

First Quarter
Financial Statement 2022-2023
(Unaudited)



SQUARE TEXTILES LIMITED
(Consolidated and Separate)

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Financial Position (Unaudited)

As at September 30, 2022

Particulars	Notes	30/Sep/22 Taka	30/Jun/22 Taka
ASSETS:			
Non-Current Assets			
		7,971,412,824	8,099,886,485
Property, Plant & Equipment- Carrying Value	02	6,850,797,449	6,709,043,427
Capital Work In Progress	03	1,064,331,615	1,334,559,298
Goodwill		56,283,760	56,283,760
Current Assets			
		8,467,541,832	8,180,523,588
Inventories	04	2,616,026,196	2,471,466,477
Trade Receivable	05	4,407,689,951	4,593,515,616
Advances, Deposits & Prepayments	06	627,506,877	474,565,334
Cash & Cash Equivalentents	07	816,318,808	640,976,161
TOTAL ASSETS		16,438,954,656	16,280,410,073
SHAREHOLDERS' EQUITY & LIABILITIES:			
Shareholders' Equity			
		9,572,437,452	9,196,250,437
Share Capital		1,972,520,000	1,972,520,000
Retained Earnings		7,599,917,452	7,223,730,437
Non controlling Interest	08	15,200,996	15,174,768
Non-Current Liabilities			
		538,953,443	623,866,770
Long Term Borrowings	09	216,700,000	303,333,332
Deferred Tax Liability	10	322,253,443	320,533,438
Current Liabilities & Provisions			
		6,312,362,765	6,445,118,098
Short Term Bank Loan (Secured)	11	5,580,149,822	5,826,639,696
Creditors & Other Payables	12	105,483,152	84,900,098
Liabilities for Others Finance	13	180,911,034	153,411,550
Unclaimed Dividend Account		8,581,529	8,651,750
Provision for Income Tax	14	437,237,228	371,515,004
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		16,438,954,656	16,280,410,073
Net Asset Value Per Share	22	48.53	46.62

Sd/-
Tapan Chowdhury
Chairman

Sd/-
Ratna Patra
Vice Chairman

Sd/-
Samuel S Chowdhury
Managing Director

Sd/-
M. Habibur Rahman
Chief Financial Officer

Sd/-
Sanjib Baran Roy
Company Secretary

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited) For the 1st Quarter Ended September 30, 2022

Particulars	Notes	3 Months (Amount in Tk)	
		July to Sept. 2022-23	July to Sept. 2021-22
Sales Revenue	15	3,947,436,743	3,833,886,291
Cost of Goods Sold	16	3,381,401,918	3,143,415,298
Gross Profit		566,034,825	690,470,993
Administrative Overhead	17	65,750,850	66,051,229
Selling and Distribution Overhead	18	6,939,664	5,571,337
Profit from Operations		493,344,311	618,848,427
Finance Cost	19	37,477,037	66,857,712
Non-Operating Income	20	9,970,972	9,837,711
Profit Before W.P.P.F & W.F		465,838,246	561,828,426
Allocation for W.P.P.F & W.F		22,182,774	26,753,734
Profit Before Tax		443,655,472	535,074,692
Provision for Tax (Current)	14	65,722,224	78,168,296
Deferred Tax Expenses (Income)	10	1,720,005	2,863,694
Profit After Tax for The Period		376,213,243	454,042,702
Non-Controlling Interest		26,228	37,304
Net Income for the Period		376,187,015	454,005,398
Earnings Per Share (EPS)	21	1.91	2.30

(Transferred to the Statement of Changes in Equity)

Sd/-
Tapan Chowdhury
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Chief Financial Officer

Sd/-
Sanjib Baran Roy
Company Secretary

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Changes in Equity (Unaudited)

For the 1st Quarter Ended September 30, 2022

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2022	1,972,520,000	7,223,730,437	9,196,250,437
Net Profit For the 1st Quarter Ended September 30, 2022	-	376,187,015	376,187,015
Balance As at September 30, 2022	1,972,520,000	7,599,917,452	9,572,437,452

For the 1st Quarter Ended September 30, 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 1st Quarter Ended September 30, 2021	-	454,005,398	454,005,398
Balance As at September 30, 2021	1,972,520,000	6,113,676,280	8,086,196,280

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Sanjib Baran Roy
Company Secretary

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Cash flows (Unaudited)

For the 1st Quarter Ended September 30, 2022

Particulars	Notes	Amount (Tk)	
		July to Sept. 2022-23	July to Sept. 2021-22
Cash Flows from Operating Activities:			
Receipts from Sales Revenue		4,133,262,408	4,124,630,006
Exchange Fluctuation Gain (Realization from Transaction)		16,146,690	980,207
Receipts/ (Payment) from Other Income/ Expenses		5,260	8,166,666
Total Receipts		4,149,414,358	4,133,776,879
Payment for Supplies and Other Services		(2,618,269,814)	(2,349,427,241)
Paid for Operating & Non-operating Expenses		(851,013,699)	(670,075,448)
Interest Expenses Paid		(37,294,896)	(62,516,302)
Income Tax Paid		(86,285,160)	(21,091,430)
Total Payments		(3,592,863,569)	(3,103,110,421)
Net Cash Generated (Used in) from Operating Activities		556,550,789	1,030,666,458
Cash Flows from Investing Activities:			
Purchase of Property, Plant & Equipment		(41,833,737)	(47,348,558)
Net Cash Generated (Used in) from Investing Activities		(41,833,737)	(47,348,558)
Cash Flows from Financing Activities:			
Long Term Loan Received/ (Repaid)		(86,660,000)	(205,959,956)
Short Term Bank Loan Received/ (Repaid)		(246,463,206)	(294,576,434)
Payment of Dividend		(70,221)	(45,851,058)
Net Cash Generated (Used in) from Financing Activities		(333,193,427)	(546,387,448)
Increase/ (Decrease) in Cash & Cash Equivalents		181,523,625	436,930,452
Net effect of foreign currency translation		(6,180,978)	690,838
Opening Cash & Cash Equivalents		640,976,161	1,439,307,061
Closing Cash & Cash Equivalents		816,318,808	1,876,928,351
Net Operating Cash Flows Per Share		2.82	5.23

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Company Secretary

SQUARE TEXTILES LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Interim Financial Statements (Unaudited)

For the 1st Quarter Ended September 30, 2022

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 1st Quarter Ended on September 30, 2022 (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, 2022, 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 September 30, 2022 are as below:

	<u>30-Sep-22</u>	<u>30-Jun-22</u>
Fixed Assets at Cost		
Opening Balance	13,155,210,134	12,792,433,005
Addition during the Year	312,061,420	441,444,238
Sale/ Obsolete during the Year	-	(78,667,109)
Closing Balance(Cost)	<u>13,467,271,554</u>	<u>13,155,210,134</u>
Accumulated Depreciation		
Opening Balance	6,446,166,707	5,832,982,726
Charged during the Year	170,307,398	688,632,854
Adjustment for sale/Obsolete	-	(75,448,873)
	<u>6,616,474,105</u>	<u>6,446,166,707</u>
Carrying Value	<u>Tk. 6,850,797,449</u>	<u>6,709,043,427</u>

	<u>30-Sep-22</u>	<u>30-Jun-22</u>
03. Capital Work In Progress:		
Capital Work In Progress	1,064,331,615	1,334,559,298
Tk.	<u>1,064,331,615</u>	<u>1,334,559,298</u>

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

04. Consolidated Inventories:

	<u>2,395,189,594</u>	<u>2,259,852,806</u>
Stocks of Materials		
Raw Materials	1,971,643,508	1,891,092,606
Raw Materials In Transit	66,522,484	48,373,070
Packing Materials	47,163,815	25,642,217
Work - in - process	174,583,181	142,626,650
Finished Goods	135,276,606	152,118,263
Stocks of Spares	<u>220,836,602</u>	<u>211,613,671</u>
Spares at Store	215,178,052	206,394,084
Spares in Transit	5,658,550	5,219,587
Tk.	<u>2,616,026,196</u>	<u>2,471,466,477</u>

05. Consolidated Trade Receivable:

Aging of the above balance is as follows:

Below 60 days	1,795,908,104	1,988,299,156
Within 61-120 days	1,762,778,747	1,722,775,117
Above 120 days	849,003,100	882,441,343
Tk.	<u>4,407,689,951</u>	<u>4,593,515,616</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	<u>499,590,021</u>	<u>350,549,258</u>
Income Tax	289,875,648	203,590,488
Salary & PF Current account	2,614,895	86,000
Other Expenses	36,801,676	65,939,658
Suppliers & Contractor	170,297,802	80,933,112
Deposits	<u>127,916,856</u>	<u>124,016,076</u>
Security Deposit	114,597,412	111,346,762
Margin on Bank Guarantee	13,319,444	12,669,314
Tk.	<u>627,506,877</u>	<u>474,565,334</u>

07. Consolidated Cash & Cash Equivalents:

This is made up of the followings:

Cash in hand	8,529,269	12,434,533
Cash at Bank	807,789,539	628,541,628
Tk.	<u>816,318,808</u>	<u>640,976,161</u>

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	14,700,996	14,674,768
Tk.	<u>15,200,996</u>	<u>15,174,768</u>

	<u>30-Sep-22</u>	<u>30-Jun-22</u>
09. Long Term Borrowings (Secured):		
Standard Chartered Bank	355,000,000	400,000,000
HSBC Bank	208,340,000	250,000,000
Less: Current Portion of Long Term Borrowings	<u>(346,640,000)</u>	<u>(346,666,668)</u>
Tk.	<u>216,700,000</u>	<u>303,333,332</u>

10. Consolidated Deferred Tax Liability:		
Opening Balance	320,533,438	310,064,400
Deferred Tax Expenses/ (Income)	1,720,005	10,469,038
Closing Balance	<u>322,253,443</u>	<u>320,533,438</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	6,134,493,168	5,993,119,746
Less: Tax Base Carrying Value	<u>(3,986,136,878)</u>	<u>(3,856,230,166)</u>
Taxable Temporary Difference	<u>2,148,356,290</u>	<u>2,136,889,580</u>
Tax Rate	15.00%	15.00%
Closing Deferred Tax Liability	<u>322,253,443</u>	<u>320,533,438</u>
Less: Opening Deferred Tax Liability	<u>(320,533,438)</u>	<u>(310,064,400)</u>
Deferred Tax (Income) / Expense	<u>1,720,005</u>	<u>10,469,038</u>

11. Consolidated Short Term Bank Loan (Secured):		
Revolving Loan	300,000,000	-
EDF & UPAS	4,933,509,822	5,479,973,028
Current Portion of Long Term Borrowings	<u>346,640,000</u>	<u>346,666,668</u>
Tk.	<u>5,580,149,822</u>	<u>5,826,639,696</u>

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

12. Consolidated Creditors & Others Payable:		
Provision for Audit Fees	-	632,500
Provision for Utility Bill	80,604,441	64,010,809
Provision for Salary & Allowances	11,840,480	7,798,549
Others	<u>13,038,231</u>	<u>12,458,240</u>
	<u>105,483,152</u>	<u>84,900,098</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.

13. Consolidated Liabilities for Other Finance:		
PF, WPPF & Other Fund	144,097,128	116,779,785
Others	<u>36,813,906</u>	<u>36,631,765</u>
Tk.	<u>180,911,034</u>	<u>153,411,550</u>

14. Consolidated Provision for Income Tax:		
Opening Balance	371,515,004	101,269,364
Adjustment with Advance Tax	-	(70,250,366)
Current Year Provision	<u>65,722,224</u>	<u>340,496,006</u>
Closing Balance	<u>437,237,228</u>	<u>371,515,004</u>

Calculation of Effective Tax Rate:

Current Income Tax Expenses	65,722,224	340,496,006
Deferred Tax Expenses/ (Income)	<u>1,720,005</u>	<u>10,469,038</u>
Total Tax Expenses	<u>67,442,229</u>	<u>350,965,044</u>
Effective Tax Rate (Total Tax Expenses / Profit Before Tax)	15.20%	15.20%

	<u>July-22 to Sept'-22</u>	<u>July-21 to Sept'-21</u>
15. Consolidated Sales Revenue:		
Export Sale of Yarns	3,947,436,743	3,833,886,291
Tk.	<u>3,947,436,743</u>	<u>3,833,886,291</u>

During the period sales increased by BDT 11.36 (2.96%) crore due to increased of yarn price.

16. Consolidated Cost of Goods Sold:		
Raw Materials Consumed	2,503,516,082	2,396,107,600
Factory Overhead (Note: 16.01)	877,885,836	747,307,698
Cost of Goods Sold	<u>3,381,401,918</u>	<u>3,143,415,298</u>

During the period Raw Material cost increased by BDT 10.74 (4.48%) crore due to increased cotton price in international

16.01. Factory Overhead:

Factory Wages, Salary & Allowances	237,334,876	241,170,432
Production Workers' Free Lunch	1,326,117	1,334,357
Fuel, Petrol, Light, Diesel etc.	114,689,852	28,820,068
Electricity, Gas & Water	248,058,113	202,797,755
Factory Consumable Expense	13,184,093	13,829,291
Repairs & Maintenance of Vehicles	6,193,352	4,985,193
Industrial All Risk Insurance Premium	8,109,108	5,530,561
Govt. Tax, VAT & License Fees	806,286	598,269
Security Services	6,453,328	5,838,185
Spare Parts - Machinery	67,881,740	62,162,690
Depreciation	170,307,398	178,341,118
Other Overhead	3,541,573	1,899,779
Total	<u>877,885,836</u>	<u>747,307,698</u>

Fuel, Gas and Electricity cost increased significantly due to Gas & Electricity crisis as well as increase of fuel price.

17. Consolidated Administrative Overhead:

Salary and Allowances	31,600,893	34,711,612
Directors' Remuneration	15,898,125	13,813,125
Overseas Travelling	3,636,782	2,242,487
Vehicles Running & Maintenance	2,726,540	2,310,991
Fees & Subscription	2,209,970	1,758,610
Rental Expenses	3,551,929	3,830,330
Office Consumable Expense	335,183	389,875
Electricity, Gas & Water	813,932	828,696
Software & Hardware Support Expenses	809,648	303,773
Head Office Employees' Free Lunch	674,485	845,642
Annual General Meeting Expenses	78,432	136,066
Other Expenses	3,414,931	4,880,022
Total	<u>65,750,850</u>	<u>66,051,229</u>

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

18. Consolidated Selling & Distribution Overhead:

Export Sale Expenses	5,501,125	4,385,422
Loading & unloading	1,438,539	1,185,915
Total	<u>6,939,664</u>	<u>5,571,337</u>

19. Finance Cost:

Interest on Deferred LC Loan	21,834,319	13,310,420
Interest on OD	44	20,540
Interest on Short Term Loan	357,500	6,747,223
Interest on Long Term Loan	15,285,174	46,779,529
Tk.	<u>37,477,037</u>	<u>66,857,712</u>

During the period Finance cost decreased by BDT 2.94 (-43.97%) crore due to efficient fund management and the company has premature reimbursement loan from business earnings.

	<u>July-22 to Sept'-22</u>	<u>July-21 to Sept'-21</u>
20. Non-Operating Income:		
Interest Income	5,260	8,166,666
Forex Exchange Rate Fluctuation Gain/ (Loss)	9,965,712	1,671,045
Tk.	<u>9,970,972</u>	<u>9,837,711</u>

21. Earnings Per Share (EPS):

The Computation is given below:

Earning attributable to Ordinary Shares including other income	376,187,015	454,005,398
Number of Ordinary shares	197,252,000	197,252,000
Earnings Per Share	<u>1.91</u>	<u>2.30</u>

During the period EPS decreased by BDT 0.39 (-16.96%) due to increase of energy cost for Gas & Electricity crisis as well as increase of fuel price.

22. Net Asset Value (NAV) Per Share:

The Computation is given below:

Equity Attributable to the Owners of the Company	9,572,437,452	9,196,250,437
Number of Ordinary shares	197,252,000	197,252,000
Net Asset Value (NAV) Per Share	<u>48.53</u>	<u>46.62</u>

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

The Computation is given below:

Net Cash Generated (Used in) from Operating	556,550,789	1,030,666,458
Number of Ordinary shares	197,252,000	197,252,000
Net Operating Cash flows per Share (NOCFPS)	<u>2.82</u>	<u>5.23</u>

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

The Computation is given below:

Profit After Tax	376,213,243	454,042,702
Adjustment to reconcile net profit to net cash provided by operating activities :		
Non-cash Expenses:	178,208,381	180,513,974
Depreciation	170,307,398	178,341,118
Deferred Tax	1,720,005	2,863,694
Net effect of foreign currency translation	6,180,978	(690,838)
Non-Operating Items:	-	-
Interest Expenses/ (Income) on Sister Company Loan	-	-
Gain/ (Loss) on Disposal of Assets	-	-
Changes in working Capital:	2,129,165	396,109,782
(Increase)/Decrease in Inventories	(144,559,719)	8,687,192
(Increase)/Decrease in Trade Receivable	185,825,665	290,743,715
(Increase)/Decrease in Advances, Deposits & Prepayments	(152,941,543)	(36,214,389)
Increase/(Decrease) in Creditors & Other Payables	20,583,054	27,526,127
Increase/(Decrease) in Liabilities for Others Finance	27,499,484	27,198,841
Increase/(Decrease) in Income Tax Payable	65,722,224	78,168,296
Net Cash Generated (Used in) from Operating Activities	<u>556,550,789</u>	<u>1,030,666,458</u>

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 September 30, 2022

Particulars	Notes	30/Sep/22 Taka	30/Jun/22 Taka
ASSETS:			
Non-Current Assets			
Property, Plant & Equipment- Carrying Value	02	6,317,637,499	6,161,387,415
Capital Work In Progress	03	668,975,092	943,841,546
Investment - Long Term (At Cost)		489,333,960	489,333,960
Current Assets			
Inventories	04	2,387,711,071	2,243,342,297
Trade Receivable	05	4,086,503,409	4,238,253,857
Advances, Deposits & Prepayments	06	563,586,718	438,615,626
Cash & Cash Equivalents	07	687,103,261	514,806,497
TOTAL ASSETS		15,200,851,010	15,029,581,198
SHAREHOLDERS' EQUITY & LIABILITIES:			
Shareholders' Equity			
Share Capital		1,972,520,000	1,972,520,000
Retained Earnings		7,098,413,369	6,744,942,512
Non-Current Liabilities			
Long Term Borrowings	08	216,700,000	303,333,332
Deferred Tax Liability	09	278,826,380	276,297,479
Current Liabilities & Provisions			
Short Term Bank Loan (Secured)	10	4,963,808,791	5,168,669,589
Creditors & Other Payables	11	94,838,697	75,674,946
Liabilities for Others Finance	12	167,776,154	140,661,736
Unclaimed Dividend Account		8,581,529	8,651,750
Provision for Income Tax	13	399,386,090	338,829,854
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		15,200,851,010	15,029,581,198
Net Asset Value Per Share	25	45.99	44.19

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Tapan Chowdhury
Chairman

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Ratna Patra
Vice Chairman

Sd/-
Samuel S Chowdhury
Managing Director

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M. Habibur Rahman

Sd/-
Sanjib Baran Roy

SQUARE Textiles Limited

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

For the 1st Quarter Ended September 30, 2022

Particulars	Notes	3 Months (Amount inTk)	
		July to Sept. 2022-23	July to Sept. 2021-22
Sales Revenue	14	3,608,817,505	3,437,163,939
Cost of Goods Sold	15	3,078,487,987	2,793,202,635
Gross Profit		530,329,518	643,961,304
Administrative Overhead	16	60,745,445	60,150,553
Selling and Distribution Overhead	17	6,228,297	4,850,544
Profit from Operations		463,355,776	578,960,207
Finance Cost	18	33,995,154	66,569,080
Non-Operating Income	19	8,023,172	9,398,269
Profit Before W.P.P.F & W.F		437,383,794	521,789,396
Allocation for W.P.P.F & W.F		20,827,800	24,847,114
Profit Before Tax		416,555,994	496,942,282
Provision for Tax (Current)	13	60,556,236	72,058,283
Deferred Tax Expenses (Income)	09	2,528,901	3,187,929
Profit After Tax for The Period		353,470,857	421,696,070
Earnings Per Share (EPS)	24	1.79	2.14

(Transferred to the Statement of Changes in Equity)

Sd/-
Tapan Chowdhury
Chairman

Sd/-
Ratna Patra
Vice Chairman

Sd/-
Samuel S Chowdhury
Managing Director

Sd/-
M. Habibur Rahman
Chief Financial Officer

Sd/-
Sanjib Baran Roy
Company Secretary

SQUARE Textiles Limited

Statement of Changes in Equity (Unaudited)

For the 1st Quarter Ended September 30, 2022

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2022	1,972,520,000	6,744,942,512	8,717,462,512
Net Profit For the 1st Quarter Ended September 30, 2022	-	353,470,857	353,470,857
Balance As at September 30, 2022	1,972,520,000	7,098,413,369	9,070,933,369

For the 1st Quarter Ended September 30, 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 1st Quarter Ended September 30, 2021	-	421,696,070	421,696,070
Balance As at September 30, 2021	1,972,520,000	5,754,837,986	7,727,357,986

Sd/-
Tapan Chowdhury
Chairman

Sd/-
Ratna Patra
Vice Chairman

Sd/-
Samuel S Chowdhury
Managing Director

Sd/-
M. Habibur Rahman
Chief Financial Officer

Sd/-
Sanjib Baran Roy
Company Secretary

SQUARE Textiles Limited

Statement of Cash flows (Unaudited) For the 1st Quarter Ended September 30, 2022

Particulars	Notes	Amount (Tk)	
		July to Sept. 2022-23	July to Sept. 2021-22
Cash Flows from Operating Activities:			
Receipts from Sales Revenue		3,760,567,953	3,699,653,139
Exchange Fluctuation Gain (Realization from Transaction)		12,612,549	697,627
Receipts/ (Payment) from Other Income/ Expenses		5,260	8,166,666
Total Receipts		3,773,185,762	3,708,517,432
Payment for Supplies and Other Services		(2,391,565,397)	(2,061,133,471)
Paid for Operating & Non-operating Expenses		(769,274,627)	(610,892,867)
Interest Expenses Paid		(33,222,294)	(61,025,688)
Income Tax Paid		(73,472,726)	(18,833,136)
Total Payments		(3,267,535,044)	(2,751,885,162)
Net Cash Generated (Used in) from Operating Activities		505,650,718	956,632,270
Cash Flows from Investing Activities:			
Purchase of Property, Plant & Equipment		(37,194,966)	(43,244,949)
Net Cash Generated (Used in) from Investing Activities		(37,194,966)	(43,244,949)
Cash Flows from Financing Activities:			
Long Term Loan Received/ (Repaid)		(86,660,000)	(205,959,956)
Short Term Bank Loan Received/ (Repaid)		(204,834,130)	(301,072,743)
Payment of Dividend		(70,221)	(45,851,058)
Net Cash Generated (Used in) from Financing Activities		(291,564,351)	(552,883,757)
Increase/ (Decrease) in Cash & Cash Equivalents		176,891,401	360,503,564
Net effect of foreign currency translation		(4,594,637)	533,976
Opening Cash & Cash Equivalents		514,806,497	1,352,844,574
Closing Cash & Cash Equivalents		687,103,261	1,713,882,114
Net Operating Cash flows per Share		2.56	4.85

Sd/-
Tapan Chowdhury
Chairman

Sd/-
Ratna Patra
Vice Chairman

Sd/-
Samuel S Chowdhury
Managing Director

Sd/-
M. Habibur Rahman
Chief Financial Officer

Sd/-
Sanjib Baran Roy
Company Secretary

SQUARE TEXTILES LIMITED

Notes to the Interim Financial Statements (Unaudited)

For the 1st Quarter Ended September 30, 2022

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 1st Quarter Ended on September 30, 2022 (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, 2022, 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 an 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.

	<u>30-Sep-22</u>	<u>30-Jun-22</u>
02. Property, Plant & Equipment:		
'Details of Property, Plant & Equipment and Depreciation as at September 30, 2022 are as below:		
Fixed Assets at Cost		
Opening Balance	12,087,504,492	11,723,998,907
Addition during the Year	312,061,420	437,299,499
Sale/ Obsolete during the Year	-	(73,793,914)
Closing Balance(Cost)	<u>12,399,565,912</u>	<u>12,087,504,492</u>
Accumulated Depreciation		
Opening Balance	5,926,117,077	5,365,642,419
Charged during the Year	155,811,336	631,050,336
Adjustment for sale/Obsolete	-	(70,575,678)
	<u>6,081,928,413</u>	<u>5,926,117,077</u>
Carrying Value	Tk. <u><u>6,317,637,499</u></u>	<u><u>6,161,387,415</u></u>

03. Capital Work In Progress:

Capital Work In Progress	668,975,092	943,841,546
Tk.	<u><u>668,975,092</u></u>	<u><u>943,841,546</u></u>

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

	<u>30-Sep-22</u>	<u>30-Jun-22</u>
04. Inventories:		
Stocks of Materials	2,178,220,589	2,043,361,617
Raw Materials	1,810,227,456	1,712,022,186
Raw Materials In Transit	46,546,534	35,902,690
Packing Materials	44,391,975	23,320,421
Work - in - process	151,957,916	131,982,572
Finished Goods	125,096,708	140,133,748
Stocks of Spares	209,490,482	199,980,680
Spares at Store	204,284,546	195,047,766
Spares in Transit	5,205,936	4,932,914
Tk.	<u>2,387,711,071</u>	<u>2,243,342,297</u>

05. Trade Receivable:

Aging of the above balance is as follows:

Below 60 days	1,628,779,564	1,808,414,323
Within 61-120 days	1,659,591,171	1,602,007,214
Above 120 days	798,132,674	827,832,320
Tk.	<u>4,086,503,409</u>	<u>4,238,253,857</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. Advances, Deposits & Prepayments:

This is made up of the followings:

Advance	447,625,291	326,554,979
Income Tax	262,773,956	189,301,230
Salary & PF Current account	2,603,895	75,000
Other Expenses	30,152,401	56,965,105
Suppliers & Contractor	152,095,039	80,213,644
Deposits	115,961,427	112,060,647
Security Deposit	103,565,612	100,314,962
Margin on Bank Guarantee	12,395,815	11,745,685
Tk.	<u>563,586,718</u>	<u>438,615,626</u>

07. Cash & Cash Equivalents:

This is made up of the followings:

Cash in hand	7,145,485	10,390,880
Cash at Bank	679,957,776	504,415,617
Tk.	<u>687,103,261</u>	<u>514,806,497</u>

08. Long Term Borrowings (Secured):

Standard Chartered Bank	355,000,000	400,000,000
HSBC Bank	208,340,000	250,000,000
Less: Current Portion of Long Term Borrowings	(346,640,000)	(346,666,668)
Tk.	<u>216,700,000</u>	<u>303,333,332</u>

	<u>30-Sep-22</u>	<u>30-Jun-22</u>
09. Deferred Tax Liability:		
Opening Balance	276,297,479	262,685,123
Deferred Tax Expenses (Income)	2,528,901	13,612,356
Closing Balance	Tk. 278,826,380	276,297,479

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	5,641,262,082	5,485,392,598
Less: Tax Base Carrying Value	(3,782,419,547)	(3,643,409,408)
Taxable Temporary Difference	1,858,842,535	1,841,983,190
Tax Rate	15.00%	15.00%
Closing Deferred Tax Liability	278,826,380	276,297,479
Less: Opening Deferred Tax Liability	(276,297,479)	(262,685,123)
Deferred Tax (Income) / Expense	2,528,901	13,612,356

10. Short Term Bank Loan (Secured):

Revolving Loan	300,000,000	-
EDF & UPAS	4,317,168,791	4,822,002,921
Current Portion of Long Term Borrowings	346,640,000	346,666,668
Tk.	4,963,808,791	5,168,669,589

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	73,721,461	60,025,469
Provision for Salary & Allowances	11,840,480	7,798,549
Others	9,276,756	7,275,928
	94,838,697	75,674,946

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	133,745,485	107,403,927
Others	34,030,669	33,257,809
Tk.	167,776,154	140,661,736

13. Provision for Income Tax:

Opening Balance	338,829,854	90,489,894
Adjustment with Advance Tax	-	(61,514,113)
Provision made for the period (Note: 13.01)	60,556,236	309,854,073
Closing Balance	Tk. 399,386,090	338,829,854

Note: 13.01: Provision made for the period

A) Net Current Tax Liability on Profit Basis	60,556,236	309,854,073
B) Tax Liability on Sales Revenue Basis	14,435,270	62,497,210
C) Advance Income Tax (Source Tax) Paid Under ITO-1984	48,472,726	89,301,229
Higher Amount of Tax Under Above Calculation (A:B:C)	60,556,236	309,854,073
Add/ Less: Short/ (Excess) provision for Prior period	-	-
Income Tax Provision for the period	60,556,236	309,854,073

	<u>30-Sep-22</u>	<u>30-Jun-22</u>
A) Net Current Tax Liability on Profit Basis:		
Profit Before Tax	416,555,994	2,129,771,025
Less: Non-Operating Income	8,023,172	53,343,676
Net Operating Income Before Tax	408,532,822	2,076,427,349
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	61,279,923	311,464,102
Add: Tax Liability on Non-Operating Income	1,805,214	12,002,327
Total Tax Liability on Profit	63,085,137	323,466,429
Less: Deferred Tax Expenses (Income)	2,528,901	13,612,356
Net Current Tax Liability on Profit Basis	60,556,236	309,854,073

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%	0.40%
Sales Revenue	3,608,817,505	15,624,302,486
Minimum Tax Amount on Sales Revenue	14,435,270	62,497,210

C) Advance Income Tax (Source Tax) Paid Under ITO-1984:

	48,472,726	89,301,229
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Since the applicable tax on Profit before tax (Tk. 60556236) is higher than minimum Tax on Revenue under ITO-1984 (Tk. 14435270) and the source tax deducted under Income Tax Ordinance 1984 (Tk. 48472726), so the higher is provided as Tax Expense for the period ended March 31, 2022.

Calculation of Effective Tax Rate:

Current Income Tax Expenses	60,556,236	309,854,073
Deferred Tax Expenses/ (Income)	2,528,901	13,612,356
Total Tax Expenses	63,085,137	323,466,429
Effective Tax Rate (Total Tax Expenses / Profit Before Tax)	15.14%	15.19%

	<u>July-22 to Sept'-22</u>	<u>July-21 to Sept'-21</u>
14. Sales Revenue:		
Export Sale of Yarns	3,608,817,505	3,437,163,939
Tk.	3,608,817,505	3,437,163,939

During the period sales increased by BDT 17.17 (5%) crore due to increased of yarn price.

15. Cost of Goods Sold:

This is arrived as follows:

Raw Materials Consumed	2,275,870,177	2,111,237,796
Factory Overhead (Note:15.01)	802,617,810	681,964,839
Cost of Goods Sold	3,078,487,987	2,793,202,635

During the period Raw Material cost increased by BDT 16.46 (7.8%) crore due to increased cotton price in international

	<u>July-22 to Sept'-22</u>	<u>July-21 to Sept'-21</u>
15.01. Factory Overhead:		
Factory Wages, Salary & Allowances	208,808,012	212,992,476
Production Workers' Free Lunch	1,236,617	1,256,485
Fuel, Petrol, Light, Diesel etc.	113,785,638	27,222,959
Electricity, Gas & Water	228,215,145	191,174,915
Factory Consumable Expense	11,917,827	12,602,118
Repairs & Maintenance of Vehicles	5,545,115	4,470,865
Industrial All Risk Insurance Premium	5,901,842	4,107,384
Govt.Tax, VAT & License Fees	247,500	516,145
Security Services	5,327,875	4,900,745
Spare Parts - Machinery	62,776,229	57,235,097
Depreciation	155,811,336	163,956,894
Other Overhead	3,044,674	1,528,756
Total	Tk. <u>802,617,810</u>	<u>681,964,839</u>

Fuel, Gas and Electricity cost increased significantly due to Gas & Electricity crisis as well as increase of fuel price.

16. Administrative Overhead:		
Salary and Allowances	28,763,314	31,217,359
Directors' Remuneration	15,898,125	13,813,125
Overseas Travelling	2,181,047	513,131
Vehicles Running & Maintenance	2,606,610	2,214,816
Fees & Subscription	1,922,188	1,389,460
Rental Expenses	3,551,929	3,830,330
Office Consumable Expense	310,363	372,715
Electricity, Gas & Water	813,932	828,696
Software & Hardware Support Expenses	700,146	266,759
Head Office Employees' Free Lunch	650,645	827,912
Annual General Meeting Expenses	78,432	136,066
Other Expenses	3,268,714	4,740,184
Total	Tk. <u>60,745,445</u>	<u>60,150,553</u>

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	4,924,794	3,782,729
Loading & unloading	1,303,503	1,067,815
Total	Tk. <u>6,228,297</u>	<u>4,850,544</u>

18. Finance Cost:

Interest on Deferred LC Loan	18,352,480	13,021,788
Interest on OD	-	20,540
Interest on Short Term Loan	357,500	6,747,223
Interest on Long Term Loan	15,285,174	46,779,529
Total	Tk. <u>33,995,154</u>	<u>66,569,080</u>

During the period Finance cost decreased by BDT 3.26 (-48.97%) crore due to efficient fund management and the company has premature reimbursement loan from business earnings.

19. Non-Operating Income:

Interest Income	5,260	8,166,666
Forex Exchange Rate Fluctuation Gain/ (Loss)	8,017,912	1,231,603
Total	Tk. <u>8,023,172</u>	<u>9,398,269</u>

	<u>July-22 to Sept'-22</u>	<u>July-21 to Sept'-21</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	29,230,123	28,422,525
Post Employment Benefits	4,918,537	18,179,945
Other Long Term Benefits	-	-
Termination Benefits	-	-
Share Based Payment	-	-
	<u>30-Sep-22</u>	<u>30-Jun-22</u>

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 Aegis Services Ltd. (ASL):

Opening Balance	-	-
Total Service Received	(5,205,480)	(20,788,466)
Total Paid	3,901,987	20,788,466
Closing Balance- Receivable/ (Payable)	Tk. (1,303,493)	-

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

Opening Balance	(76,188)	(76,188)
Total Service Received	(926,355)	(10,435,577)
Total Paid	922,226	10,435,577
Closing Balance- Receivable/ (Payable)	Tk. (80,317)	(76,188)

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

Opening Balance	-	-
Total Service Received	(764,523)	2,478,491
Total Paid	710,116	(2,478,491)
Closing Balance- Receivable/ (Payable)	Tk. (54,407)	-

04. Transaction with Square Fashions Ltd. (SFL):

Opening Balance	206,863,139	421,918,019
Total Goods Delivered	184,036,927	987,532,883
Total Received	(218,836,457)	(1,202,587,763)
Closing Balance- Receivable/(Payable)	Tk. 172,063,609	206,863,139

05. Transaction with Square Denims Ltd. (SDL):

Opening Balance	180,748,131	375,470,516
Total Goods Delivered	218,426,734	1,011,286,841
Total Received	(198,420,316)	(1,206,009,226)
Closing Balance- Receivable/ (Payable)	Tk. 200,754,549	180,748,131

06. Transaction with Square Apparels Ltd. (SAPL):

Opening Balance	85,409,363	149,736,737
Total Goods Delivered	81,036,247	404,390,036
Total Received	(97,142,362)	(468,717,410)
Closing Balance- Receivable/ (Payable)	Tk. 69,303,248	85,409,363

22. Contingent Liability:

Contingent Liability of the Company was 316.84 Crore as on September 30, 2022 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.

	<u>July-22 to Sept'-22</u>	<u>July-21 to Sept'-21</u>
24. Earnings Per Share (EPS):		
The Computation is given below:		
Earning attributable to Ordinary Shares including other income	Tk. 353,470,857	421,696,070
Number of Ordinary shares	197,252,000	197,252,000
Earnings Per Share	Tk. 1.79	2.14

During the period EPS decreased by BDT -0.35 (-16.36%) due to increase of energy cost for Gas & Electricity crisis as well as increase of fuel price.

25. Net Asset Value (NAV) Per Share:

The Computation is given below:		
Equity Attributable to the Owners of the Company	Tk. 9,070,933,369	8,717,462,512
Number of Ordinary shares	197,252,000	197,252,000
Net Asset Value (NAV) Per Share	Tk. 45.99	44.19

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

The Computation is given below:		
Net Cash Generated (Used in) from Operating Activities	Tk. 505,650,718	956,632,270
Number of Ordinary shares	197,252,000	197,252,000
Net Operating Cash flows per Share (NOCFPS)	Tk. 2.56	4.85

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

The Computation is given below:		
Profit After Tax	353,470,857	421,696,070
Adjustment to reconcile net profit to net cash provided by operating activities :		
Non-cash Expenses:	162,934,874	166,610,847
Depreciation	155,811,336	163,956,894
Deferred Tax	2,528,901	3,187,929
Net effect of foreign currency translation	4,594,637	(533,976)
Non-Operating Items:	-	-
Interest Expenses/ (Income) on Sister Company Loan	-	-
Gain/ (Loss) on Disposal of Assets	-	-
Changes in working Capital:	(10,755,013)	368,325,353
(Increase)/Decrease in Inventories	(144,368,774)	16,055,954
(Increase)/Decrease in Trade Receivable	151,750,448	262,489,200
(Increase)/Decrease in Advances, Deposits & Prepayments	(124,971,092)	(35,543,256)
Increase/(Decrease) in Creditors & Other Payables	19,163,751	(171,004,562)
Increase/(Decrease) in Liabilities for Others Finance	27,114,418	224,269,734
Increase/(Decrease) in Income Tax Payable	60,556,236	72,058,283
Net Cash Generated (Used in) from Operating Activities	505,650,718	956,632,270

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.