

Second Quarter
Financial Statement 2019-2020
(Unaudited)



SQUARE TEXTILES LIMITED
(Consolidated and Standalone)

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Financial Position (Unaudited)

As at December 31, 2019

Particulars	Notes	31-Dec-19 Taka	30-Jun-19 Taka
ASSETS:			
Non-Current Assets		7,215,966,352	6,794,125,077
Property, Plant & Equipment- Carrying Value	02	5,849,137,843	6,013,100,252
Capital Work In Progress	02.01	1,310,544,749	724,741,065
Goodwill		56,283,760	56,283,760
Current Assets		6,805,073,036	6,834,205,533
Inventories	03	2,849,647,114	3,108,769,448
Accounts Receivable	04	3,370,861,234	3,254,869,758
Advances, Deposits & Prepayments	05	340,957,577	289,933,615
Cash & Cash Equivalents	06	243,607,111	180,632,712
TOTAL ASSETS		14,021,039,388	13,628,330,610
SHAREHOLDERS' EQUITY & LIABILITIES:			
Shareholders' Equity		7,269,266,148	7,498,757,447
Share Capital		1,972,520,000	1,972,520,000
Retained Earnings		5,296,746,148	5,526,237,447
Non controlling Interest	07	15,337,122	14,938,707
Non-Current Liabilities			
Deferred Tax Liability	08	286,934,300	279,327,185
Current Liabilities & Provisions		6,449,501,818	5,835,307,271
Short Term Bank Loan (Secured)	09	3,410,221,978	3,370,859,633
Creditors & Other Payables	10	135,673,662	71,576,651
Liabilities for Others Finance	11	514,641,193	145,174,138
Short Term Loan	12	2,269,138,230	2,168,788,505
Provision for Income Tax	13	119,826,755	78,908,344
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		14,021,039,388	13,628,330,610
Net Asset Value Per Share (Restated)	19.01	36.85	38.02

Attached notes form parts of these Financial Statements.

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, 2019

Particulars	Note	Half Yearly (Amount inTk)		2nd Quarter (Amount inTk)	
		July to Dec 2019-20	July to Dec 2018-19	Oct. to Dec. 2019-20	Oct. to Dec. 2018-19
Sales Revenue	14	5,346,847,570	4,752,967,025	2,792,421,021	2,365,259,186
Cost of Goods Sold	15	4,795,554,540	4,230,710,563	2,526,773,421	2,129,094,193
Gross Profit		551,293,030	522,256,462	265,647,600	236,164,993
Administrative Overhead	16	135,624,126	124,282,049	66,679,154	51,381,841
Selling and Distribution Overhead	17	9,070,544	7,179,825	4,654,089	3,163,265
Profit from Operations		406,598,360	390,794,588	194,314,357	181,619,887
Finance Cost	18	187,189,843	105,356,706	92,967,963	63,028,292
Non-Operating Income		5,224,957	2,950,554	3,953,965	1,678,941
Profit Before W.P.P.F & W.F		224,633,474	288,388,436	105,300,359	120,270,536
Allocation for W.P.P.F & W.F		10,696,832	13,732,782	5,014,303	5,727,168
Profit Before Tax		213,936,642	274,655,654	100,286,056	114,543,368
Provision for Tax (Current)		40,918,411	19,086,116	11,491,512	4,899,701
Provision for Tax (Deferred)		7,607,115	22,814,977	3,950,503	12,741,966
Profit After Tax for The Period		165,411,116	232,754,561	84,844,041	96,901,701
Non-Controlling Interest		398,415	1,078,038	171,818	523,285
Net Income for the Period		165,012,701	231,676,523	84,672,223	96,378,416

(Transferred to the Statement of Changes in Equity)

Earnings Per Share (EPS)- Restated	19	0.84	1.17	0.43	0.49
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Attached notes form parts of these Financial Statements.

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SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Changes in Equity (Unaudited) For the 2nd Quarter Ended December 31, 2019

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2019	1,972,520,000	5,526,237,447	7,498,757,447
Net Profit For the 2nd Quarter Ended December 31, 2019	-	165,012,701	165,012,701
Cash Dividend for 2018-19	-	(394,504,000)	(394,504,000)
Stock Dividend for 2018-19	-	-	-
Balance As at December 31, 2019	1,972,520,000	5,296,746,148	7,269,266,148

Consolidated Statement of Changes in Equity (Unaudited) For the 2nd Quarter Ended December 31, 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 2nd Quarter Ended December 31, 2018	-	231,676,523	231,676,523
Adjustment of Non controlling Interest	-	-	-
Cash Dividend for 2017-18	-	(375,718,096)	(375,718,096)
Stock Dividend for 2017-18	93,929,520	(93,929,520)	-
Balance As at December 31, 2018	1,972,520,000	5,327,852,810	7,300,372,810

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SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Cash flows (Unaudited) For the 2nd Quarter Ended December 31, 2019

Particulars	Amount (Tk)	
	July to December 2019-20	July to December 2018-19
Cash Flows from Operating Activities:		
Receipts from Sales Revenue	5,230,856,094	4,509,074,325
Exchange Fluctuation Gain (Realization from Transection)	3,841,840	1,037,700
Receipts from Other Income	276,000	1,288,668
Total Receipts	5,234,973,934	4,511,400,693
Payments to Suppliers	(3,268,039,268)	(3,847,555,207)
Paid for Operating & Non-operating Expenses	(1,107,649,146)	(1,051,595,583)
Interest Expenses Paid	(97,422,405)	(72,147,397)
Income Tax Paid	(57,806,793)	(27,417,825)
Total Payments	(4,530,917,612)	(4,998,716,012)
Net Cash Generated (Used in) from Operating Activities	704,056,322	(487,315,319)
Cash Flows from Investing Activities:		
Sales (Purchase) of Property, Plant & Equipment	(706,787,305)	(382,849,587)
Net Cash Generated (Used in) from Investing Activities	(706,787,305)	(382,849,587)
Cash Flows from Financing Activities:		
Short Term Bank Loan Received/ (Repaid)	39,362,345	145,518,424
Short Term Loan from/ (To) Sister Company	25,235,921	489,679,277
Net Cash Generated (Used in) from Financing Activities	64,598,266	635,197,701
Increase/ (Decrease) in Cash & Cash Equivalents	61,867,283	(234,967,205)
Net effect of foreign currency translation	1,107,116	624,186
Opening Cash & Cash Equivalents	180,632,712	596,108,722
Closing Cash & Cash Equivalents	243,607,111	361,765,703
Net Operating Cash Flows Per Share (Restated)	3.57	(2.47)

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SQUARE TEXTILES LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements (Unaudited) For The 2nd Quarter Ended December 31, 2019

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, 2019 (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, 2019, 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 even 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.

	31-Dec-19	30-Jun-19
02. Consolidated Property, Plant & Equipment: Tk.	5,849,137,843	
Details of Property, Plant & Equipment and Depreciation as at September 30, 2019 are as below:		
Fixed Assets at Cost		
Opening Balance	10,742,926,989	6,988,106,707
Addition of SYL before Merger	-	1,825,727,192
Addition during the Year	129,527,412	2,159,615,521
Sale/ Obsolete during the Year	(19,924,750)	(230,522,431)
Closing Balance(Cost)	10,852,529,651	10,742,926,989
Accumulated Depreciation		
Opening Balance	4,729,826,737	3,295,695,493
Charged of SYL before Merger	-	1,205,388,269
Charged during the Year	284,946,029	443,966,003
Adjustment for sale/Obsolete	(11,380,958)	(215,223,028)
	5,003,391,808	4,729,826,737
Carrying Value	Tk. 5,849,137,843	6,013,100,252
02.01. Capital Work In Progress: Tk.	1,310,544,749	
Capital Work In Progress	Tk. 1,310,544,749	724,741,065
	1,310,544,749	724,741,065

The amount of Capital Work In Progress includes cost of Fiber Dying project at Habiganj, R&D Project and some BMRE activities.

	31-Dec-19	30-Jun-19
03. Consolidated Inventories: Tk.	2,849,647,114	
Stocks of Raw Materials	2,571,791,926	2,860,338,753
Raw Materials	2,216,074,287	2,345,843,023
Raw Materials In Transit	77,839,174	125,670,959
Packing Materials	18,295,840	19,545,342
Work - in - process	113,047,297	158,585,990
Finished Goods	146,535,328	210,693,439
Stocks of Spares	277,855,188	248,430,695
Spares at Store	259,358,602	241,210,310
Spares in Transit	18,496,586	7,220,385
Tk.	2,849,647,114	3,108,769,448
04. Consolidated Accounts Receivable: Tk.	3,370,861,234	
Aging of the above balance is as follows:		
Below 60 days	1,609,695,592	1,510,695,509
Within 61-120 days	1,291,203,061	1,269,408,592
Above 120 days	469,962,581	474,765,657
Tk.	3,370,861,234	3,254,869,758
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) Accounts Receivable is secured, considered as good and is falling due within one year. Classification schedule as required by Schedule XI of Companies Act 1994.		
05. Consolidated Advances,Deposits & Prepayments:Tk.	340,957,577	
This is made up of the followings:		
Advance	223,087,718	207,243,631
Income Tax	106,378,688	48,571,895
Salary & PF Current account	827,000	1,184,000
Other Expenses	15,434,037	22,817,327
Suppliers & Contractor	100,447,993	134,670,409
Deposits	117,869,859	82,689,984
Security Deposit	105,948,427	73,803,648
Margin on Bank Guarantee	11,921,432	8,886,336
Tk.	340,957,577	289,933,615
06. Consolidated Cash & Cash Equivalents: Tk.	243,607,111	
This is made up of the followings:		
Cash in hand	7,897,753	5,885,341
Cash at Bank	235,709,358	174,747,371
Tk.	243,607,111	180,632,712
07. Non Controlling Interest:Tk.	15,337,122	
5,000 shares of Tk 100 at par of Square Texcom Ltd.	500,000	500,000
Shares of Accumulated Profit	14,837,122	14,438,707
	15,337,122	14,938,707

	31-Dec-19	30-Jun-19
08. Consolidated Deferred Tax Liability: Tk.	286,934,300	
Opening Balance	279,327,185	222,054,637
Deferred tax Liabilities	7,607,115	57,272,548
Closing Balance	Tk. 286,934,300	279,327,185

This represents tax liability payable in future due to accumulated taxable temporary differences (Above deferred tax balance create only from difference between accounting basis depreciation and tax basis depreciation on fixed assets).

a) Deferred Tax Liability is arrived at as follows:

Carrying Value of Depreciable Fixed Assets	5,131,310,462	5,332,662,371
Less: Tax Base Carrying Value	(3,218,415,127)	(3,470,481,142)
Taxable Temporary Difference	1,912,895,335	1,862,181,229
Tax Rate	15.00%	15.00%
Closing Deferred Tax Liability	286,934,300	279,327,185
Less: Opening Deferred Tax Liability	(279,327,185)	(222,054,637)
Deferred Tax (Income) / Expense	7,607,115	57,272,548

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.

09. Consolidated Short Term Bank Loan (Secured): Tk.	3,410,221,978	
Bank Overdraft	4,234,167	72,936
Revolving Loan	800,000,000	800,000,000
Loan ag. Export Bill Discount	318,731,651	616,960,527
Deferred LC Loan	2,287,256,160	1,953,826,170
Tk.	3,410,221,978	3,370,859,633

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

10. Consolidated Creditors & Others Payable: Tk.	135,673,662	
Creditors & Others Payable	135,673,662	71,576,651
	135,673,662	71,576,651

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.

11. Consolidated Liabilities for Other Finance: Tk.	514,641,193	
Retention Money	305,299	305,299
WPPF & Other Fund	10,696,832	23,608,002
Provision for Gratuity	34,989,040	34,989,040
Others	468,650,022	86,271,797
Tk.	514,641,193	145,174,138

Due to provision of cash dividend of Tk.394,504,000 for the year of 2018-19, Liabilities for Other Finance shown higher balance compared to previous period.

12. Consolidated Short Term Loan: Tk.	(2,269,138,230)	
Loan To (From) Sqaure Pharma. Ltd.	(2,269,138,230)	(2,168,788,505)
Short Term Loan Received	Tk. (2,269,138,230)	(2,168,788,505)

13. Consolidated Provision for Income Tax: Tk.	119,826,755	
Opening Balance	78,908,344	182,323,262
Adjustment with Advance Tax	-	(163,311,686)
Current Year Provision	40,918,411	59,896,768
Closing Balance	Tk. 119,826,755	78,908,344

Total Tax Expense (Current Tax) Shown in its income Statement as per source tax deducted under some clauses of section 53 of Income Tax Ordinance 1984 as it is not eligible for tax rebate or refund under section 82(C) and which should be treated as final discharge of tax expense. Therefore, this Tax expense is not uniform with the computation of Tax on the Taxable profit presented in the unaudited statement of Profit or Loss and Other Comprehensive Income.

	July-Dec. 2019	July-Dec. 2018
14. Consolidated Sales Revenue: Tk.	5,346,847,570	
Export Sale of Yarns	5,346,847,570	4,752,967,025
Tk.	5,346,847,570	4,752,967,025

During the period sales increased by BDT 59.39 (12.49%) crore due to incremental production in Vortex project at Habiganj.

15. Consolidated Cost of Goods Sold: Tk.	4,795,554,540	
Raw Materials Consumed	3,593,903,698	3,076,934,270
Factory Overhead (Note: 15.01)	1,201,650,842	1,153,776,293
Cost of Goods Sold	4,795,554,540	4,230,710,563

During the period Raw Material cost increased by BDT 51.70 (16.80%) crore due to incremental production as well as increase of cotton price in international market.

15.01. Factory Overhead: Tk.	1,201,650,842	
Factory Wages, Salary & Allowances	413,384,791	390,003,980
Production Workers' Free Lunch	2,196,993	2,245,932
Fuel, Petrol, Light, Diesel etc.	21,703,092	35,257,230
Electricity, Gas & Water	324,651,647	344,406,171
Factory Consumable Expense	24,985,653	24,061,178
Repairs & Maintenance of Vehicles	8,496,543	9,535,196
Industrial All Risk Insurance Premium	9,609,092	9,232,796
Govt. Tax, VAT & License Fees	369,452	477,523
Security Services	12,499,566	9,021,218
Spare Parts - Machinery	93,644,680	83,536,419
Depreciation	284,946,029	242,078,555
Other Overhead	5,163,304	3,920,095
Total	1,201,650,842	1,153,776,293

16. Consolidated Administrative Overhead: Tk.	135,624,126	
Salary and Allowances	59,194,872	62,335,839
Directors' Remuneration	21,557,478	20,609,778
Overseas Travelling	32,777,033	13,687,606
Vehicles Running & Maintenance	4,339,792	6,388,083
Fees & Subscription	2,795,241	6,454,666
Rental Expenses	5,560,065	6,505,806
Office Consumable Expense	693,578	1,364,015
Electricity, Gas & Water	1,498,796	1,704,961
Software & Hardware Support Expenses	1,116,059	898,249
Head Office Employees' Free Lunch	1,177,887	694,448
Annual General Meeting Expenses	237,379	93,495
Other Expenses	4,675,946	3,545,103
Total	135,624,126	124,282,049

17. Consolidated Selling & Distribution Overhead: Tk.	9,070,544	
Export Sale Expenses	7,383,315	5,034,591
Loading & unloading	1,687,229	2,145,234
Total	9,070,544	7,179,825

	July-Dec. 2019	July-Dec. 2018
18. Finance Cost: Tk.	187,189,843	
Interest on Short Term Loan	187,189,843	105,356,706
Tk.	187,189,843	105,356,706

During the period Finance cost increased by BDT 8.18 (77.67%) crore due to Investment for new VORTEX Yarn project at Habiganj by around BDT 190 crore.

19. Earnings Per Share (EPS):

The Computation is given below:

Earning attributable to Ordinary Shares including other income	165,012,701	231,676,523
Number of Ordinary shares	197,252,000	197,252,000
Earnings Per Share	Tk. 0.84	1.17

During the period EPS decreased by BDT 0.33 (28.21%) due to increase of Finance Cost as well as increase of Cotton price in international market.

19.01. Net Asset Value (NAV) Per Share:

The Computation is given below:

Equity Attributable to the Owners of the Company	Tk. 7,269,266,148	7,498,757,447
Number of Ordinary shares	197,252,000	197,252,000
Net Asset Value (NAV) Per Share	Tk. 36.85	38.02

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

The Computation is given below:

Net Cash Generated (Used in) from Operating	Tk. 704,056,322	(487,315,319)
Number of Ordinary shares	197,252,000	197,252,000
Net Operating Cash flows per Share (NOCFPS)	Tk. 3.57	(2.47)

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

The Computation is given below:

Profit After Tax	165,411,116	232,754,561
Adjustment to reconcile net profit to net cash provided by operating activities :		
Non-cash Expenses:	292,553,144	264,893,532
Depreciation	284,946,029	242,078,555
Deferred Tax	7,607,115	22,814,977
Non-Operating Items:	74,006,689	3,164,264
Interest Expenses/ (Income) on Sister Company Loan	75,113,805	3,788,450
Net effect of foreign currency translation	(1,107,116)	(624,186)
Changes in working Capital:	172,085,373	(988,127,676)
(Increase)/Decrease in Inventories	259,122,334	(777,135,667)
(Increase)/Decrease in Accounts Receivable	(115,991,476)	(243,892,700)
(Increase)/Decrease in Advances, Deposits & Prepayments	(51,023,962)	(14,482,574)
Increase/(Decrease) in Creditors & Other Payables	64,097,011	13,463,622
Increase/(Decrease) in Liabilities for Others Finance	(25,036,945)	14,833,527
Increase/(Decrease) in Income Tax Payable	40,918,411	19,086,116
Net Cash Generated (Used in) from Operating Activities	704,056,322	(487,315,319)

20. 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, 2019

Particulars	Notes	31-Dec-19 Taka	30-Jun-19 Taka
ASSETS:			
Non-Current Assets		6,959,847,220	6,557,711,203
Property, Plant & Equipment- Carrying Value	02	5,180,075,101	5,374,733,212
Capital Work In Progress	02.01	1,290,438,240	693,644,112
Investment - Long Term (At Cost)		489,333,879	489,333,879
Current Assets		6,403,299,714	6,396,837,207
Inventories	03	2,589,938,614	2,821,819,716
Accounts Receivable	04	3,122,984,283	2,993,583,494
Advances, Deposits & Prepayments	05	313,188,184	264,470,342
Short Term Loan	06	170,232,468	161,617,019
Cash & Cash Equivalents	07	206,956,165	155,346,636
TOTAL ASSETS		13,363,146,934	12,954,548,410
SHAREHOLDERS' EQUITY & LIABILITIES:			
Shareholders' Equity		6,987,360,837	7,224,422,027
Share Capital		1,972,520,000	1,972,520,000
Retained Earnings		5,014,840,837	5,251,902,027
Non-Current Liabilities			
Deferred Tax Liability	08	242,694,202	235,701,174
Current Liabilities & Provisions		6,133,091,895	5,494,425,209
Short Term Bank Loan (Secured)	09	3,127,728,642	3,055,112,511
Creditors & Other Payables	10	124,006,049	64,229,574
Liabilities for Others Finance	11	504,266,248	135,543,502
Short Term Loan	12	2,269,138,230	2,168,788,505
Provision for Income Tax	13	107,952,726	70,751,117
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		13,363,146,934	12,954,548,410
Net Asset Value Per Share (Restated)	24.01	35.42	36.63

Attached notes form parts of these Financial Statements.

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, 2019

Particulars	Note	Half Yearly (Amount inTk)		2nd Quarter (Amount inTk)	
		July to Dec 2019-20	July to Dec 2018-19	Oct. to Dec. 2019-20	Oct. to Dec. 2018-19
Sales Revenue	14	4,905,333,428	3,589,548,063	2,565,611,881	1,853,403,682
Cost of Goods Sold	15	4,394,449,858	3,205,177,348	2,317,346,050	1,682,971,050
Gross Profit		510,883,570	384,370,715	248,265,831	170,432,632
Administrative Overhead	16	121,231,187	100,953,807	60,262,374	42,378,845
Selling and Distribution Overhead	17	7,496,222	5,222,191	3,835,856	2,469,129
Profit from Operations		382,156,161	278,194,717	184,167,601	125,584,658
Finance Cost	18	178,344,205	90,945,768	89,039,566	54,608,039
Non-Operating Income	19	7,907,363	3,489,397	5,408,708	1,936,661
Profit Before W.P.P.F & W.F		211,719,319	190,738,346	100,536,743	72,913,280
Allocation for W.P.P.F & W.F		10,081,872	9,082,778	4,787,464	3,472,061
Profit Before Tax		201,637,447	181,655,568	95,749,279	69,441,219
Provision for Tax (Current)		37,201,609	1,981,216	10,826,592	(4,020,158)
Provision for Tax (Deferred)		6,993,028	25,616,059	3,515,012	14,630,007
Profit After Tax for The Period		157,442,810	154,058,293	81,407,675	58,831,370

(Transferred to the Statement of Changes in Equity)

Earnings Per Share (EPS)- Restated	24	0.80	0.78	0.41	0.30
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Attached notes form parts of these Financial Statements.

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 Changes in Equity (Unaudited) For the 2nd Quarter Ended December 31, 2019

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2019	1,972,520,000	5,251,902,027	7,224,422,027
Net Profit For the 2nd Quarter Ended December 31, 2019	-	157,442,810	157,442,810
Cash Dividend for 2018-19	-	(394,504,000)	(394,504,000)
Stock Dividend for 2018-19	-	-	-
Balance As at December 31, 2019	1,972,520,000	5,014,840,837	6,987,360,837

Statement of Changes in Equity (Unaudited) For the 2nd Quarter Ended December 31, 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 2nd Quarter Ended December 31, 2018	-	154,058,293	154,058,293
Cash Dividend for 2017-18	-	(375,718,096)	(375,718,096)
Stock Dividend for 2017-18	93,929,520	(93,929,520)	-
Balance As at December 31, 2018	1,972,520,000	3,191,853,729	5,164,373,729

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 Cash flows (Unaudited) For the 2nd Quarter Ended December 31, 2019

Particulars	Amount (Tk)	
	July to December 2019-20	July to December 2018-19
Cash Flows from Operating Activities:		
Receipts from Sales Revenue	4,775,932,639	3,290,573,713
Exchange Fluctuation Gain (Realization from Transection)	3,374,300	518,638
Receipts from Other Income	232,693	593,523
Total Receipts	4,779,539,632	3,291,685,874
Payments to Suppliers	(3,026,465,673)	(3,040,493,191)
Paid for Operating & Non-operating Expenses	(992,449,670)	(778,762,926)
Interest Expenses Paid	(90,518,587)	(59,597,270)
Income Tax Paid	(53,894,113)	(20,383,016)
Total Payments	(4,163,328,043)	(3,899,236,403)
Net Cash Generated (Used in) from Operating Activities	616,211,589	(607,550,529)
Cash Flows from Investing Activities:		
Sales (Purchase) of Property, Plant & Equipment	(658,139,033)	(379,820,882)
Net Cash Generated (Used in) from Investing Activities	(658,139,033)	(379,820,882)
Cash Flows from Financing Activities:		
Short Term Bank Loan Received/ (Repaid)	72,616,131	220,406,615
Short Term Loan from/ (To) Sister Company	19,904,738	581,645,347
Net Cash Generated (Used in) from Financing Activities	92,520,869	802,051,962
Increase/ (Decrease) in Cash & Cash Equivalents	50,593,425	(185,319,449)
Net effect of foreign currency translation	1,016,104	432,024
Opening Cash & Cash Equivalents	155,346,636	437,376,799
Closing Cash & Cash Equivalents	206,956,165	252,489,374
Net Operating Cash flows per Share (Restated)	3.12	(3.08)

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

Notes to the Interim Financial Statements (Unaudited) For The 2nd Quarter Ended December 31, 2019

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, 2019 (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, 2019, 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-19	30-Jun-19
02. Property, Plant & Equipment: Tk.	5,180,075,101		
'Details of Property, Plant & Equipment and Depreciation as at September 30, 2019 are as below:			
Fixed Assets at Cost			
Opening Balance	9,744,255,806	5,985,889,409	
Balance of SYL after Merger	-	1,825,727,192	
Addition during the Year	64,226,440	2,142,853,713	
Sale/ Obsolete during the Year	(9,300,000)	(210,214,508)	
Closing Balance(Cost)	9,799,182,246	9,744,255,806	
Accumulated Depreciation			
Opening Balance	4,369,522,594	2,984,070,313	
Balance of SYL after Merger	-	1,205,388,269	
Charged during the Year	256,003,016	385,899,069	
Adjustment for sale/Obsolete	(6,418,465)	(205,835,057)	
	4,619,107,145	4,369,522,594	
Carrying Value	Tk. 5,180,075,101	5,374,733,212	
02.01. Capital Work In Progress: Tk.	1,290,438,240		
Capital Work In Progress	1,290,438,240	693,644,112	
	Tk. 1,290,438,240	693,644,112	

The amount of Capital Work In Progress includes cost of Fyber Dying project at Habiganj, R&D Project and some BMRE activities.

	31-Dec-19	30-Jun-19
03. Inventories: Tk.	2,589,938,614	
Stocks of Raw Materials	2,330,687,221	2,587,607,181
Raw Materials	2,011,279,590	2,157,356,247
Raw Materials In Transit	73,090,424	95,897,741
Packing Materials	16,218,161	17,022,366
Work - in - process	95,541,100	118,430,636
Finished Goods	134,557,946	198,900,191
Stocks of Spares	259,251,393	234,212,535
Spares at Store	242,924,567	227,623,673
Spares in Transit	16,326,826	6,588,862
Tk.	2,589,938,614	2,821,819,716

04. Accounts Receivable: Tk.	3,122,984,283	
Aging of the above balance is as follows:		
Below 60 days	1,487,231,808	1,384,809,142
Within 61-120 days	1,209,750,766	1,181,647,848
Above 120 days	426,001,709	427,126,504
Tk.	3,122,984,283	2,993,583,494

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) Accounts Receivable is secured, considered as good and is falling due within one year. Classification schedule as required by Schedule XI of Companies Act 1994.

05. Advances, Deposits & Prepayments: Tk.	313,188,184	
This is made up of the followings:		
Advance	206,823,843	193,246,899
Income Tax	97,531,604	43,637,491
Salary & PF Current account	821,000	1,181,000
Other Expenses	11,630,307	17,173,605
Suppliers & Contractor	96,840,932	131,254,803
Deposits	106,364,341	71,223,443
Security Deposit	95,272,362	63,127,583
Margin on Bank Guarantee	11,091,979	8,095,860
Tk.	313,188,184	264,470,342

06. Short Term Loan (Unsecured): Tk.	170,232,468	
Loan To (From) Square Texcom Ltd.	170,232,468	161,617,019
Short Term Loan Given	Tk. 170,232,468	161,617,019

07. Cash & Cash Equivalents: Tk.	206,956,165	
This is made up of the followings:		
Cash in hand	6,207,699	4,717,640
Cash at Bank	200,748,466	150,628,996
Tk.	206,956,165	155,346,636

	31-Dec-19	30-Jun-19
08. Deferred Tax Liability: Tk.	242,694,202	
Opening Balance	235,701,174	128,579,505
Deferred tax Liabilities of SYL after Merger	-	53,533,688
Deferred tax Liabilities	6,993,028	53,587,981
Closing Balance	Tk. 242,694,202	235,701,174

This represents tax liability payable in future due to accumulated taxable temporary differences (Above deferred tax balance create only from difference between accounting basis depreciation and tax basis depreciation on fixed

a) Deferred Tax Liability is arrived at as follows:

Carrying Value of Depreciable Fixed Assets	4,502,176,584	4,734,224,195
Less: Tax Base Carrying Value	(2,884,215,235)	(3,162,883,038)
Taxable Temporary Difference	1,617,961,349	1,571,341,157
Tax Rate	15.00%	15.00%
Closing Deferred Tax Liability	242,694,202	235,701,174
Less: Opening Deferred Tax Liability	(235,701,174)	(128,579,505)
Less: Deferred tax Liabilities of SYL after Merger	-	(53,533,688)
Deferred Tax (Income) / Expense	6,993,028	53,587,981

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.

09. Short Term Bank Loan (Secured): Tk.	3,127,728,642	
Bank Overdraft	4,234,167	15,264
Revolving Loan	800,000,000	800,000,000
Loan ag. Export Bill Discount	318,731,651	616,960,527
Deferred LC Loan	2,004,762,824	1,638,136,720
Tk.	3,127,728,642	3,055,112,511

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

10. Creditors & Others Payable: Tk.	124,006,049	
Creditors & Others Payable	124,006,049	64,229,574
	124,006,049	64,229,574

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.

11. Liabilities for Other Finance: Tk.	504,266,248	
Retention Money	238,218	238,218
WPPF & Other Fund	10,081,872	21,795,531
Provision for Gratuity	30,026,145	30,026,145
Others	463,920,013	83,483,608
Tk.	504,266,248	135,543,502

Due to provision of cash dividend of Tk.394,504,000 for the year of 2018-19, Liabilities for Other Finance shown higher balance compared to previous period.

12. Short Term Loan: Tk.	(2,269,138,230)	
Loan To (From) Sqaure Pharma. Ltd.	(2,269,138,230)	(2,168,788,505)
Short Term Loan Received	Tk. (2,269,138,230)	(2,168,788,505)

13. Provision for Income Tax: Tk.	107,952,726	
Opening Balance	70,751,117	92,031,901
Provision for tax Liabilities of SYL after Merger	-	101,744,149
Adjustment with Advance Tax	-	(158,885,586)
Current Year Provision	37,201,609	35,860,653
Closing Balance	Tk. 107,952,726	70,751,117

Total Tax Expense (Current Tax) Shown in its income Statement as per source tax deducted under some clauses of section 53 of Income Tax Ordinance1984 as it is not eligible for tax rebate or refund under section 82(C) and which should be treated as final discharge of tax expense. So, this Tax expense is not uniform with the computation of Tax on the Taxable profit presented in the unaudited statement of Profit or Loss and Other Comprehensive Income.

	July-Dec. 2019	July-Dec. 2018
14. Sales Revenue: Tk.	4,905,333,428	
Export Sale of Yarns	4,905,333,428	3,589,548,063
Tk.	4,905,333,428	3,589,548,063

During the period sales increased by BDT 131.58 (36.66%) crore due to incremental production in Vortex project at Habiganj and inclusion operational result of Square Yarns Limited after merger.

15. Cost of Goods Sold: Tk.	4,394,449,858	
This is arrived as follows:		
Raw Materials Consumed	3,316,382,700	2,388,877,577
Factory Overhead (Note:15.01)	1,078,067,158	816,299,771
Cost of Goods Sold	Tk. 4,394,449,858	3,205,177,348

During the period Raw Material cost increased by BDT 92.75 (38.83%) crore due to incremental production as well as increase of cotton price in international market.

	July-Dec. 2019	July-Dec. 2018
15.01. Factory Overhead: Tk.	1,078,067,158	
Factory Wages, Salary & Allowances	363,662,292	253,909,569
Production Workers' Free Lunch	1,899,560	1,926,558
Fuel, Petrol, Light, Diesel etc.	19,537,907	29,826,881
Electricity, Gas & Water	297,756,472	281,761,610
Factory Consumable Expense	22,463,553	14,357,758
Repairs & Maintenance of Vehicles	7,457,114	7,770,834
Industrial All Risk Insurance Premium	7,327,595	5,525,812
Govt.Tax, VAT & License Fees	260,500	54,314
Security Services	10,456,509	4,667,989
Spare Parts - Machinery	86,661,882	58,179,532
Depreciation	256,003,016	155,428,942
Other Overhead	4,580,758	2,889,972
Total	Tk. 1,078,067,158	816,299,771

16. Administrative Overhead: Tk.	121,231,187	
Salary and Allowances	50,112,954	47,423,634
Directors' Remuneration	21,557,478	20,609,778
Overseas Travelling	28,809,564	8,167,159
Vehicles Running & Maintenance	4,114,693	5,893,561
Fees & Subscription	2,498,548	5,977,873
Rental Expenses	5,560,065	6,403,806
Office Consumable Expense	628,226	1,155,824
Electricity, Gas & Water	1,498,796	1,282,641
Software & Hardware Support Expenses	945,513	580,021
Head Office Employees' Free Lunch	1,139,022	656,098
Annual General Meeting Expenses	237,379	93,495
Other Expenses	4,128,949	2,709,917
Total	Tk. 121,231,187	100,953,807

17. Selling & Distribution Overhead: Tk.	7,496,222	
This is arrived as follows:		
Export Sale Expenses	6,269,769	3,564,075
Loading & unloading	1,226,453	1,658,116
Total	Tk. 7,496,222	5,222,191

	July-Dec. 2019	July-Dec. 2018
18. Finance Cost: Tk.	178,344,205	
Interest on Short Term Loan	178,344,205	90,945,768
Tk.	178,344,205	90,945,768

During the period Finance cost increased by BDT 8.74 (96.10%) crore due to Investment for new VORTEX Yarn project at Habiganj by around BDT 190 crore.

19. Non-Operating Income: Tk.	7,907,363	
Interest Income	3,516,959	2,008,235
Gain/Loss on Disposal of Assets	-	530,500
Forex Exchange Rate Fluctuation Gain/ (Loss)	4,390,404	950,662
Tk.	7,907,363	3,489,397
	July-Dec. 2019	July-Dec. 2018

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	63,368,511	58,804,680
Post Employment Benefits	2,577,454	4,783,171
Other Long Term Benefits	-	-
Termination Benefits	-	-
Share Based Payment	-	-

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	(2,168,788,505)	(1,385,741)
Total Received	(1,006,723,675)	(583,908,270)
Total Paid	906,373,950	90,440,543
Closing Balance- Receivable/ (Payable)	Tk. (2,269,138,230)	(494,853,468)

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

Opening Balance	161,617,019	123,843,099
Total Paid	69,674,628	84,629,856
Total Received	(61,059,179)	(46,855,936)
Closing Balance- Receivable/ (Payable)	Tk. 170,232,468	161,617,019

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

Opening Balance	-	-
Total Service Received	(12,257,561)	(7,456,924)
Total Paid	10,890,158	7,456,924
Closing Balance- Receivable/ (Payable)	Tk. (1,367,403)	-

04. Transaction with Square Informatix Ltd. (SIL):

Opening Balance	-	-
Total Service Received	(2,937,049)	(2,530,146)
Total Paid	2,801,317	2,530,146
Closing Balance- Receivable/ (Payable)	Tk. (135,732)	-

05. Transaction with Square Hospitals Ltd. (SHL):

Opening Balance	-	-
Total Service Received	(365,895)	(688,925)
Total Paid	365,895	688,925
Closing Balance- Receivable/ (Payable)	Tk. -	-

	July-Dec. 2019	July-Dec. 2018
06. Transaction with Square Fashions Ltd. (SFL):		
Opening Balance	319,233,143	188,198,985
Total Goods Delivered	459,263,412	513,628,084
Total Received	(458,610,327)	(361,892,741)
Closing Balance- Receivable/ (Payable)	Tk. 319,886,228	339,934,328
07. Transaction with Square Denims Ltd. (SDL):		
Opening Balance	175,953,745	165,897,570
Total Goods Delivered	235,016,748	281,360,249
Total Received	(264,703,251)	(257,934,608)
Closing Balance- Receivable/ (Payable)	Tk. 146,267,242	189,323,211
08. Transaction with Square Apparels Ltd. (SApl):		
Opening Balance	105,560,271	133,407,637
Total Goods Delivered	149,326,275	128,635,274
Total Received	(146,348,901)	(149,682,174)
Closing Balance- Receivable/ (Payable)	Tk. 108,537,645	112,360,737

22. Contingent Liability:

Contingent Liability of the Company was Tk. 102.62 Crore as on December 31, 2019 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.

Dividend for the year ended June 30, 2019 has been made provision to the shareholders @ 20% cash on par value of Share that approved by the shareholders in the AGM held on December 12, 2019. The dividend amount for Tk. 394,504,000/= already paid on 2nd January 2020.

24. Earnings Per Share (EPS):

The Computation is given below:

Earning attributable to Ordinary Shares		
including other income	Tk.	157,442,810
Number of Ordinary shares		197,252,000
Earnings Per Share	Tk.	0.80

During the period EPS increased by BDT 0.02 (2.56%) due to incremental production in Vortex project at Habiganj and inclusion operational result of Square Yarns Limited after merger.

24.01. Net Asset Value (NAV) Per Share:

The Computation is given below:

Equity Attributable to the Owners of the Company	Tk.	6,987,360,837	7,224,422,027
Number of Ordinary shares		197,252,000	197,252,000
Net Asset Value (NAV) Per Share	Tk.	35.42	36.63

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

The Computation is given below:

Net Cash Generated (Used in) from Operating Activities	Tk.	616,211,589	(607,550,529)
Number of Ordinary shares		197,252,000	197,252,000
Net Operating Cash flows per Share (NOCFPS)	Tk.	3.12	(3.08)

July-Dec. 2019

July-Dec. 2018

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

The Computation is given below:

Profit After Tax	157,442,810	154,058,293
Adjustment to reconcile net profit to net cash provided by operating activities :		
Non-cash Expenses:	262,996,044	181,045,001
Depreciation	256,003,016	155,428,942
Deferred Tax	6,993,028	25,616,059
Non-Operating Items:	70,813,434	3,542,890
Interest Expenses/ (Income) on Sister Company Loan	71,829,538	3,974,914
Net effect of foreign currency translation	(1,016,104)	(432,024)
Changes in working Capital:	124,959,301	(946,196,713)
(Increase)/Decrease in Inventories	231,881,102	(679,456,241)
(Increase)/Decrease in Accounts Receivable	(129,400,789)	(298,974,350)
(Increase)/Decrease in Advances, Deposits & Prepayments	(48,717,842)	(3,678,134)
Increase/(Decrease) in Creditors & Other Payables	59,776,475	18,003,957
Increase/(Decrease) in Liabilities for Others Finance	(25,781,254)	15,926,839
Increase/(Decrease) in Income Tax Payable	37,201,609	1,981,216
Net Cash Generated (Used in) from Operating Activities	616,211,589	(607,550,529)

25. 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.