)	
	July to Sept. 2017-18	July to Sept. 2016-17
Cash Flows from Operating Activities:		
Receipts from Sales Revenue	1,945,371,372	1,817,714,377
Receipts from Other Income	291,553	48,009
Total Receipts	1,945,662,925	1,817,762,386
Payments to Suppliers	(1,335,096,720)	(1,113,212,737)
Paid for Operating & Non-operating Expenses	(542,356,655)	(479,952,059)
Interest Expenses Paid	(25,100,729)	(9,566,722)
Income Tax Paid	(16,744,967)	(31,242,883)
Total Payments	(1,919,299,071)	(1,633,974,401)
Net Cash Generated (Used in) from Operating Activities	26,363,854	183,787,985
Cash Flows from Investing Activities:		
Sales (Purchase) of Property, Plant & Equipment	(349,675,830)	(379,459,271)
Net Cash Generated (Used in) from Investing Activities	(349,675,830)	(379,459,271)
Cash Flows from Financing Activities:		
Short Term Bank Loan Received/ (Repaid)	(94,630,503)	(235,685,904)
Short Term Loan from/ (To) Sister Company	70,187	(8,576,906)
Net Cash Generated (Used in) from Financing Activities	(94,560,316)	(244,262,810)
Increase/ (Decrease) in Cash & Cash Equivalents	(417,872,292)	(439,934,096)
Opening Cash & Cash Equivalents	862,921,763	1,278,771,458
Closing Cash & Cash Equivalents	445,049,471	838,837,362
Net Operating Cash Flows Per Share(Restated)	0.15	1.03

Sd/-
Samuel S Chowdhury
Chairman

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Ratna Patra
Vice Chairman

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Tapan Chowdhury
Managing Director

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Md. Kabir Reza
Chief Financial Office

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE Textiles Limited

Statement of Financial Position (Unaudited) As at September 30, 2017

	30/Sep/17 Taka	30/Jun/17 Taka
ASSETS:		
Non-Current Assets	4,187,150,329	3,893,030,120
Property, Plant & Equipment- Carrying Value	3,007,203,208	3,058,480,897
Capital Work In Progress	595,613,242	250,215,344
Investment - Long Term (At Cost)	160,783,760	160,783,760
Share Money Deposits	423,550,119	423,550,119
Current Assets	3,313,195,973	3,618,294,827
Inventories	1,210,262,848	1,326,693,264
Accounts Receivable	1,295,705,797	1,344,598,778
Advances, Deposits & Prepayments	504,728,625	465,257,211
Short Term Loan	56,245,434	108,662,119
Cash & Cash Equivalents	246,253,269	373,083,455
TOTAL ASSETS	7,500,346,302	7,511,324,947
SHAREHOLDERS' EQUITY & LIABILITIES:		
Shareholders' Equity	5,528,299,642	5,452,946,362
Share Capital	1,789,133,790	1,789,133,790
Retained Earnings	3,739,165,852	3,663,812,572
Non-Current Liabilities	114,907,077	109,649,529
Deferred Tax Liability	114,907,077	109,649,529
Current Liabilities & Provisions	1,857,139,583	1,948,729,056
Short Term Bank Loan (Secured)	1,440,149,898	1,530,686,959
Creditors & Others Payable	62,421,119	65,384,511
Liabilities for Other Finance	141,763,870	148,441,867
Short Term Loan	21,807,192	21,386,290
Provision for Income Tax	190,997,504	182,829,429
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	7,500,346,302	7,511,324,947
Net Asset Value Per Share (Restated)	30.90	30.48

Sd/-
Samuel S Chowdhury
Chairman

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Vice Chairman

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Managing Director

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Chief Financial Office

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Khandaker Habibuzzaman
Company Secretary

SQUARE Textiles Limited

Statement of Profit or Loss and Other Comprehensive Income (Unaudited) For the 1st Quarter ended September 30, 2017

	Amount inTk	
	July to Sept. 2017-18	July to Sept. 2016-17
Sales Revenue	1,366,030,876	1,187,829,410
Cost of Goods Sold	1,206,471,990	1,005,839,057
Gross Profit	159,558,886	181,990,353
Administrative Overhead	51,382,761	42,321,245
Selling and Distribution Overhead	992,990	1,027,663
Profit from Operations	107,183,135	138,641,445
Finance Cost	15,053,167	2,037,306
Other Income	1,087,880	703,251
Profit Before W.P.P.F & W.F	93,217,848	137,307,390
Allocation for W.P.P.F & W.F	4,438,945	6,538,447
Profit Before Tax	88,778,903	130,768,943
Provision for Tax (Current)	8,168,075	19,093,455
Provision for Tax (Deferred)	5,257,548	592,212
Profit After Tax for The Period	75,353,280	111,083,276
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Earnings Per Share (EPS)- Restated	0.42	0.62

Sd/-
Samuel S Chowdhury
Chairman

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Ratna Parta
Vice Chairman

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Tapan Chowdhury
Managing Director

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Md. Kabir Reza
Chief Financial Office

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE Textiles Limited

Statement of Changes in Equity (Unaudited) For the 1st Quarter ended September 30, 2017

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2017	1,789,133,790	3,663,812,572	5,452,946,362
Net Profit for 1st Quarter ended September 30, 2017	-	75,353,280	75,353,280
Cash Dividend for 2016-17	-	-	-
Stock Dividend for 2016-17	-	-	-
Balance As at September 30, 2017	1,789,133,790	3,739,165,852	5,528,299,642

Statement of Changes in Equity (Unaudited) For the 1st Quarter ended September 30, 2016

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2016	1,626,485,270	3,980,588,849	5,607,074,119
Net Profit for 1st Quarter ended September 30, 2016	-	111,083,276	111,083,276
Cash Dividend for 2015-16	-	(406,621,325)	(406,621,325)
Stock Dividend for 2015-16	162,648,520	(162,648,520)	-
Balance As at September 30, 2016	1,789,133,790	3,522,402,280	5,311,536,070

Sd/-
Samuel S Chowdhury
Chairman

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Vice Chairman

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Managing Director

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Company Secretary

SQUARE Textiles Limited

Statement of Cash Flows

For the 1st Quarter ended September 30, 2017

	Amount (Tk)	
	July to Sept. 2017-18	July to Sept. 2016-17
Cash Flows from Operating Activities:		
Receipts from Sales Revenue	1,414,923,857	1,224,041,667
Receipts from Other Income	209,169	48,009
Total Receipts	1,415,133,026	1,224,089,676
Payments to Suppliers	(723,815,968)	(741,647,245)
Paid for Operating & Non-operating Expenses	(405,109,313)	(295,228,811)
Interest Expenses Paid	(20,037,965)	(5,255,394)
Income Tax Paid	(10,430,590)	(28,437,568)
Total Payments	(1,159,393,836)	(1,070,569,018)
Net Cash Generated (Used in) from Operating Activities	255,739,190	153,520,658
Cash Flows from Investing Activities:		
Sales (Purchase) of Property, Plant & Equipment	(345,397,898)	(374,983,502)
Net Cash Generated (Used in) from Investing Activities	(345,397,898)	(374,983,502)
Cash Flows from Financing Activities:		
Short Term Bank Loan Received/ (Repaid)	(90,537,061)	(53,437,402)
Short Term Loan from/ (To) Sister Company	53,365,583	35,668,057
Net Cash Generated (Used in) from Financing Activities	(37,171,478)	(17,769,345)
Increase/ (Decrease) in Cash & Cash Equivalents	(126,830,186)	(239,232,189)
Opening Cash & Cash Equivalents	373,083,455	649,907,707
Closing Cash & Cash Equivalents	246,253,269	410,675,518
Net Operating Cash flows per Share(Restated)	1.43	0.86

Sd/-
Samuel S Chowdhury
Chairman

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Ratna Patra
Vice Chairman

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Managing Director

Sd/-
Md. Kabir Reza
Chief Financial Office

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE TEXTILES LIMITED AND ITS SUBSIDIARIES

Notes to the Interim Financial Statements For the First Quarter ended September 30, 2017

Basis of preparation of the Interim Financial Statements:

These Financial Statements (They) are the unaudited interim financial statements (hereafter "The Interim Financial Statements") of Square Textiles Limited, Square Yarns limited and Square Texcom Limited, Companies incorporated in Bangladesh under Companies Act 1913 & 1994, for the first quarter ended September 30, 2017 (hereafter "The Interim Period"). They are prepared in accordance with the International Accounting Standard (BAS 34) "Interim Financial Reporting". These financial statements should read in conjunction with the Annual Financial Statements as on June 30, 2017, as they provide an update of previously reported information.

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

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

During the period, the company made investments in the form of fixed assets are as follows: -

- Capital Work-In-Progress Tk. 34.97 crore

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

Income tax expense is recognized based on enacted income tax for the reporting period.

Deferred Income Tax Expense is raised for Tk. 44.70 Lac for the adjustable temporary difference up to September 30, 2017.

Dividend recommended for the year ended June 30, 2017 @ 20% cash and 5% stock (5 shares for every 100 shares) by the Board of Directors in its meeting held on 16th October 2017 subject to the approval of the shareholders in ensuing Annual General Meeting to be held on December 04, 2017

The Company has no reportable operating segments as per requirement of BFRS-8, "Operating Segment".

There is no significant event to the end of the interim period that has to be reflected in the financial statements for the interim period.

The Company did not carry out any related party transaction other than below sister company. Net balance of Receivable from/ (Payable to) as on reporting date is given below:

- Square Pharmaceuticals Ltd. Tk. (2.18) crore
- Square Yarns Ltd. Tk. 0.64 crore
- Square Texcom Ltd. Tk. 4.99 crore
- Square InformatiX Ltd. Tk. 0.00
- AEGIS Services Ltd. Tk. 0.00

The contingent liabilities of the company as on September 30, 2017 were as follows;

For Sight and Deferred LCs for the group Tk. 68.17 crore only. Out of which Tk. 38.86 crore for Square Textiles Limited, Tk. 11.07 crore only for Square Yarns Limited and Tk. 18.24 crore only for Square Texcom Limited.

Impairment of Asset: Revenue and Profitability of the company is volatile and correlated with national & international demand of yarn as well as supply of raw materials. Although, major part of our growth is influenced by local & international demand and supply, our companies are continuously endeavour to upgrade latest technologies and thereby increasing net worth of the company is growing every year, that indicates our assets are performing at their highest as per our intended procurement and the summation of the discounted future cash flow from the operation of the assets would be positive if we dispose-off those assets at the date of financial reporting. But presently we have no intension to dispose off these assets; As such we did not consider to recording the impairment loss/gain.

Regarding Turnover:

Turnover of Square Textiles Ltd.: During the period (July'17-September'17) sales increased by BDT 17.82 crore due to generation of incremental production in expansion portion of Unit-2 and slightly increase in sales price of yarn.

Cost of Goods Sold (COGS): The business operation (100% Export oriented Spinning) is very positively co-related with international market (Fiber & Yarn price). During this period of reporting our average consumption of raw materials were higher than that of previous comparative period (Consumption increased From Tk.143.42/KG to Tk.154.32/KG during 1st Quarter'2017 compared to 1st Quarter'2016 i.e incremental fiber price was Tk.10.90 (154.32-143.42)). But price of finished yarns increased by Tk.5.64/KG which could not cover incremental Raw Material price compared to previous period. So, there is a deficit of Tk. 5.26/KG (10.90-5.64) between selling price and raw material price.

Another reason of increasing COGS is for bearing high valued power cost in our industries. Due to scarcity of natural gas we had to use high valued HFO & Diesel to generate power that caused to augment the COGS.

Earnings Per Share (EPS):

The spinning industry is very power intensive (We produce electricity based on natural gas, HFO, Diesel), imported fiber based (Cotton, PSF, Viscose, Modal, Spandex, Tencel etc) and Man-power intensive. During the period of review we've experienced huge power crisis that led to increase 37.30% power cost from TK.13.19 crore to Tk.18.11 crore (used high rated HFO based power for which increased Cost of Goods Sold by around Tk.4.92 crore).

Price hike of fibers, low export demand, Import of finished yarn from India with subsidized price led us to experience of low profitability (Decline 33.00% in 3 months).

Therefore, EPS has stood at Tk. 0.67 for the period ended on 30th September 2017 as against Tk. 1.00 for the same period of the previous year.

Regarding Net Operating Cash Flows per Share:

The business (100% export oriented spinning industry) operation is volatile and realization from debtors (100% confirmed back to back LC) also very positively co-related with this, but all import payments should be made as per provision of UCPDC-600, resultant, the per share operating cash flows fluctuates from quarter to quarter, which is very common for the spinning business trend. During the period under review cash flow declined due to increase in inventory by TK.2.71 crore and in receivable against yarn sale by TK.11.05 crore.