

Financial Statement 2021-2022
Second Quarter
(Unaudited)



SQUARE TEXTILES LIMITED
(Consolidated and Standalone)

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Financial Position (Unaudited)

As at December 31, 2021

Particulars	Notes	31/Dec/21 Taka	30/Jun/21 Taka
ASSETS:			
Non-Current Assets			
		6,908,308,915	7,064,213,305
Property, Plant & Equipment- Carrying Value	02	6,734,749,133	6,959,450,279
Capital Work In Progress	03	117,276,022	48,479,266
Goodwill		56,283,760	56,283,760
Current Assets			
		9,550,927,372	9,197,615,462
Inventories	04	3,103,520,070	2,664,689,616
Trade Receivable	05	4,956,921,464	4,808,315,632
Advances, Deposits & Prepayments	06	337,809,517	285,303,153
Cash & Cash Equivalents	07	1,152,676,321	1,439,307,061
TOTAL ASSETS		16,459,236,287	16,261,828,767
SHAREHOLDERS' EQUITY & LIABILITIES:			
Shareholders' Equity			
		8,160,462,317	7,632,190,882
Share Capital		1,972,520,000	1,972,520,000
Retained Earnings		6,187,942,317	5,659,670,882
Non controlling Interest	08	15,057,824	14,998,970
Non-Current Liabilities			
		2,300,193,751	2,953,119,459
Long Term Borrowings	09	1,982,500,000	2,643,055,059
Deferred Tax Liability	10	317,693,751	310,064,400
Current Liabilities & Provisions			
		5,983,522,395	5,661,519,456
Short Term Bank Loan (Secured)	11	5,014,722,467	5,325,169,465
Creditors & Other Payables	12	120,952,196	79,091,985
Liabilities for Others Finance	13	579,454,252	101,137,300
Unclaimed Dividend Account		8,856,749	54,851,342
Provision for Income Tax	14	259,536,731	101,269,364
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		16,459,236,287	16,261,828,767
Net Asset Value Per Share	22	41.37	38.69

Tapan Chowdhury
Chairman

Ratna Patra
Vice Chairman

Samuel S Chowdhury
Managing Director

M. Habibur Rahman
Chief Financial Officer

Sanjib Baran Roy
Company Secretary

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited) For the 2nd Quarter Ended December 31, 2021

Particulars	NOTE	6 Months (Amount inTk)		2nd Quarter Results (Tk)	
		July to Dec.	July to Dec.	Oct. to Dec.	Oct. to Dec.
		2021-22	2020-21	2021-22	2020-21
Sales Revenue	15	7,950,929,779	5,446,855,207	4,117,043,488	2,836,865,604
Cost of Goods Sold	16	6,550,895,000	4,920,412,712	3,407,479,702	2,524,133,381
Gross Profit		1,400,034,779	526,442,495	709,563,786	312,732,223
Administrative Overhead	17	137,833,882	118,324,389	71,782,653	58,863,849
Selling and Distribution Overhead	18	12,627,604	9,308,632	7,056,267	4,595,118
Profit from Operations		1,249,573,293	398,809,474	630,724,866	249,273,256
Finance Cost	19	139,754,468	209,262,111	72,896,756	92,292,338
Non-Operating Income	20	33,348,732	26,892,995	23,511,021	(1,870,111)
Profit Before W.P.P.F & W.F		1,143,167,557	216,440,358	581,339,131	155,110,807
Allocation for W.P.P.F & W.F		54,436,550	10,306,684	27,682,816	7,386,229
Profit Before Tax		1,088,731,007	206,133,674	553,656,315	147,724,578
Provision for Tax (Current)	14	158,267,367	29,171,600	80,099,071	16,079,300
Deferred Tax Expenses (Income)	10	7,629,351	21,502,250	4,765,657	18,808,660
Profit After Tax for The Period		922,834,289	155,459,824	468,791,587	112,836,618
Non-Controlling Interest		58,854	8,442	21,550	6,848
Net Income for the Period		922,775,435	155,451,382	468,770,037	112,829,770

(Transferred to the Statement of Changes in Equity)

Earnings Per Share (EPS)	21	4.68	0.79	2.38	0.57
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SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Changes in Equity (Unaudited) For the 2nd Quarter Ended December 31, 2021

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2021	1,972,520,000	5,659,670,882	7,632,190,882
Net Profit For the 2nd Quarter Ended December 31, 2021	-	922,775,435	922,775,435
Cash Dividend for 2020-21	-	(394,504,000)	(394,504,000)
Balance As at December 31, 2021	1,972,520,000	6,187,942,317	8,160,462,317

Consolidated Statement of Changes in Equity (Unaudited) For the 2nd Quarter Ended December 31, 2020

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2020	1,972,520,000	5,185,060,431	7,157,580,431
Net Profit For the 2nd Quarter Ended December 31, 2020	-	155,451,382	155,451,382
Cash Dividend for 2019-20	-	(197,252,000)	(197,252,000)
Balance As at December 31, 2020	1,972,520,000	5,143,259,813	7,115,779,813

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SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Cash flows (Unaudited) For the 2nd Quarter Ended December 31, 2021

Particulars	Notes	Amount (Tk)	
		July to Dec. 2021-22	July to Dec. 2020-21
Cash Flows from Operating Activities:			
Receipts from Sales Revenue		7,802,323,947	5,585,718,959
Exchange Fluctuation Gain (Realization from Transaction)		5,325,295	(3,962,519)
Receipts/ (Payment) from Other Income/ Expenses		22,998,545	29,724,570
Total Receipts		7,830,647,787	5,611,481,010
Payments to Suppliers		(5,374,005,275)	(3,197,317,055)
Paid for Operating & Non-operating Expenses		(1,340,265,287)	(1,167,626,637)
Interest Expenses Paid		(143,580,814)	(119,551,663)
Income Tax Paid		(46,005,562)	(29,171,600)
Total Payments		(6,903,856,938)	(4,513,666,955)
Net Cash Generated (Used in) from Operating Activities		926,790,849	1,097,814,055
Cash Flows from Investing Activities:			
Purchase of Property, Plant & Equipment		(201,449,831)	(547,607,531)
Sales of Property, Plant & Equipment		400,000	4,649,400
Net Cash Generated (Used in) from Investing Activities		(201,049,831)	(542,958,131)
Cash Flows from Financing Activities:			
Long Term Loan Received/ (Repaid)		(295,959,956)	1,110,834,959
Short Term Bank Loan Received/ (Repaid)		(675,042,101)	318,585,777
Short Term Loan from/ (To) Sister Company		-	(1,649,865,541)
Payment of Dividend		(45,994,593)	(177,912)
Net Cash Generated (Used in) from Financing Activities		(1,016,996,650)	(220,622,717)
Increase/ (Decrease) in Cash & Cash Equivalents		(291,255,632)	334,233,207
Net effect of foreign currency translation		4,624,892	(1,038,605)
Opening Cash & Cash Equivalents		1,439,307,061	296,506,321
Closing Cash & Cash Equivalents		1,152,676,321	629,700,923
Net Operating Cash Flows Per Share		4.70	5.57

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SQUARE TEXTILES LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Interim Financial Statements (Unaudited) For the 2nd Quarter Ended December 31, 2021

01. Basis of preparation of the Consolidated Interim Financial Statements:

These Financial Statements (They) are the unaudited consolidated interim financial statements (hereafter "The Consolidated Interim Financial Statements") of Square Textiles Limited and Square Texcom Limited, Companies incorporated in Bangladesh under Companies Act 1913 & 1994, for the 2nd quarter ended December 31, 2021 (hereafter "The Interim Period"). They are prepared in accordance with the International Accounting Standard (IAS 34) "Interim Financial Reporting". These financial statements should read in conjunction with the Annual Financial Statements as on June 30, 2021, 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.

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

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

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

There is no significant event after the end of the interim period that has to be reflected in the Consolidated Financial Statements for the interim period except.

Figures have been rounded off to the nearest Taka.

02. Consolidated Property, Plant & Equipment:

'Details of Property, Plant & Equipment and Depreciation as at December 31, 2021 are as below:

Fixed Assets at Cost

	31-Dec-21	30-Jun-21
Opening Balance	12,792,433,005	10,873,378,928
Addition during the Year	132,653,076	2,051,181,824
Sale/ Obsolete during the Year	(30,014,176)	(132,127,747)
Closing Balance(Cost)	12,895,071,905	12,792,433,005

Accumulated Depreciation

Opening Balance	5,832,982,726	5,289,179,884
Charged during the Year	357,354,222	664,690,900
Adjustment for sale/Obsolete	(30,014,176)	(120,888,058)
	6,160,322,772	5,832,982,726

Carrying Value

	Tk. 6,734,749,133	6,959,450,279
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	31-Dec-21	30-Jun-21
03. Capital Work In Progress:		
Capital Work In Progress	117,276,022	48,479,266
Tk.	<u>117,276,022</u>	<u>48,479,266</u>

The amount of Capital Work In Progress includes cost of BMRE activities.

04. Consolidated Inventories:

Stocks of Raw Materials	2,828,837,497	2,420,185,088
Raw Materials	2,240,275,680	2,056,387,039
Raw Materials In Transit	205,792,003	63,135,469
Packing Materials	31,115,241	24,301,204
Work - in - process	163,238,172	130,184,323
Finished Goods	188,416,401	146,177,053
Stocks of Spares	274,682,573	244,504,528
Spares at Store	272,637,736	241,493,396
Spares in Transit	2,044,837	3,011,132
Tk.	<u>3,103,520,070</u>	<u>2,664,689,616</u>

05. Consolidated Trade Receivable:

Aging of the above balance is as follows:

Below 60 days	2,398,554,895	2,083,214,823
Within 61-120 days	1,674,001,283	1,735,724,749
Above 120 days	884,365,286	989,376,060
Tk.	<u>4,956,921,464</u>	<u>4,808,315,632</u>

a) There was no amount due from the Directors (Including Managing Director), Managing Agent, Manager and other Officers of the Company and any of them severally or jointly with any other person.

b) The carrying amount of Trade Debtors pledged as security.

c) Trade Receivable is secured, considered as good and is falling due within one year.

06. Consolidated Advances, Deposits & Prepayments:

This is made up of the followings:

Advance	215,572,453	166,403,918
Income Tax	114,681,576	68,676,014
Salary & PF Current account	70,940	3,866,272
Other Expenses	15,250,991	28,623,136
Suppliers & Contractor	85,568,946	65,238,496
Deposits	122,237,064	118,899,235
Security Deposit	109,725,812	106,528,762
Margin on Bank Guarantee	12,511,252	12,370,473
Tk.	<u>337,809,517</u>	<u>285,303,153</u>

07. Consolidated Cash & Cash Equivalents:

This is made up of the followings:

Cash in hand	8,092,121	8,430,224
Cash at Bank	1,144,584,200	423,710,170
Fixed Deposit	-	1,007,166,667
Tk.	<u>1,152,676,321</u>	<u>1,439,307,061</u>

	31-Dec-21	30-Jun-21
08. Non Controlling Interest:Tk.		
5,000 shares of Tk 100 at par of Square Texcom Ltd.	500,000	500,000
Shares of Accumulated Profit	14,557,824	14,498,970
	<u>15,057,824</u>	<u>14,998,970</u>

09. Long Term Borrowings (Secured):

Standard Chartered Bank	1,530,000,000	1,710,000,000
HSBC Bank	1,500,000,000	1,500,000,000
Infrastructure Development Company (IDCOL)	-	115,959,956
Less: Current Portion of Long Term Borrowings	(1,047,500,000)	(682,904,897)
Tk.	<u>1,982,500,000</u>	<u>2,643,055,059</u>

10. Consolidated Deferred Tax Liability:

Opening Balance	310,064,400	260,567,761
Deferred Tax Expenses/ (Income)	7,629,351	49,496,639
Closing Balance	<u>317,693,751</u>	<u>310,064,400</u>

This represents tax liability payable in future due to accumulated taxable temporary differences (Above deferred tax balance creates only from difference between accounting basis depreciation and tax basis depreciation on fixed assets). We don't have any other assets or liabilities except fixed assets for provision of Deferred Tax liabilities to present in details form for unused tax losses and unused tax credits.

a) Deferred Tax Liability is arrived at as follows:

Carrying Value of Depreciable Fixed Assets	6,018,825,452	6,243,526,598
Less: Tax Base Carrying Value	(3,900,867,109)	(4,176,430,603)
Taxable Temporary Difference	<u>2,117,958,343</u>	<u>2,067,095,995</u>
Tax Rate	15.00%	15.00%
Closing Deferred Tax Liability	<u>317,693,751</u>	<u>310,064,400</u>
Less: Opening Deferred Tax Liability	(310,064,400)	(260,567,761)
Deferred Tax (Income) / Expense	<u>7,629,351</u>	<u>49,496,639</u>

11. Consolidated Short Term Bank Loan (Secured):

Bank Overdraft	-	-
Current Portion of Long Term Borrowings	1,047,500,000	682,904,897
Revolving Loan	-	1,250,000,000
Deferred LC Loan	3,967,222,467	3,392,264,568
Tk.	<u>5,014,722,467</u>	<u>5,325,169,465</u>

These short term loans are secured against hypothecation of Stock and Trade Receivable.

12. Consolidated Creditors & Others Payable:

Provision for Audit Fees	-	621,000
Provision for Utility Bill	80,339,651	59,498,009
Provision for Salary & Allowances	9,685,162	5,715,101
Others	30,927,383	13,257,875
	<u>120,952,196</u>	<u>79,091,985</u>

This represents amount payable to regular suppliers of packing materials, utilities, and other services rendered to the company. All suppliers were paid on a regular basis.

	31-Dec-21	30-Jun-21
13. Consolidated Liabilities for Other Finance:		
PF, WPPF & Other Fund	57,140,297	46,816,002
Provision for Gratuity	91,894,425	14,579,422
Declared Dividend for Last Year	394,504,000	-
Others	35,915,530	39,741,876
Tk.	579,454,252	101,137,300

Due to provision of cash dividend of Tk. 394,504,000 for the year of 2020-21, Liabilities for Other Finance shown higher balance compared to previous period.

14. Consolidated Provision for Income Tax:

Opening Balance	101,269,364	96,214,609
Adjustment with Advance Tax	-	(65,975,277)
Current Year Provision	158,267,367	71,030,032
Closing Balance	259,536,731	101,269,364

Calculation of Effective Tax Rate:

Current Income Tax Expenses	158,267,367	29,171,600
Deferred Tax Expenses/ (Income)	7,629,351	21,502,250
Total Tax Expenses	165,896,718	50,673,850
Effective Tax Rate (Total Tax Expenses / Profit Before Tax)	15.24%	24.58%

	July-21 to Dec'-21	July-20 to Dec'-20
15. Consolidated Sales Revenue:		
Export Sale of Yarns	7,950,929,779	5,446,855,207
Tk.	7,950,929,779	5,446,855,207

During the period sales increased by BDT 250.41 (45.97%) crore due to incremental production under some BMRE investment and increased of sales price.

16. Consolidated Cost of Goods Sold:

Raw Materials Consumed	5,007,213,076	3,586,524,676
Factory Overhead (Note: 16.01)	1,543,681,924	1,333,888,036
Cost of Goods Sold	6,550,895,000	4,920,412,712

During the period Raw Material cost increased by BDT 142.07 (39.61%) crore due to increased of production quantity and increased cotton price in international market..

16.01. Factory Overhead:

Factory Wages, Salary & Allowances	526,040,157	448,881,717
Production Workers' Free Lunch	2,479,629	2,207,983
Fuel, Petrol, Light, Diesel etc.	44,257,626	39,370,718
Electricity, Gas & Water	420,195,672	374,395,788
Factory Consumable Expense	29,773,305	21,664,016
Repairs & Maintenance of Vehicles	8,871,084	8,658,668
Industrial All Risk Insurance Premium	11,053,561	10,071,540
Govt.Tax, VAT & License Fees	1,298,639	436,189
Security Services	11,375,181	12,874,202
Spare Parts - Machinery	125,366,008	101,482,034
Depreciation	357,354,222	310,005,669
Other Overhead	5,616,840	3,839,512
Total	1,543,681,924	1,333,888,036

July-21 to Dec'-21**July-20 to Dec'-20****17. Consolidated Administrative Overhead:**

Salary and Allowances	73,576,661	64,249,937
Directors' Remuneration	27,626,250	24,000,000
Overseas Travelling	6,701,375	5,271,495
Vehicles Running & Maintenance	4,832,432	4,268,750
Fees & Subscription	3,722,098	4,075,885
Rental Expenses	7,382,258	7,557,258
Office Consumable Expense	696,874	740,875
Electricity, Gas & Water	1,705,713	1,618,957
Software & Hardware Support Expenses	1,104,490	986,237
Head Office Employees' Free Lunch	1,905,722	1,019,240
Annual General Meeting Expenses	517,538	539,168
Other Expenses	8,062,471	3,996,587
Total	Tk. 137,833,882	118,324,389

Directors' Remuneration is not included the Member Director of "Audit Committee" and "Nomination & Remuneration Committee"

18. Consolidated Selling & Distribution Overhead:

Export Sale Expenses	9,738,544	6,416,367
Loading & unloading	2,889,060	2,892,265
Total	Tk. 12,627,604	9,308,632

19. Finance Cost:

Interest on Deferred LC Loan	33,214,546	37,916,053
Interest on Loan ag. Export Bill Discount	-	2,465,502
Interest on OD	49,237	120,525
Interest on Short Term Loan	14,605,555	54,526,667
Interest on Long Term Loan	91,885,130	10,912,497
Interest on Sister Concerns	-	103,320,867
	Tk. 139,754,468	209,262,111

During the period Finance cost decreased by BDT 6.95 (-33.21%) crore due to received long term loan from bank in low finance cost.

20. Non-Operating Income:

Interest Income	22,998,545	242,946
Forfeited Provident Fund	-	29,481,623
Gain/Loss on Disposal of Assets	400,000	2,169,550
Forex Exchange Rate Fluctuation Gain/ (Loss)	9,950,187	(5,001,124)
	Tk. 33,348,732	26,892,995

21. Earnings Per Share (EPS):

The Computation is given below:

Earning attributable to Ordinary Shares including other income	922,775,435	155,451,382
Number of Ordinary shares	197,252,000	197,252,000
Earnings Per Share	Tk. 4.68	0.79

During the period EPS increased by BDT 3.89 (492.41%) due to increased production and increased sales price of yarn.

	July-21 to Dec'-21	July-20 to Dec'-20
22. Net Asset Value (NAV) Per Share:		
The Computation is given below:		
Equity Attributable to the Owners of the Company	Tk. 8,160,462,317	7,632,190,882
Number of Ordinary shares	197,252,000	197,252,000
Net Asset Value (NAV) Per Share	Tk. 41.37	38.69

23. Net Operating Cash flows per Share (NOCFPS):

The Computation is given below:

Net Cash Generated (Used in) from Operating	Tk. 926,790,849	1,097,814,055
Number of Ordinary shares	197,252,000	197,252,000
Net Operating Cash flows per Share (NOCFPS)	Tk. 4.70	5.57

24. Reconciliation of Net Profit with Cash Flows from Operating Activities:

The Computation is given below:

Profit After Tax	922,834,289	155,459,824
Adjustment to reconcile net profit to net cash provided by operating activities :		
Non-cash Expenses:	360,358,681	332,546,524
Depreciation	357,354,222	310,005,669
Deferred Tax	7,629,351	21,502,250
Net effect of foreign currency translation	(4,624,892)	1,038,605
Non-Operating Items:	(400,000)	101,151,318
Interest Expenses/ (Income) on Sister Company Loan	-	103,320,868
Gain/ (Loss) on Disposal of Assets	(400,000)	(2,169,550)
Changes in working Capital:	(356,002,121)	508,656,389
(Increase)/Decrease in Inventories	(438,830,455)	383,049,848
(Increase)/Decrease in Trade Receivable	(148,605,832)	138,863,752
(Increase)/Decrease in Advances, Deposits & Prepayments	(52,506,364)	(12,010,128)
Increase/(Decrease) in Creditors & Other Payables	41,860,211	(7,817,640)
Increase/(Decrease) in Liabilities for Others Finance	83,812,952	(22,601,043)
Increase/(Decrease) in Income Tax Payable	158,267,367	29,171,600
Net Cash Generated (Used in) from Operating Activities	926,790,849	1,097,814,055

25. Regarding Consolidated 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.

SQUARE Textiles Limited

Statement of Financial Position (Unaudited)

As at December 31, 2021

	Notes	31/Dec/21	30/Jun/21
		Taka	Taka
ASSETS:			
Non-Current Assets			
		6,752,347,056	6,895,224,728
Property, Plant & Equipment- Carrying Value	02	6,162,313,165	6,358,356,488
Capital Work In Progress	03	100,699,931	47,534,280
Investment - Long Term (At Cost)		489,333,960	489,333,960
Current Assets			
		8,759,029,397	8,523,673,196
Inventories	04	2,833,667,124	2,423,543,313
Trade Receivable	05	4,610,645,539	4,487,974,375
Advances, Deposits & Prepayments	06	310,844,909	259,310,934
Cash & Cash Equivalents	07	1,003,871,825	1,352,844,574
TOTAL ASSETS		15,511,376,453	15,418,897,924
SHAREHOLDERS' EQUITY & LIABILITIES:			
Shareholders' Equity			
		7,782,960,208	7,305,661,916
Share Capital		1,972,520,000	1,972,520,000
Retained Earnings		5,810,440,208	5,333,141,916
Non-Current Liabilities			
		2,253,462,612	2,905,740,182
Long Term Borrowings	08	1,982,500,000	2,643,055,059
Deferred Tax Liability	09	270,962,612	262,685,123
Current Liabilities & Provisions			
		5,474,953,633	5,207,495,826
Short Term Bank Loan (Secured)	10	4,562,461,210	4,910,343,012
Creditors & Other Payables	11	109,379,465	70,899,885
Liabilities for Others Finance	12	555,354,879	80,911,693
Unclaimed Dividend Account		8,856,749	54,851,342
Provision for Income Tax	13	238,901,330	90,489,894
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		15,511,376,453	15,418,897,924
Net Asset Value Per Share	25	39.46	37.04

Tapan Chowdhury
Chairman

Ratna Patra
Vice Chairman

Samuel S Chowdhury
Managing Director

M. Habibur Rahman
Chief Financial Officer

Sanjib Baran Roy
Company Secretary

SQUARE Textiles Limited

Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

For the 2nd Quarter Ended December 31, 2021

Particulars	NOTE	6 Months (Amount inTk)		2nd Quarter Results (Tk)	
		July to Dec.	July to Dec.	Oct. to Dec.	Oct. to Dec.
		2021-22	2020-21	2021-22	2020-21
Sales Revenue	14	7,202,721,684	4,985,339,563	3,765,557,745	2,577,426,146
Cost of Goods Sold	15	5,881,811,985	4,484,883,954	3,088,609,350	2,280,096,702
Gross Profit		1,320,909,699	500,455,609	676,948,395	297,329,444
Administrative Overhead	16	126,090,017	107,919,842	65,939,464	53,846,599
Selling and Distribution Overhead	17	10,942,831	8,004,230	6,092,287	3,831,879
Profit from Operations		1,183,876,851	384,531,537	604,916,644	239,650,966
Finance Cost	18	136,164,307	206,543,933	69,595,227	91,780,009
Non-Operating Income	19	32,203,234	27,329,478	22,804,965	(1,059,857)
Profit Before W.P.P.F & W.F		1,079,915,778	205,317,082	558,126,382	146,811,100
Allocation for W.P.P.F & W.F		51,424,561	9,777,004	26,577,447	6,991,005
Profit Before Tax		1,028,491,217	195,540,078	531,548,935	139,820,095
Provision for Tax (Current)	13	148,411,436	26,132,648	76,353,153	14,231,076
Deferred Tax Expenses (Income)	09	8,277,489	21,267,732	5,089,560	18,690,350
Profit After Tax for The Period		871,802,292	148,139,698	450,106,222	106,898,669
(Transferred to the Statement of Changes in Equity)					
Earnings Per Share (EPS)	24	4.42	0.75	2.28	0.54

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Company Secretary

SQUARE Textiles Limited

Statement of Changes in Equity (Unaudited) For the 2nd Quarter Ended December 31, 2021

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2021	1,972,520,000	5,333,141,916	7,305,661,916
Net Profit For the 2nd Quarter Ended December 31, 2021	-	871,802,292	871,802,292
Cash Dividend for 2020-21	-	(394,504,000)	(394,504,000)
Balance As at December 31, 2021	1,972,520,000	5,810,440,208	7,782,960,208

Statement of Changes in Equity (Unaudited) For the 2nd Quarter Ended December 31, 2020

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2020	1,972,520,000	4,908,759,862	6,881,279,862
Net Profit For the 2nd Quarter Ended December 31, 2020	-	148,139,698	148,139,698
Cash Dividend for 2019-20	-	(197,252,000)	(197,252,000)
Balance As at December 31, 2020	1,972,520,000	4,859,647,560	6,832,167,560

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Chief Financial Officer

Sanjib Baran Roy
Company Secretary

SQUARE Textiles Limited

Statement of Cash flows (Unaudited) For the 2nd Quarter Ended December 31, 2021

Particulars	Notes	Amount (Tk)	
		July to Dec. 2021-22	July to Dec. 2020-21
Cash Flows from Operating Activities:			
Receipts from Sales Revenue		7,080,050,520	5,091,118,696
Exchange Fluctuation Gain (Realization from Transaction)		4,567,572	(3,836,366)
Receipts/ (Payment) from Other Income/ Expenses		22,962,382	27,836,103
Total Receipts		7,107,580,474	5,115,118,433
Payments to Suppliers		(4,818,939,126)	(2,903,172,293)
Paid for Operating & Non-operating Expenses		(1,218,414,151)	(1,064,403,545)
Interest Expenses Paid		(141,496,233)	(111,442,427)
Income Tax Paid		(42,240,928)	(26,132,648)
Total Payments		(6,221,090,438)	(4,105,150,913)
Net Cash Generated (Used in) from Operating Activities		886,490,036	1,009,967,520
Cash Flows from Investing Activities:			
Purchase of Property, Plant & Equipment		(185,704,612)	(542,079,601)
Sales of Property, Plant & Equipment		400,000	4,609,400
Net Cash Generated (Used in) from Investing Activities		(185,304,612)	(537,470,201)
Cash Flows from Financing Activities:			
Long Term Loan Received/ (Repaid)		(295,959,956)	1,110,834,959
Short Term Bank Loan Received/ (Repaid)		(712,476,905)	329,279,565
Short Term Loan from/ (To) SQUARE Pharmaceuticals Ltd.		-	(1,649,865,541)
Short Term Loan from/ (To) SQUARE Texcom Ltd.		-	74,596,557
Payment of Dividend		(45,994,593)	(177,912)
Net Cash Generated (Used in) from Financing Activities		(1,054,431,454)	(135,332,372)
Increase/ (Decrease) in Cash & Cash Equivalents		(353,246,030)	337,164,947
Net effect of foreign currency translation		4,273,281	(980,539)
Opening Cash & Cash Equivalents		1,352,844,574	238,032,107
Closing Cash & Cash Equivalents		1,003,871,825	574,216,515
Net Operating Cash flows per Share		4.49	5.12

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Vice Chairman

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Chief Financial Officer

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Company Secretary

SQUARE TEXTILES LIMITED

Notes to the Interim Financial Statements (Unaudited) For the 2nd Quarter Ended December 31, 2021

01. Basis of preparation of the Interim Financial Statements:

These Financial Statements (They) are the unaudited interim Financial statement (here after 'the Interim Financial Statements') of Square Textiles Ltd. , for the 2nd Quarter Ended on December 31, 2021 (here after the interim period). They are prepared in accordance with the Bangladesh Accounting Standard (IAS-34) 'Interim Financial Reporting'. These financial statement should read in conjunction with the Annual Financial Statements as of June 30, 2021, as they provide an update of previous 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.

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

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

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

Figures have been rounded off to the nearest Taka.

	31-Dec-21	30-Jun-21
02. Property, Plant & Equipment:		
'Details of Property, Plant & Equipment and Depreciation as at December 31, 2021 are as below:		
Fixed Assets at Cost		
Opening Balance	11,723,998,907	9,809,975,786
Addition during the Year	132,538,962	2,040,229,234
Sale/ Obsolete during the Year	(30,014,176)	(126,206,113)
Closing Balance(Cost)	11,826,523,693	11,723,998,907
Accumulated Depreciation		
Opening Balance	5,365,642,419	4,876,507,663
Charged during the Year	328,582,285	606,850,599
Adjustment for sale/Obsolete	(30,014,176)	(117,715,843)
	5,664,210,528	5,365,642,419
Carrying Value	Tk. 6,162,313,165	6,358,356,488

	31-Dec-21	30-Jun-21
03. Capital Work In Progress:		
Capital Work In Progress	100,699,931	47,534,280
Tk.	100,699,931	47,534,280

The amount of Capital Work In Progress includes cost of BMRE activities.

	31-Dec-21	30-Jun-21
04. Inventories:		
Stocks of Raw Materials	2,578,138,994	2,192,640,475
Raw Materials	2,035,397,216	1,873,243,764
Raw Materials In Transit	197,873,226	47,287,238
Packing Materials	27,482,890	21,882,935
Work - in - process	150,981,872	116,600,280
Finished Goods	166,403,790	133,626,258
Stocks of Spares	255,528,130	230,902,838
Spares at Store	253,830,838	228,074,240
Spares in Transit	1,697,292	2,828,598
Tk.	2,833,667,124	2,423,543,313

05. Trade Receivable:

Aging of the above balance is as follows:

Below 60 days	2,250,782,844	1,957,487,545
Within 61-120 days	1,549,541,037	1,623,630,680
Above 120 days	810,321,658	906,856,150
Tk.	4,610,645,539	4,487,974,375

a) There was no amount due from the Directors (Including Managing Director), Managing Agent, Manager and other Officers of the Company and any of them severally or jointly with any other person.

b) The carrying amount of Trade Debtors pledged as security.

c) Trade Receivable is secured, considered as good and is falling due within one year.

06. Advances, Deposits & Prepayments:

This is made up of the followings:

Advance	200,559,919	152,331,226
Income Tax	103,755,042	61,514,114
Salary & PF Current account	62,940	3,861,272
Other Expenses	12,026,491	22,333,344
Suppliers & Contractor	84,715,446	64,622,496
Deposits	110,284,990	106,979,708
Security Deposit	98,694,012	95,496,962
Margin on Bank Guarantee	11,590,978	11,482,746
Tk.	310,844,909	259,310,934

07. Cash & Cash Equivalents:

This is made up of the followings:

Cash in hand	6,251,200	6,738,435
Cash at Bank	997,620,625	338,939,472
Fixed Deposit	-	1,007,166,667
Tk.	1,003,871,825	1,352,844,574

	31-Dec-21	30-Jun-21
08. Long Term Borrowings (Secured):		
Standard Chartered Bank	1,530,000,000	1,710,000,000
HSBC Bank	1,500,000,000	1,500,000,000
Infrastructure Development Company (IDCOL)	-	115,959,956
Less: Current Portion of Long Term Borrowings	<u>(1,047,500,000)</u>	<u>(682,904,897)</u>
Tk.	<u>1,982,500,000</u>	<u>2,643,055,059</u>

09. Deferred Tax Liability:		
Opening Balance	262,685,123	214,694,410
Deferred Tax Expenses (Income)	<u>8,277,489</u>	<u>47,990,713</u>
Closing Balance	<u>270,962,612</u>	<u>262,685,123</u>

This represents tax liability payable in future due to accumulated taxable temporary differences (Above deferred tax balance creates only from difference between accounting basis depreciation and tax basis depreciation on fixed assets). We don't have any other assets or liabilities except fixed assets for provision of Deferred Tax liabilities to present in details form for unused tax losses and unused tax credits.

a) Deferred Tax Liability is arrived at as follows:

Carrying Value of Depreciable Fixed Assets	5,486,318,348	5,682,361,671
Less: Tax Base Carrying Value	<u>(3,679,900,932)</u>	<u>(3,931,127,520)</u>
Taxable Temporary Difference	<u>1,806,417,416</u>	<u>1,751,234,151</u>
Tax Rate	15.00%	15.00%
Closing Deferred Tax Liability	<u>270,962,612</u>	<u>262,685,123</u>
Less: Opening Deferred Tax Liability	<u>(262,685,123)</u>	<u>(214,694,410)</u>
Deferred Tax (Income) / Expense	<u>8,277,489</u>	<u>47,990,713</u>

10. Short Term Bank Loan (Secured):

Bank Overdraft	-	-
Current Portion of Long Term Borrowings	1,047,500,000	682,904,897
Revolving Loan	-	1,250,000,000
Deferred LC Loan	<u>3,514,961,210</u>	<u>2,977,438,115</u>
Tk.	<u>4,562,461,210</u>	<u>4,910,343,012</u>

These short term loans are secured against hypothecation of Stock and Trade Receivable.

11. Creditors & Others Payable:

Provision for Audit Fees	-	575,000
Provision for Utility Bill	75,911,792	55,455,224
Provision for Salary & Allowances	9,685,162	5,715,101
Others	<u>23,782,511</u>	<u>9,154,560</u>
	<u>109,379,465</u>	<u>70,899,885</u>

This represents amount payable to regular suppliers of packing materials, utilities, and other services rendered to the company. All suppliers were paid on a regular basis.

12. Liabilities for Other Finance:

PF, WPPF & Other Fund	53,409,636	42,775,585
Provision for Gratuity	74,637,061	-
Declared Dividend for Last Year	394,504,000	-
Others	<u>32,804,182</u>	<u>38,136,108</u>
Tk.	<u>555,354,879</u>	<u>80,911,693</u>

Due to provision of cash dividend of Tk. 394,504,000 for the year of 2020-21, Liabilities for Other Finance shown higher balance compared to previous period.

	31-Dec-21	30-Jun-21
13. Provision for Income Tax:		
Opening Balance	90,489,894	83,321,634
Adjustment with Advance Tax	-	(56,305,125)
Provision made for the period (Note: 15.01)	148,411,436	63,473,385
Closing Balance	Tk. 238,901,330	90,489,894

Note: 13.01: Provision made for the period

A) Net Current Tax Liability on Profit Basis	148,411,436	63,434,674
B) Tax Liability on Sales Revenue Basis	28,810,887	47,698,819
C) Advance Income Tax (Source Tax) Paid Under ITO-1984	42,240,928	61,514,114
Higher Amount of Tax Under Above Calculation (A:B:C)	148,411,436	63,434,674
Add/ Less: Short/ (Excess) provision for Prior period	-	38,711
Income Tax Provision for the period	148,411,436	63,473,385

A) Net Current Tax Liability on Profit Basis:

Profit Before Tax	1,028,491,217	733,098,152
Less: Non-Operating Income	32,203,234	19,475,519
Net Operating Income Before Tax	996,287,983	713,622,633
Tax Rate on Net Operating Income Before Tax (as per NBR)	15.00%	15.00%
Tax Rate on Non-Operating Income (as per NBR)	22.50%	22.50%

Income Tax Liability on Operating Profit	149,443,197	107,043,395
Add: Tax Liability on Non-Operating Income	7,245,728	4,381,992
Total Tax Liability on Profit	156,688,925	111,425,387
Less: Deferred Tax Expenses (Income)	8,277,489	47,990,713
Net Current Tax Liability on Profit Basis	148,411,436	63,434,674

B) Tax Liability on Sales Revenue Basis:

i) Minimum Tax Rate on Sales Revenue Under ITO-1984	0.60%	0.60%
ii) Applicable For Textiles Business as Per NBR (0.60%/22.50%*15%)	0.40%	0.400%
Sales Revenue	7,202,721,684	11,924,704,664
Minimum Tax Amount on Sales Revenue	28,810,887	47,698,819

C) Advance Income Tax (Source Tax) Paid Under ITO-1984:	42,240,928	61,514,114
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Since the applicable tax on Profit before tax (Tk. 148,411,436) is higher than the source tax deducted under Income Tax Ordinance 1984 (Tk. 42,240,928) and minimum Tax on Revenue under ITO-1984 (Tk. 28,810,887), so the higher is provided as Tax Expense for the period ended December 31, 2021.

Calculation of Effective Tax Rate:

Current Income Tax Expenses	148,411,436	63,473,385
Deferred Tax Expenses/ (Income)	8,277,489	47,990,713
Total Tax Expenses	156,688,925	111,464,098
Effective Tax Rate (Total Tax Expenses / Profit Before Tax)	15.23%	15.20%

	July-21 to Dec'-21	July-20 to Dec'-20
14. Sales Revenue:		
Export Sale of Yarns	7,202,721,684	4,985,339,563
Tk.	7,202,721,684	4,985,339,563

During the period sales increased by BDT 221.74 (44.48%) crore due to incremental production under some BMRE investment and increased of sales price.

July-21 to Dec'-21**July-20 to Dec'-20****15. Cost of Goods Sold:**

This is arrived as follows:

Raw Materials Consumed	4,471,920,187	3,272,561,161
Factory Overhead (Note:15.01)	1,409,891,798	1,212,322,793
Cost of Goods Sold	Tk. 5,881,811,985	4,484,883,954

During the period Raw Material cost increased by BDT 119.94 (36.65%) crore due to increased of production quantity and increased cotton price in international market..

15.01. Factory Overhead:

Factory Wages, Salary & Allowances	471,040,026	397,837,738
Production Workers' Free Lunch	2,310,792	2,008,277
Fuel, Petrol, Light, Diesel etc.	41,734,711	37,384,394
Electricity, Gas & Water	394,742,556	350,703,361
Factory Consumable Expense	26,637,002	19,551,630
Repairs & Maintenance of Vehicles	7,908,456	7,718,253
Industrial All Risk Insurance Premium	8,181,384	7,699,293
Govt.Tax, VAT & License Fees	713,285	44,679
Security Services	9,812,761	11,013,551
Spare Parts - Machinery	113,559,454	93,799,891
Depreciation	328,582,285	281,106,195
Other Overhead	4,669,086	3,455,531
Total	Tk. 1,409,891,798	1,212,322,793

16. Administrative Overhead:

Salary and Allowances	66,843,230	57,450,536
Directors' Remuneration	27,626,250	24,000,000
Overseas Travelling	3,383,544	3,329,454
Vehicles Running & Maintenance	4,640,415	4,017,231
Fees & Subscription	2,778,080	3,235,402
Rental Expenses	7,382,258	7,557,258
Office Consumable Expense	653,894	688,719
Electricity, Gas & Water	1,705,713	1,618,957
Software & Hardware Support Expenses	832,120	790,510
Head Office Employees' Free Lunch	1,869,342	998,659
Annual General Meeting Expenses	517,538	539,168
Other Expenses	7,857,633	3,693,948
Total	Tk. 126,090,017	107,919,842

Directors' Remuneration is not included the Member Director of "Audit Committee" and "Nomination & Remuneration Committee"

17. Selling & Distribution Overhead:

This is arrived as follows:

Export Sale Expenses	8,573,027	5,534,574
Loading & unloading	2,369,804	2,469,656
Total	Tk. 10,942,831	8,004,230

	July-21 to Dec'-21	July-20 to Dec'-20
18. Finance Cost:		
Interest on Deferred LC Loan	29,624,385	35,202,002
Interest on Loan ag. Export Bill Discount	-	2,465,502
Interest on OD	49,237	116,398
Interest on Short Term Loan	14,605,555	54,526,667
Interest on Long Term Loan	91,885,130	10,912,497
Interest on Sister Concerns	-	103,320,867
Tk.	<u><u>136,164,307</u></u>	<u><u>206,543,933</u></u>

During the period Finance cost decreased by BDT 7.04 (-34.08%) crore due to received long term loan from bank in low finance cost.

19. Non-Operating Income:

Interest Income	22,962,382	2,423,677
Forfeited Provident Fund	-	27,593,156
Gain/Loss on Disposal of Assets	400,000	2,129,550
Forex Exchange Rate Fluctuation Gain/ (Loss)	8,840,852	- 4,816,905
Tk.	<u><u>32,203,234</u></u>	<u><u>27,329,478</u></u>

20. Key Management Personnel Compensation:

During the year, the amount of compensation paid to Key Management Personnel including Board of Directors is as under (As para 17 of IAS 24):

Short Term Employee Benefits	65,750,658	63,573,888
Post Employment Benefits	21,736,329	16,191,302
Other Long Term Benefits	-	-
Termination Benefits	-	-
Share Based Payment	-	-

	31-Dec-21	30-Jun-21
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21. Related Party Transaction:

During the year, the Company carried out a number of transactions with related parties in the normal course of business and on an arms' length basis. The name of related parties, nature of relationship and their total value have been set out in accordance with the provisions of IAS 24: Related Party Disclosure.

01. Transaction with Sqaure Pharma. Ltd. (SPL):

Opening Balance	-	(3,277,576,394)
Total Received	-	(1,269,870,456)
Total Paid	-	4,547,446,850
Closing Balance- Receivable/ (Payable)	Tk. -	-

02. Transaction with Square Texcom Ltd. (STCL):

Opening Balance	-	140,003,283
Total Paid	-	231,382,648
Total Received	-	(371,385,931)
Closing Balance- Receivable/ (Payable)	Tk. -	-

03. Transaction with Aegis Services Ltd. (ASL):

Opening Balance	-	-
Total Service Received	(10,126,698)	(25,249,654)
Total Paid	10,101,075	25,249,654
Closing Balance- Receivable/ (Payable)	Tk. (25,623)	-

	31-Dec-21	30-Jun-21
04. Transaction with Square Informatix Ltd. (SIL):		
Opening Balance	(76,188)	-
Total Service Received	(1,956,415)	(4,932,361)
Total Paid	1,931,263	4,856,173
Closing Balance- Receivable/ (Payable)	Tk. (101,340)	(76,188)
05. Transaction with Square Hospitals Ltd. (SHL):		
Opening Balance	-	(201,937)
Total Service Received	(1,151,175)	(2,165,249)
Total Paid	1,028,737	2,367,186
Closing Balance- Receivable/ (Payable)	Tk. (122,438)	-
06. Transaction with Square Fashions Ltd. (SFL):		
Opening Balance	421,918,019	330,135,734
Total Goods Delivered	780,934,659	1,137,177,863
Total Received	(739,571,036)	(1,045,395,578)
Closing Balance- Receivable/ (Payable)	Tk. 463,281,642	421,918,019
07. Transaction with Square Denims Ltd. (SDL):		
Opening Balance	375,470,516	157,466,237
Total Goods Delivered	536,795,032	834,624,758
Total Received	(518,703,426)	(616,620,479)
Closing Balance- Receivable/ (Payable)	Tk. 393,562,122	375,470,516
08. Transaction with Square Apparels Ltd. (SApL):		
Opening Balance	149,736,737	239,108,927
Total Goods Delivered	329,034,628	373,577,069
Total Received	(317,136,246)	(462,949,259)
Closing Balance- Receivable/ (Payable)	Tk. 161,635,119	149,736,737

July-21 to Dec'-21	July-20 to Dec'-20
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22. Contingent Liability:

Contingent Liability of the Company was 137.48 Crore as on December 31, 2021 for opening LCs by the banks in favour of foreign suppliers for raw materials and spares.

23. Event after Balance sheet date:

There is no significant event that qualify for reporting between the end of financial year closing date and financial statement issue date other than normal business activities.

24. Earnings Per Share (EPS):

The Computation is given below:

Earning attributable to Ordinary Shares including other income	Tk. 871,802,292	148,139,698
Number of Ordinary shares	197,252,000	197,252,000
Earnings Per Share	Tk. 4.42	0.75

During the period EPS increased by BDT 3.67 (489.33%) due to increased production and increased sales price of yarn.

	July-21 to Dec'-21	July-20 to Dec'-20
25. Net Asset Value (NAV) Per Share:		
The Computation is given below:		
Equity Attributable to the Owners of the Company	7,782,960,208	7,305,661,916
Number of Ordinary shares	197,252,000	197,252,000
Net Asset Value (NAV) Per Share	Tk. 39.46	37.04

26. Net Operating Cash flows per Share (NOCFPS):

The Computation is given below:

Net Cash Generated (Used in) from Operating Activities	886,490,036	1,009,967,520
Number of Ordinary shares	197,252,000	197,252,000
Net Operating Cash flows per Share (NOCFPS)	Tk. 4.49	5.12

27. Reconciliation of Net Profit with Cash Flows from Operating Activities:

The Computation is given below:

Profit After Tax	871,802,292	148,139,698
Adjustment to reconcile net profit to net cash provided by operating activities :		
Non-cash Expenses:	332,586,493	303,354,466
Depreciation	328,582,285	281,106,195
Deferred Tax	8,277,489	21,267,732
Net effect of foreign currency translation	(4,273,281)	980,539
Non-Operating Items:	(400,000)	99,010,587
Interest Expenses/ (Income) on Sister Company Loan	-	101,140,137
Gain/ (Loss) on Disposal of Assets	(400,000)	(2,129,550)
Changes in working Capital:	(317,498,749)	459,462,769
(Increase)/Decrease in Inventories	(410,123,812)	361,664,687
(Increase)/Decrease in Trade Receivable	(122,671,164)	105,779,133
(Increase)/Decrease in Advances, Deposits & Prepayments	(51,533,975)	(11,711,462)
Increase/(Decrease) in Creditors & Other Payables	38,479,580	(202,362,097)
Increase/(Decrease) in Liabilities for Others Finance	79,939,186	179,959,860
Increase/(Decrease) in Income Tax Payable	148,411,436	26,132,648
Net Cash Generated (Used in) from Operating Activities	886,490,036	1,009,967,520

28. 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.