


# Half-yearly Financial Report 2012

**Corporate Headquarters**  
Square Centre  
48 Mohakhali Commercial Area  
Dhaka 1212, Bangladesh





We are pleased to present the unaudited half-yearly Financial Report 2012 of the Company and its Subsidiaries containing the consolidated and separate Statement of Financial Position as at June 30, 2012, Statement of Comprehensive Income, Statements of changes in equity and Statement of Cash Flows for the half-year ended June 30, 2012.

  
Tapan Chowdhury  
Managing Director

## SQUARE TEXTILES LIMITED

Consolidated Statement of Financial Position (Unaudited)  
As of June 30, 2012

	June 30, 2012	December 31, 2011
	Tk.'000	Tk.'000
<b>NET ASSETS:</b>		
<b>Fixed Asset :</b>	<b>2,624,947</b>	<b>2,483,824</b>
At Cost Less Depreciation	2,568,663	2,427,540
Goodwill	56,284	56,284
<b>Current Assets :</b>	<b>5,980,612</b>	<b>6,371,106</b>
Stocks	2,185,987	1,902,472
Trade Debtors	3,002,218	3,331,220
Advance, Deposit & Prepayments	523,554	656,428
Cash & Bank Balance	268,853	480,986
<b>Less : Current Liabilities :</b>	<b>3,485,760</b>	<b>4,034,827</b>
Short Term Bank Loan	1,009,963	497,733
Sundry Creditors	1,582,185	2,205,498
Other Current Liabilities	316,792	327,145
Short Term Loan	61,571	569,593
Provision for income Tax	515,249	434,858
<b>Net Current Assets</b>	<b>2,494,852</b>	<b>2,336,279</b>
<b>Deferred Tax Liability</b>	<b>181,601</b>	<b>180,037</b>
	<b>4,938,198</b>	<b>4,640,066</b>
<b>FINANCED BY :</b>		
<b>Share Holders Equity :</b>	<b>4,932,204</b>	<b>4,635,088</b>
Share Capital	1,168,872	974,060
General Reserve and Surplus	3,763,332	3,661,028
Non controlling Interest	5,994	4,978
	<b>4,938,198</b>	<b>4,640,066</b>

Attached notes of page 4-5 form parts of these Financial Statements.

  
Tapan Chowdhury  
Managing Director

  
Md. Alamgir Hossain  
Chief Financial Officer

## SQUARE TEXTILES LIMITED

Consolidated Statement of Comprehensive Income (Unaudited)  
For the period Ended June 30, 2012

	Six Months Ended		2nd Quarter Ended	
	June 30, 2012	June 30, 2011	April 01 to June 30 2012	April 01 to June 30 2011
	Tk.'000	Tk.'000	Tk.'000	Tk.'000
Sales	4,548,314	4,216,998	2,134,145	2,234,553
Cost of Goods Sold	3,826,317	3,522,879	1,779,696	1,895,380
<b>Gross Profit</b>	<b>721,997</b>	<b>694,119</b>	<b>354,449</b>	<b>339,173</b>
Operating Expenses	109,201	77,170	60,569	42,139
Finance Cost	51,343	136,115	23,609	75,273
<b>Operating Income</b>	<b>561,453</b>	<b>480,834</b>	<b>270,271</b>	<b>221,761</b>
Other Income	1,280	186	1,280	3
<b>Net Income before WPP &amp; WF</b>	<b>562,733</b>	<b>481,020</b>	<b>271,551</b>	<b>221,764</b>
Allocation for WPP & WF	26,797	22,906	12,931	10,561
<b>Net Income before Tax</b>	<b>535,936</b>	<b>458,114</b>	<b>258,620</b>	<b>211,203</b>
Provision for Income Tax	80,390	68,718	38,793	31,682
Provision for Deferred Tax	1,564	3,699	782	1,850
<b>Net Profit after Tax</b>	<b>453,982</b>	<b>385,697</b>	<b>219,045</b>	<b>177,671</b>
<b>Non-Controlling Interest</b>	<b>1,016</b>	<b>1,174</b>	<b>506</b>	<b>438</b>
<b>Net Income for the Period</b>	<b>452,966</b>	<b>384,523</b>	<b>218,539</b>	<b>177,233</b>

(Transferred to the Consolidated Statement of Changes in Equity)

<b>Earning Per Share (EPS)</b>	<b>3.88</b>	<b>3.29</b>	<b>1.87</b>	<b>1.52</b>
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Attached notes of page 4-5 form parts of these Financial Statements.

  
Tapan Chowdhury  
Managing Director

  
Md. Alamgir Hossain  
Chief Financial Officer



## SQUARE TEXTILES LIMITED

Consolidated Statement of Changes in Equity (Unaudited)  
For the Period Ended June 30, 2012

Tk. '000

	Share Capital	General Reserve and Surplus	Total
As at December 31, 2011	974,060	3,661,028	4,635,088
Net Profit for 2nd Quarter 2012	-	452,966	452,966
Cash Dividend for 2011	-	(155,850)	(155,850)
Stock Dividend for 2011	194,812	(194,812)	-
<b>Balance As at June 30, 2012</b>	<b><u>1,168,872</u></b>	<b><u>3,763,332</u></b>	<b><u>4,932,204</u></b>

Consolidated Statement of Changes in Equity (Unaudited)  
For the period ended June 30, 2011

Tk. '000

	Share Capital	General Reserve and Surplus	Total
As at December 31, 2010	811,717	3,128,415	3,940,132
Net Profit for 2nd Quarter 2011	-	384,523	384,523
Cash Dividend for 2010	-	(129,875)	(129,875)
Stock Dividend for 2010	162,343	(162,343)	-
<b>Balance As at June 30, 2011</b>	<b><u>974,060</u></b>	<b><u>3,220,720</u></b>	<b><u>4,194,780</u></b>

Attached notes of page 4-5 form parts of these Financial Statements.

  
Tapan Chowdhury  
Managing Director

  
Md. Alamgir Hossain  
Chief Financial Officer

## SQUARE TEXTILES LIMITED

Consolidated Statement of Cash Flows (Unaudited)  
For the Period Ended June 30, 2012

	Six Months Ended	
	June 30, 2012	June 30, 2011
	Tk. '000	Tk. '000
<b>Cash Flow From Operating Activities:</b>		
<b>Receipts :</b>		
Cash From Sales Revenue	4,877,318	4,169,896
Cash From Other Income	1,280	186
<b>Total Cash Receipts</b>	<b>4,878,598</b>	<b>4,170,082</b>
<b>Payments :</b>		
Purchase for Raw & Packing Materials	(3,175,841)	(2,339,480)
Manufacturing and Operating Exp.	(480,040)	(918,215)
Income Tax	(80,277)	-
Workers Profit Participation Fund	(27,864)	(20,634)
<b>Total Payments</b>	<b>(3,764,022)</b>	<b>(3,278,329)</b>
<b>Net Cash Flow From Operating Activities</b>	<b>1,114,576</b>	<b>891,753</b>
<b>Cash Flow From Investing Activities :</b>		
Net Sales (Purchase) of Fixed Assets	(327,584)	(293,236)
<b>Net Cash Flow From Investing Activities</b>	<b>(327,584)</b>	<b>(293,236)</b>
<b>Cash Flow From Financing Activities</b>		
Shor term Bank Loan Received/(Repaid)	(335,253)	(547,944)
Shor term Loan from (to) Sister Concern	(508,022)	86,033
Dividend Payment	(155,850)	-
<b>Net Cash Flow From Financing Activities</b>	<b>(999,125)</b>	<b>(461,911)</b>
<b>Net Cash Position</b>	<b>(212,133)</b>	<b>136,606</b>
Opening Cash and Bank Balance	480,986	122,932
<b>Closing Cash and Bank Balance</b>	<b><u>268,853</u></b>	<b><u>259,538</u></b>

Attached notes of page 4-5 form parts of these Financial Statements.

  
Tapan Chowdhury  
Managing Director

  
Md. Alamgir Hossain  
Chief Financial Officer



## SQUARE TEXTILES LIMITED AND ITS SUBSIDIARIES

Notes to the Interim Financial Statements  
For the period ended June 30, 2012

### **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 & Square Texcom Limited, Companies incorporated in Bangladesh under Companies Act 1994, for the half year ended June 30, 2012 (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 of December 31, 2011, 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.

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 upon the best estimate of the weighted average income tax rate expected for the reporting period.

Dividend payment for the year ended December 31, 2011 is in process @ 16% cash of par value of share and 20 (Twenty) stock dividend for holding 100 (One Hundred) shares that approved by the shareholders in AGM held on May 29, 2012.

The Company has no reportable segments as per requirement of IAS 14, segment reporting.

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 Square Pharmaceuticals Limited, Square Yarns Limited & Square Texcom Limited. During the reporting period total received & total payment was Tk. 80.17 crore and Tk. 74.03 crore from / to Square Pharmaceuticals Ltd., Tk. 95.55 crore & Tk. 65.05 crore from / to Square Yarns Ltd. and Tk. 11.98 crore & Tk. 10.54 crore paid from / to Square Texcom Limited.

Figures have been rounded off to the nearest Tk.'000.

The contingent liabilities of the company as on June 30, 2012 is as follows;

For Sight and Deferred LCs for the group Tk. 59.35 crore only. Out of which Tk. 32.37 crore for Square Textiles Limited, Tk. 22.42 crore only for Square Yarns Limited and Tk. 4.56 crore only for Square Texcom Limited.

  
Tapan Chowdhury  
Managing Director

  
Md. Alamgir Hossain  
Chief Financial Officer

## SQUARE TEXTILES LIMITED

Statement of Financial Position (Unaudited)  
As of June 30, 2012

	June 30, 2012	December 31, 2011
	Tk.'000	Tk.'000
<b>NET ASSETS:</b>		
<b>Fixed Asset :</b>	<b>2,553,930</b>	<b>2,421,280</b>
At Cost Less Depreciation	1,535,527	1,402,877
Investment- Long Term (At Cost)	160,784	160,784
Share Money Deposit	857,619	857,619
<b>Current Assets :</b>	<b>3,949,274</b>	<b>4,804,457</b>
Stocks	1,208,142	1,236,014
Trade Debtors	2,121,235	2,008,697
Short Term Loan	10,683	695,695
Advance, Deposit & Prepayments	426,508	542,235
Cash & Bank Balance	182,706	321,816
<b>Less : Current Liabilities :</b>	<b>2,180,398</b>	<b>3,052,890</b>
Short Term Bank Loan	804,327	486,705
Short Term Loan	391,316	569,593
Sundry Creditors	323,655	1,385,607
Other Current Liabilities	287,536	291,387
Provision for income Tax	373,564	319,598
<b>Net Current Assets</b>	<b>1,768,876</b>	<b>1,751,567</b>
<b>Less: Deferred Tax Liability</b>	<b>111,305</b>	<b>111,305</b>
	<b>4,211,501</b>	<b>4,061,542</b>
<b>FINANCED BY :</b>		
<b>Share Holders Equity :</b>	<b>4,211,501</b>	<b>4,061,542</b>
Share Capital	1,168,872	974,060
General Reserve and Surplus	3,042,629	3,087,482
	<b>4,211,501</b>	<b>4,061,542</b>

Attached notes of page 4-5 form part of these Financial Statements.

  
Tapan Chowdhury  
Managing Director

  
Md. Alamgir Hossain  
Chief Financial Officer

## SQUARE TEXTILES LIMITED

Statement of Comprehensive Income (Unaudited)  
For the period Ended June 30, 2012

	Six Months Ended		2nd Quarter Ended	
	June 30, 2012	June 30, 2011	April 01 to June 30 2012	April 01 to June 30 2011
	Tk.'000	Tk.'000	Tk.'000	Tk.'000
Sales	3,001,694	2,889,950	1,418,303	1,435,561
Cost of Goods Sold	2,494,628	2,381,202	1,189,085	1,183,946
<b>Gross Profit</b>	<b>507,066</b>	<b>508,748</b>	<b>229,218</b>	<b>251,615</b>
Operating Expenses	93,461	64,379	50,530	34,118
Finance Cost	37,121	112,097	12,663	60,886
Operating Income	376,484	332,272	166,025	156,611
Other Income	1,280	15,206	1,280	4,002
Net Income before WPP & WF	377,764	347,478	167,305	160,613
Allocation for WPP & WF	17,989	16,547	7,967	7,648
Net Income before Tax	359,775	330,931	159,338	152,965
Provision for Income Tax	53,966	49,641	23,900	22,946
<b>Net Income for the Period</b>	<b>305,809</b>	<b>281,290</b>	<b>135,438</b>	<b>130,019</b>
<b>Earning Per Share (EPS)</b>	<b>2.62</b>	<b>2.42</b>	<b>1.16</b>	<b>1.11</b>

Attached notes of page 4-5 form parts of these Financial Statements.

  
Tapan Chowdhury  
Managing Director

  
Md. Alamgir Hossain  
Chief Financial Officer

## SQUARE TEXTILES LIMITED

Statement of Changes in Equity (Unaudited)  
For the Period Ended June 30, 2012

	Share Capital	General Reserve and Surplus	Tk. '000 Total
As at December 31, 2011	974,060	3,087,482	4,061,542
Net Profit for 2nd Quarter 2012	-	305,809	305,809
Cash Dividend for 2011	-	(155,850)	(155,850)
Stock Dividend for 2011	194,812	(194,812)	-
<b>Balance As at June 30, 2012</b>	<b>1,168,872</b>	<b>3,042,629</b>	<b>4,211,501</b>

Statement of Changes in Equity (Unaudited)  
For the period ended June 30, 2011

	Share Capital	General Reserve and Surplus	Tk. '000 Total
As at December 31, 2010	811,717	2,759,522	3,571,239
Net Profit for 2nd Quarter 2011	-	281,290	281,290
Cash Dividend for 2010	-	(129,875)	(129,875)
Stock Dividend for 2010	162,343	(162,343)	-
<b>Balance As at June 30, 2011</b>	<b>974,060</b>	<b>2,748,594</b>	<b>3,722,654</b>

Attached notes of page 4-5 form parts of these Financial Statements.

  
Tapan Chowdhury  
Managing Director

  
Md. Alamgir Hossain  
Chief Financial Officer

## SQUARE TEXTILES LIMITED

Statement of Cash Flows (Unaudited)  
For the Period Ended June 30, 2012

	Six Months Ended	
	June 30, 2012	June 30, 2011
	Tk. ' 000	Tk. ' 000
<b>Cash Flow From Operating Activities:</b>		
<b>Receipts:</b>		
Cash From Sales Revenue	2,889,156	2,243,062
Cash From Other Income	1,280	186
<b>Total Cash Receipts</b>	<b>2,890,436</b>	<b>2,243,248</b>
<b>Payments:</b>		
Paid to Suppliers	(2,157,857)	(1,591,367)
Paid for Operating & Non Operating Exp.	(339,373)	(547,475)
Income Tax	(64,125)	-
Workers Profit Participation Fund	(23,199)	(19,758)
<b>Total Payments</b>	<b>(2,584,554)</b>	<b>(2,158,600)</b>
<b>Net Cash Received (Used) From Operating Activities</b>	<b>305,883</b>	<b>84,648</b>
<b>Cash Flow From Investing Activities:</b>		
Net Sales (Purchase) of Fixed Assets	(266,015)	(253,730)
<b>Net Cash Received (Used) From Investing Activities</b>	<b>(266,015)</b>	<b>(253,730)</b>
<b>Cash Flow From Financing Activities</b>		
Short Term Bank Loan	(529,862)	104,177
Short Term Loan from (to) Sister Company	506,734	113,956
Payment of Dividend	(155,850)	-
<b>Net Cash Received (Used) from Financing Activities</b>	<b>(178,978)</b>	<b>218,133</b>
<b>Net Cash Position</b>	<b>(139,110)</b>	<b>49,051</b>
Opening Cash and Bank Balance	321,816	65,503
<b>Closing Cash and Bank Balance</b>	<b>182,706</b>	<b>114,554</b>

Attached notes of page 4-5 form parts of these Financial Statements.

  
Tapan Chowdhury  
Managing Director

  
Md. Alamgir Hossain  
Chief Financial Officer

## SQUARE YARNS LIMITED

Statement of Financial Position (Unaudited)  
As of June 30, 2012

	June 30, 2012	December 31, 2011
	Tk.'000	Tk.'000
<b>NET ASSETS:</b>		
<b>Fixed Asset :</b>	<b>924,117</b>	<b>959,643</b>
At Cost Less Depreciation	924,117	959,643
<b>Current Assets :</b>	<b>2,114,474</b>	<b>2,131,873</b>
Stocks	820,941	635,356
Trade Debtors	832,463	1,267,796
Short Term Loan	304,713	-
Advance , Deposit & Prepayments	72,572	74,320
Cash & Bank Balance	83,785	154,401
<b>Less : Current Liabilities:</b>	<b>1,373,782</b>	<b>1,571,079</b>
Short Term Bank Loan	4,236	11,028
Short Term Loan	-	600,253
Sundry Creditors	1,212,902	817,892
Other Current Liabilities	20,884	31,623
Provision for income Tax	135,760	110,283
<b>Net Current Assets</b>	<b>740,692</b>	<b>560,794</b>
Less: Deferred Tax Liability	70,295	68,732
	<b>1,594,514</b>	<b>1,451,705</b>
<b>FINANCED BY :</b>		
<b>Share Holders Equity :</b>	<b>1,594,514</b>	<b>1,451,705</b>
Share Capital	95,500	95,500
General Reserve and Surplus	699,014	556,205
Advance Against Share Money Deposit	800,000	800,000
	<b>1,594,514</b>	<b>1,451,705</b>

Attached notes of page 4-5 form part of these Financial Statements.

  
Samuel S. Chowdhury  
Managing Director

  
Md. Alamgir Hossain  
Chief Financial Officer

## SQUARE YARNS LIMITED

Statement of Comprehensive Income (Unaudited)  
For the period Ended June 30, 2012

	Six Months Ended		2nd Quarter Ended	
	June 30, 2012	June 30, 2011	April 01 to June 30 2012	April 01 to June 30 2011
	Tk.'000	Tk.'000	Tk.'000	Tk.'000
Sales	1,454,781	1,210,588	708,989	760,194
Cost of Goods Sold	1,251,283	1,048,509	590,253	682,241
<b>Gross Profit</b>	<b>203,498</b>	<b>162,079</b>	<b>118,736</b>	<b>77,953</b>
Operating Expenses	11,917	12,350	6,399	7,617
Finance Cost	13,239	33,508	9,964	14,387
<b>Net Income Before WPPF &amp; WF</b>	<b>178,342</b>	<b>116,221</b>	<b>102,373</b>	<b>55,949</b>
Allocation for WPPF & WF	8,492	5,534	4,875	2,664
<b>Net Profit before Tax</b>	<b>169,850</b>	<b>110,687</b>	<b>97,498</b>	<b>53,285</b>
Income Tax - Current	25,477	16,603	14,624	7,993
Income Tax - Deferred	1,564	3,699	782	1,850
<b>Net Profit for the Period</b>	<b>142,809</b>	<b>90,385</b>	<b>82,092</b>	<b>43,442</b>
<b>Earning Per Share (EPS)</b>	<b>149.54</b>	<b>94.64</b>	<b>85.96</b>	<b>45.49</b>

Attached notes of page 4-5 form parts of these Financial Statements.

  
Samuel S. Chowdhury  
Managing Director

  
Md. Alamgir Hossain  
Chief Financial Officer



## SQUARE TEXCOM LIMITED

Statement of Financial Position (Unaudited)  
As of June 30, 2012

	June 30, 2012 Tk.'000	December 31, 2011 Tk.'000
<b>NET ASSETS:</b>		
<b>Fixed Asset :</b>	<b>109,019</b>	<b>65,020</b>
At Cost Less Depreciation	94,051	50,052
Pre Operative Expenses	14,968	14,968
<b>Current Assets :</b>	<b>246,607</b>	<b>130,470</b>
Stocks	156,905	31,101
Accounts Receivable	48,520	54,727
Short Term Loan	14,348	-
Advance, Deposit & Prepayments	24,473	39,873
Cash & Bank Balance	2,361	4,769
<b>Less : Current Liabilities :</b>	<b>261,323</b>	<b>106,552</b>
Short Term Bank Loan	201,400	-
Short Term Loan	-	95,442
Liability for Expences	45,627	1,999
Other Current Liabilities	8,372	4,134
Provision for Income Tax	5,924	4,977
<b>Net Current Assets</b>	<b>(14,716)</b>	<b>23,918</b>
	<b>94,303</b>	<b>88,938</b>
<b>FINANCED BY :</b>		
<b>Share Holders Equity :</b>	<b>94,303</b>	<b>88,938</b>
Share Capital	10,000	10,000
Share Money Deposit	57,619	57,619
General Reserve and Surplus	26,684	21,319
	<b>94,303</b>	<b>88,938</b>

Attached notes of page 4-5 form part of these Financial Statements.

  
Anjan Chowdhury  
Managing Director

  
Md. Alamgir Hossain  
Chief Financial Officer

## SQUARE TEXCOM LIMITED

Statement of Comprehensive Income (Unaudited)  
For the period Ended June 30, 2012

	Six Months Ended		2nd Quarter Ended	
	June 30, 2012	June 30, 2011	April 01 to June 30 2012	April 01 to June 30 2011
	Tk.'000	Tk.'000	Tk.'000	Tk.'000
Sales	91,839	116,460	6,855	65,250
Cost of Goods Sold	80,406	93,168	358	58,725
<b>Gross Profit</b>	<b>11,433</b>	<b>23,292</b>	<b>6,497</b>	<b>6,525</b>
Operating Expenses	3,823	5,971	3,640	659
Finance Cost	983	-	983	-
<b>Net Profit Before WPPF &amp; WF</b>	<b>6,627</b>	<b>17,321</b>	<b>1,874</b>	<b>5,866</b>
Allocation for WPPF & WF	316	825	90	279
<b>Net Profit Before Tax</b>	<b>6,311</b>	<b>16,496</b>	<b>1,784</b>	<b>5,587</b>
Provision for Income Tax	947	2,474	268	838
<b>Net Profit for the Period</b>	<b>5,364</b>	<b>14,022</b>	<b>1,516</b>	<b>4,749</b>
<b>Earning Per Share (EPS)</b>	<b>53.64</b>	<b>140.22</b>	<b>15.16</b>	<b>47.49</b>

Attached notes of page 4-5 form parts of these Financial Statements.

  
Anjan Chowdhury  
Managing Director

  
Md. Alamgir Hossain  
Chief Financial Officer