

First Quarter
Financial Statement 2018-2019
(Unaudited)



SQUARE TEXTILES LIMITED
(Consolidated and Separate)

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Financial Position

As at September 30, 2018

| Particulars | 30-Sep-18 Taka | 30-Jun-18 Taka |
|---|-----------------------|-----------------------|
| ASSETS: | | |
| Non-Current Assets | 5,900,752,194 | 5,850,815,043 |
| Property, Plant & Equipment- Carrying Value | 5,233,013,470 | 4,369,283,667 |
| Capital Work In Progress | 611,454,964 | 1,425,247,616 |
| Goodwill | 56,283,760 | 56,283,760 |
| Current Assets | 5,666,767,808 | 5,708,002,400 |
| Inventories | 2,333,324,844 | 2,117,499,335 |
| Accounts Receivable | 2,474,560,308 | 2,537,386,382 |
| Advances, Deposits & Prepayments | 518,052,973 | 457,007,961 |
| Cash & Cash Equivalents | 340,829,683 | 596,108,722 |
| TOTAL ASSETS | 11,567,520,002 | 11,558,817,443 |
| SHAREHOLDERS' EQUITY & LIABILITIES: | | |
| Shareholders' Equity | 7,579,712,490 | 7,444,414,383 |
| Share Capital | 1,878,590,480 | 1,878,590,480 |
| Retained Earnings | 5,701,122,010 | 5,565,823,903 |
| Non controlling Interest | 24,479,467 | 23,924,714 |
| Non-Current Liabilities | | |
| Deferred Tax Liability | 232,127,648 | 222,054,637 |
| Current Liabilities & Provisions | 3,731,200,397 | 3,868,423,709 |
| Short Term Bank Loan (Secured) | 3,131,236,632 | 3,416,687,761 |
| Creditors & Others Payable | 113,340,558 | 131,402,995 |
| Liabilities for Other Finance | 122,078,172 | 136,623,950 |
| Short Term Loan | 168,035,358 | 1,385,741 |
| Provision for Income Tax | 196,509,677 | 182,323,262 |
| TOTAL SHAREHOLDERS' EQUITY & LIABILITIES | 11,567,520,002 | 11,558,817,443 |
| Net Asset Value Per Share (Restated) | 40.35 | 39.63 |

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 & It's Subsidiary

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the 1st Quarter Ended September 30, 2018

| Particulars | 3 Months (Amount inTk) | |
|---|--------------------------|--------------------------|
| | July to Sept. 2018-19 | July to Sept. 2017-18 |
| Sales Revenue | 2,387,707,839 | 2,055,832,745 |
| Cost of Goods Sold | 2,101,616,370 | 1,821,775,881 |
| Gross Profit | 286,091,469 | 234,056,864 |
| Administrative Overhead | 72,900,208 | 62,454,962 |
| Selling and Distribution Overhead | 4,016,560 | 1,598,763 |
| Profit from Operations | 209,174,701 | 170,003,139 |
| Finance Cost | 42,328,414 | 20,800,865 |
| Non-Operating Income | 1,271,613 | 357,322 |
| Profit Before W.P.P.F & W.F | 168,117,900 | 149,559,596 |
| Allocation for W.P.P.F & W.F | 8,005,614 | 7,121,886 |
| Profit Before Tax | 160,112,286 | 142,437,710 |
| Provision for Tax (Current) | 14,186,415 | 17,020,775 |
| Provision for Tax (Deferred) | 10,073,011 | 4,470,145 |
| Profit After Tax for The Period | 135,852,860 | 120,946,790 |
| Non-Controlling Interest | 554,753 | 541,288 |
| Net Income for the Period | 135,298,107 | 120,405,502 |
| Earnings Per Share (EPS)- Restated | 0.72 | 0.64 |

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 & It's Subsidiary

For the 1st Quarter Ended September 30, 2018

| Particulars | Share Capital | Retained Earnings | Total |
|---|----------------------|--------------------------|----------------------|
| Balance as at June 30, 2018 | 1,878,590,480 | 5,565,823,903 | 7,444,414,383 |
| Net Profit for the 1st Quarter Ended Sept. 30, 2018 | - | 135,298,107 | 135,298,107 |
| Balance As at September 30, 2018 | 1,878,590,480 | 5,701,122,010 | 7,579,712,490 |

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 the 1st Quarter Ended Sept. 30, 2017 | - | 120,405,502 | 120,405,502 |
| Balance As at September 30, 2017 | 1,789,133,790 | 5,676,457,370 | 7,465,591,160 |

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 Habibbuzzaman
Company Secretary

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Cash flows For the 1st Quarter Ended September 30, 2018

| Particulars | Amount (Tk) | |
|---|--------------------------|--------------------------|
| | July to Sept. 2018-19 | July to Sept. 2017-18 |
| Cash Flows from Operating Activities: | | |
| Receipts from Sales Revenue | 2,450,533,913 | 1,945,371,372 |
| Exchange Fluctuation Gain | 1,242,767 | 203,330 |
| Receipts from Other Income | 28,845 | 88,223 |
| Total Receipts | 2,451,805,525 | 1,945,662,925 |
| Payments to Suppliers | (1,712,996,277) | (1,335,096,720) |
| Paid for Operating & Non-operating Expenses | (647,448,971) | (542,356,655) |
| Interest Expenses Paid | (36,310,361) | (25,100,729) |
| Income Tax Paid | (19,220,226) | (16,744,967) |
| Total Payments | (2,415,975,835) | (1,919,299,071) |
| Net Cash Generated (Used in) from Operating Activities | 35,829,690 | 26,363,854 |
| Cash Flows from Investing Activities: | | |
| Sales (Purchase) of Property, Plant & Equipment | (171,667,109) | (349,675,830) |
| Net Cash Generated (Used in) from Investing Activities | (171,667,109) | (349,675,830) |
| Cash Flows from Financing Activities: | | |
| Short Term Bank Loan Received/ (Repaid) | (285,451,129) | (94,630,503) |
| Short Term Loan from/ (To) Sister Company | 166,009,509 | 70,187 |
| Net Cash Generated (Used in) from Financing Activities | (119,441,620) | (94,560,316) |
| Increase/ (Decrease) in Cash & Cash Equivalents | (255,279,039) | (417,872,292) |
| Opening Cash & Cash Equivalents | 596,108,722 | 862,921,763 |
| Closing Cash & Cash Equivalents | 340,829,683 | 445,049,471 |
| Net Operating Cash Flows Per Share(Restated) | 0.19 | 0.14 |

Sd/-
Samuel S Chowdhury
Chairman

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Ratna Parta
Vice Chairman

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Tapan Chowdhury
Managing Director

Sd/-
Md. Kabir Reza
Chief Financial Office

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE Textiles Limited

Statement of Financial Position As at September 30, 2018

| Particulars | 30-Sep-18 Taka | 30-Jun-18 Taka |
|---|----------------------|----------------------|
| ASSETS: | | |
| Non-Current Assets | 5,086,055,719 | 4,994,687,046 |
| Property, Plant & Equipment- Carrying Value | 3,908,926,775 | 3,001,819,096 |
| Capital Work In Progress | 592,795,065 | 1,408,534,071 |
| Investment - Long Term (At Cost) | 584,333,879 | 584,333,879 |
| Current Assets | 4,359,673,260 | 4,430,793,243 |
| Inventories | 1,642,143,890 | 1,478,552,169 |
| Accounts Receivable | 1,955,991,835 | 1,999,834,667 |
| Advances, Deposits & Prepayments | 450,391,020 | 391,186,509 |
| Short Term Loan | 108,046,216 | 123,843,099 |
| Cash & Cash Equivalents | 203,100,299 | 437,376,799 |
| TOTAL ASSETS | 9,445,728,979 | 9,425,480,289 |
| SHAREHOLDERS' EQUITY & LIABILITIES: | | |
| Shareholders' Equity | 5,481,260,455 | 5,386,033,532 |
| Share Capital | 1,878,590,480 | 1,878,590,480 |
| Retained Earnings | 3,602,669,975 | 3,507,443,052 |
| Non-Current Liabilities | 139,565,557 | 128,579,505 |
| Deferred Tax Liability | | |
| Current Liabilities & Provisions | 3,824,902,967 | 3,910,867,252 |
| Short Term Bank Loan (Secured) | 2,683,323,427 | 2,897,754,665 |
| Creditors & Others Payable | 80,996,555 | 79,467,584 |
| Liabilities for Other Finance | 108,761,704 | 116,974,941 |
| Short Term Loan | 853,788,006 | 724,638,161 |
| Provision for Income Tax | 98,033,275 | 92,031,901 |
| TOTAL SHAREHOLDERS' EQUITY & LIABILITIES | 9,445,728,979 | 9,425,480,289 |
| Net Asset Value Per Share (Restated) | 29.18 | 28.67 |

Sd/-
Samuel S Chowdhury
Chairman

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Ratna Parta
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

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Md. Kabir Reza
Chief Financial Office

Sd/-
Khandaker Habibbuzzaman
Company Secretary

SQUARE Textiles Limited

Statement of Profit or Loss and Other Comprehensive Income For the 1st Quarter Ended September 30, 2018

| Particulars | 3 Months (Amount inTk) | |
|--|--------------------------|--------------------------|
| | July to Sept. 2018-19 | July to Sept. 2017-18 |
| Sales Revenue | 1,736,144,381 | 1,366,030,876 |
| Cost of Goods Sold | 1,522,206,298 | 1,206,471,990 |
| Gross Profit | 213,938,083 | 159,558,886 |
| Administrative Overhead | 58,574,962 | 51,382,761 |
| Selling and Distribution Overhead | 2,753,062 | 992,990 |
| Profit from Operations | 152,610,059 | 107,183,135 |
| Finance Cost | 36,337,729 | 15,053,167 |
| Non-Operating Income | 1,552,736 | 1,087,880 |
| Profit Before W.P.P.F & W.F | 117,825,066 | 93,217,848 |
| Allocation for W.P.P.F & W.F | 5,610,717 | 4,438,945 |
| Profit Before Tax | 112,214,349 | 88,778,903 |
| Provision for Tax (Current) | 6,001,374 | 8,168,075 |
| Provision for Tax (Deferred) | 10,986,052 | 5,257,548 |
| Profit After Tax for The Period | 95,226,923 | 75,353,280 |

| | | |
|---|-------------|-------------|
| Earnings Per Share (EPS)- Restated | 0.51 | 0.40 |
|---|-------------|-------------|

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

Statement of Changes in Equity For the 1st Quarter Ended September 30, 2018

| Particulars | Share Capital | Retained Earnings | Total |
|---|----------------------|----------------------|----------------------|
| Balance as at June 30, 2018 | 1,878,590,480 | 3,507,443,052 | 5,386,033,532 |
| Net Profit for the 1st Quarter Ended Sept. 30, 2018 | - | 95,226,923 | 95,226,923 |
| Balance As at September 30, 2018 | 1,878,590,480 | 3,602,669,975 | 5,481,260,455 |

Statement of Changes in Equity 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 the 1st Quarter Ended Sept. 30, 2017 | - | 75,353,280 | 75,353,280 |
| Balance As at September 30, 2017 | 1,789,133,790 | 3,739,165,852 | 5,528,299,642 |

Sd/-
Samuel S Chowdhury
Chairman

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Ratna Parta
Vice Chairman

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Managing Director

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Md. Kabir Reza
Chief Financial Office

Sd/-
Khandaker Habibbuzzaman
Company Secretary

SQUARE Textiles Limited

Statement of Cash flows For the 1st Quarter Ended September 30, 2018

| Particulars | Amount (Tk) | |
|---|--------------------------|--------------------------|
| | July to Sept. 2018-19 | July to Sept. 2017-18 |
| Cash Flows from Operating Activities: | | |
| Receipts from Sales Revenue | 1,779,987,213 | 1,414,923,857 |
| Exchange Fluctuation Gain | 736,308 | 203,330 |
| Receipts from Other Income | 27,464 | 5,839 |
| Total Receipts | 1,780,750,985 | 1,415,133,026 |
| Payments to Suppliers | (1,236,372,946) | (723,815,968) |
| Paid for Operating & Non-operating Expenses | (494,689,300) | (405,109,313) |
| Interest Expenses Paid | (30,525,994) | (20,037,965) |
| Income Tax Paid | (14,081,588) | (10,430,590) |
| Total Payments | (1,775,669,828) | (1,159,393,836) |
| Net Cash Generated (Used in) from Operating Activities | 5,081,157 | 255,739,190 |
| Cash Flows from Investing Activities: | | |
| Sales (Purchase) of Property, Plant & Equipment | (169,656,755) | (345,397,898) |
| Net Cash Generated (Used in) from Investing Activities | (169,656,755) | (345,397,898) |
| Cash Flows from Financing Activities: | | |
| Short Term Bank Loan Received/ (Repaid) | (214,431,238) | (90,537,061) |
| Short Term Loan from/ (To) Sister Company | 144,730,336 | 53,365,583 |
| Net Cash Generated (Used in) from Financing Activities | (69,700,902) | (37,171,478) |
| Increase/ (Decrease) in Cash & Cash Equivalents | (234,276,500) | (126,830,186) |
| Opening Cash & Cash Equivalents | 437,376,799 | 373,083,455 |
| Closing Cash & Cash Equivalents | 203,100,299 | 246,253,269 |
| Net Operating Cash flows per Share (Restated) | 0.03 | 1.36 |

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 ITS SUBSIDIARIES

Notes to the Interim Financial Statements For the First Quarter ended September 30, 2018

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, 2018 (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, 2018, 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: -

| | |
|----------------------------|----------------|
| ➤ Plant & Machinery | Tk. 7.01 Crore |
| ➤ Capital Work-In-Progress | Tk. 9.43 Crore |
| ➤ Other Assets | Tk. 0.53 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. 1.00 Crore for the adjustable temporary difference up to September 30, 2018.

Dividend recommended for the year ended June 30, 2018 @ 20% cash and 5% stock (5 shares for every 100 shares) by the Board of Directors in its meeting held on 21st October 2018 subject to the approval of the shareholders in ensuing Annual General Meeting to be held on December 20, 2018.

The Company has no reportable operating segments as per requirement of IFRS-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. (16.80) crore |
| ➤ Square Yarns Ltd. | Tk. (68.58) crore |
| ➤ Square Texcom Ltd. | Tk. 10.80 crore |
| ➤ Square InformatiX Ltd. | Tk. 0.00 |
| ➤ AEGIS Services Ltd. | Tk. 0.00 |
| ➤ Square Hospitals Ltd. | Tk. 0.00 |

The contingent liabilities of the company as on September 30, 2018 were as follows;

For Sight and Deferred LCs for the group Tk. 114.27 crore only. Out of which Tk. 93.48 crore for Square Textiles Limited, Tk. 6.43 crore only for Square Yarns Limited and Tk. 14.36 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 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.16.36 crore.