

First Quarter
Financial Statement 2019-2020
(Unaudited)



SQUARE TEXTILES LIMITED
(Consolidated and Separate)

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Financial Position (Unaudited) As at September 30, 2019

Particulars	Notes	30-Sep-19 Taka	30-Jun-19 Taka
ASSETS:			
Non-Current Assets		6,988,863,265	6,794,125,077
Property, Plant & Equipment- Carrying Value	02	5,883,041,162	6,013,100,252
Capital Work In Progress	02.01	1,049,538,343	724,741,065
Goodwill		56,283,760	56,283,760
Current Assets		6,625,319,673	6,834,205,533
Inventories	03	2,870,898,095	3,108,769,448
Accounts Receivable	04	3,142,828,882	3,254,869,758
Advances, Deposits & Prepayments	05	319,975,892	289,933,615
Cash & Cash Equivalents	06	291,616,804	180,632,712
TOTAL ASSETS		13,614,182,938	13,628,330,610
SHAREHOLDERS' EQUITY & LIABILITIES:			
Shareholders' Equity		7,579,097,925	7,498,757,447
Share Capital		1,972,520,000	1,972,520,000
Retained Earnings		5,606,577,925	5,526,237,447
Non controlling Interest	07	15,165,304	14,938,707
Non-Current Liabilities			
Deferred Tax Liability	08	282,983,797	279,327,185
Current Liabilities & Provisions		5,736,935,912	5,835,307,271
Short Term Bank Loan (Secured)	09	3,316,984,221	3,370,859,633
Creditors & Other Payables	10	90,060,491	71,576,651
Liabilities for Others Finance	11	136,055,334	145,174,138
Short Term Loan	12	2,085,500,623	2,168,788,505
Provision for Income Tax	13	108,335,243	78,908,344
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		13,614,182,938	13,628,330,610
Net Asset Value Per Share (Restated)	19.01	38.42	38.02

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, 2019

Particulars	Notes	3 Months (Amount in Taka)	
		July to September 2019-20	July to September 2018-19
Sales Revenue	14	2,554,426,549	2,387,707,839
Cost of Goods Sold	15	2,268,781,119	2,101,616,370
Gross Profit		285,645,430	286,091,469
Administrative Overhead	16	68,944,972	72,900,208
Selling and Distribution Overhead	17	4,416,455	4,016,560
Profit from Operations		212,284,003	209,174,701
Finance Cost	18	94,221,880	42,328,414
Non-Operating Income		1,270,992	1,271,613
Profit Before W.P.P.F & W.F		119,333,115	168,117,900
Allocation for W.P.P.F & W.F		5,682,529	8,005,614
Profit Before Tax		113,650,586	160,112,286
Provision for Tax (Current)		29,426,899	14,186,415
Provision for Tax (Deferred)		3,656,612	10,073,011
Profit After Tax for The Period		80,567,075	135,852,860
Non-Controlling Interest		226,597	554,753
Net Income for the Period		80,340,478	135,298,107
Earnings Per Share (EPS)- Restated	19	0.41	0.69

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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, 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 1st Quarter Ended September 30, 2019	-	80,340,478	80,340,478
Balance As at September 30, 2019	1,972,520,000	5,606,577,925	7,579,097,925

Consolidated Statement of Changes in Equity (Unaudited) For the 1st Quarter Ended September 30, 2018

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

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SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Cash flows (Unaudited) For the 1st Quarter Ended September 30, 2019

Particulars	Notes	Amount in Taka	
		July to September 2019-20	July to September 2018-19
Cash Flows from Operating Activities:			
Receipts from Sales Revenue		2,666,467,425	2,450,533,913
Exchange Fluctuation Gain (Realization from Transection)		943,938	916,482
Receipts from Other Income		-	28,845
Total Receipts		2,667,411,363	2,451,479,240
Payments to Suppliers		(1,384,765,801)	(1,712,996,277)
Paid for Operating & Non-operating Expenses		(575,252,188)	(647,448,971)
Interest Expenses Paid		(49,083,856)	(36,310,361)
Income Tax Paid		(37,512,097)	(19,220,226)
Total Payments		(2,046,613,942)	(2,415,975,835)
Net Cash Generated (Used in) from Operating Activities		620,797,421	35,503,405
Cash Flows from Investing Activities:			
Sales (Purchase) of Property, Plant & Equipment		(336,680,520)	(171,667,109)
Net Cash Generated (Used in) from Investing Activities		(336,680,520)	(171,667,109)
Cash Flows from Financing Activities:			
Short Term Bank Loan Received/ (Repaid)		(53,875,412)	(285,451,129)
Short Term Loan from/ (To) Sister Company		(119,584,451)	166,009,509
Net Cash Generated (Used in) from Financing Activities		(173,459,863)	(119,441,620)
Increase/ (Decrease) in Cash & Cash Equivalents		110,657,038	(255,605,324)
Net effect of foreign currency translation		327,054	326,285
Opening Cash & Cash Equivalents		180,632,712	596,108,722
Closing Cash & Cash Equivalents		291,616,804	340,829,683
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Net Operating Cash Flows Per Share (Restated)		3.15	0.18

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SQUARE Textiles Limited and its Subsidiary

Notes to the Consolidated Interim Financial Statements (Unaudited)

For The 1st Quarter Ended September 30, 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 1st quarter ended September 30, 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.

30-Sep-19

30-Jun-19

02. Consolidated Property, Plant & Equipment: Tk. 5,883,041,162

'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	12,426,681	2,159,615,521
Sale/ Obsolete during the Year	(1,880,000)	(230,522,431)
Closing Balance(Cost)	10,753,473,670	10,742,926,989

	30-Sep-19	30-Jun-19
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	141,942,332	443,966,003
Adjustment for sale/Obsolete	(1,336,561)	(215,223,028)
	<u>4,870,432,508</u>	<u>4,729,826,737</u>
Carrying Value	Tk. 5,883,041,162	6,013,100,252

02.01. Capital Work In Progress: Tk. 1,049,538,343

Capital Work In Progress	1,049,538,343	724,741,065
	Tk. 1,049,538,343	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.

03. Consolidated Inventories: Tk. 2,870,898,095

Stocks of Raw Materials	2,589,440,255	2,860,338,753
Raw Materials	2,124,022,939	2,345,843,023
Raw Materials In Transit	143,908,288	125,670,959
Packing Materials	16,601,796	19,545,342
Work - in - process	114,683,030	158,585,990
Finished Goods	190,224,202	210,693,439
Stocks of Spares	281,457,840	248,430,695
Spares at Store	267,315,591	241,210,310
Spares in Transit	14,142,249	7,220,385
	Tk. 2,870,898,095	3,108,769,448

04. Consolidated Accounts Receivable: Tk. 3,142,828,882

Aging of the above balance is as follows:

Below 60 days	1,499,195,801	1,510,695,509
Within 61-120 days	1,203,542,658	1,269,408,592
Above 120 days	440,090,423	474,765,657
	Tk. 3,142,828,882	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. 319,975,892

This is made up of the followings:

Advance	229,902,993	207,243,631
Income Tax	86,083,992	48,571,895
Salary & PF Current account	1,004,000	1,184,000
Other Expenses	24,590,613	22,817,327
Suppliers & Contractor	118,224,388	134,670,409
Deposits	90,072,899	82,689,984
Security Deposit	80,513,798	73,803,648
Margin on Bank Guarantee	9,559,101	8,886,336
	Tk. 319,975,892	289,933,615

	30-Sep-19	30-Jun-19
06. Consolidated Cash & Cash Equivalents: Tk. 291,616,804		
This is made up of the followings:		
Cash in hand	6,640,245	5,885,341
Cash at Bank	284,976,559	174,747,371
Tk.	291,616,804	180,632,712
07. Non Controlling Interest: Tk. 15,165,304		
5,000 shares of Tk 100 at par of Square Texcom Ltd.	500,000	500,000
Shares of Accumulated Profit	14,665,304	14,438,707
	15,165,304	14,938,707
08. Consolidated Deferred Tax Liability: Tk. 282,983,797		
Opening Balance	279,327,185	222,054,637
Deferred tax Liabilities	3,656,612	57,272,548
Closing Balance	282,983,797	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	5,202,603,281	5,332,662,371
Less: Tax Base Carrying Value	(3,316,044,636)	(3,470,481,142)
Taxable Temporary Difference	1,886,558,645	1,862,181,229
Tax Rate	15.00%	15.00%
Closing Deferred Tax Liability	282,983,797	279,327,185
Less: Opening Deferred Tax Liability	(279,327,185)	(222,054,637)
Deferred Tax (Income) / Expense	3,656,612	57,272,548
09. Consolidated Short Term Bank Loan (Secured): Tk. 3,316,984,221		
Bank Overdraft	6,451,097	72,936
Revolving Loan	800,000,000	800,000,000
Loan ag. Export Bill Discount	282,617,327	616,960,527
Deferred LC Loan	2,227,915,797	1,953,826,170
Tk.	3,316,984,221	3,370,859,633
These short term loans are secured against hypothecation of Stock and Accounts Receivable.		
10. Consolidated Creditors & Others Payable: Tk. 90,060,491		
Creditors & Others Payable	90,060,491	71,576,651
	90,060,491	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. 136,055,334		
Retention Money	305,299	305,299
WPPF & Other Fund	5,682,529	23,608,002
Provision for Gratuity	34,989,040	34,989,040
Others	95,078,466	86,271,797
Tk.	136,055,334	145,174,138
12. Consolidated Short Term Loan: Tk. (2,085,500,623)		
Loan To (From) Sqaure Pharma. Ltd.	(2,085,500,623)	(2,168,788,505)
Short Term Loan Received	(2,085,500,623)	(2,168,788,505)

	30-Sep-19	30-Jun-19
13. Consolidated Provision for Income Tax: Tk. 108,335,243		
Opening Balance	78,908,344	182,323,262
Adjustment with Advance Tax	-	(163,311,686)
Current Year Provision	29,426,899	59,896,768
Closing Balance	Tk. 108,335,243	78,908,344

14. Consolidated Sales Revenue: Tk. 2,554,426,549

Export Sale of Yarns	2,554,426,549	2,387,707,839
	Tk. 2,554,426,549	2,387,707,839

During the period sales increased by BDT 16.67 (6.98%) crore due to incremental production in Vortex project at Habiganj.

15. Consolidated Cost of Goods Sold: Tk. 2,268,781,119

Raw Materials Consumed	1,674,113,354	1,472,516,860
Factory Overhead	594,667,765	629,099,510
Cost of Goods Sold	Tk. 2,268,781,119	2,101,616,370

During the period Raw Material cost increased by BDT 20.16 (13.69%) crore due to incremental production as well as increase of cotton price in international market.

15.01. Factory Overhead: Tk. 594,667,765

Factory Wages, Salary & Allowances	212,518,733	202,559,210
Production Workers' Free Lunch	1,763,333	1,156,969
Fuel, Petrol, Light, Diesel etc.	9,180,580	20,904,420
Electricity, Gas & Water	163,882,526	191,289,098
Factory Consumable Expense	13,577,802	18,650,228
Repairs & Maintenance of Vehicles	3,961,584	4,791,041
Industrial All Risk Insurance Premium	4,683,771	4,406,135
Govt. Tax, VAT & License Fees	252,002	467,138
Security Services	3,762,733	5,016,460
Spare Parts - Machinery	36,694,320	55,981,074
Depreciation	141,942,332	121,729,958
Other Overhead	2,448,049	2,147,779
Total	Tk. 594,667,765	629,099,510

16. Consolidated Administrative Overhead: Tk. 68,944,972

Salary and Allowances	31,704,720	32,535,114
Directors' Remuneration	10,778,739	10,304,889
Overseas Travelling	14,405,222	13,871,903
Vehicles Running & Maintenance	2,938,292	3,526,808
Fees & Subscription	1,619,741	3,494,624
Rental Expenses	3,082,501	3,252,903
Office Consumable Expense	596,520	1,068,646
Electricity, Gas & Water	784,508	862,530
Software & Hardware Support Expenses	743,442	1,538,798
Head Office Employees' Free Lunch	828,165	698,588
Annual General Meeting Expenses	-	4,600
Other Expenses	1,463,122	1,740,805
Total	Tk. 68,944,972	72,900,208

17. Consolidated Selling & Distribution Overhead: Tk. 4,416,455

Export Sale Expenses	3,432,855	1,290,560
Loading & unloading	983,600	2,726,000
Total	Tk. 4,416,455	4,016,560

	30-Sep-19	30-Jun-19
18. Finance Cost: Tk. 94,221,880		
Interest on Short Term Loan	94,221,880	42,328,414
Tk.	94,221,880	42,328,414

During the period Finance cost increased by BDT 5.30 (145.76%) 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	80,340,478	135,298,107
Number of Ordinary shares	197,252,000	197,252,000
Earnings Per Share	0.41	0.69

During the period EPS decreased by BDT 0.28 (40.58%) 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. 7,579,097,925	7,498,757,447
Number of Ordinary shares	197,252,000	197,252,000
Net Asset Value (NAV) Per Share	38.42	38.02

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

The Computation is given below:

Net Cash Generated (Used in) from Operating Activities	Tk. 620,797,421	35,503,405
Number of Ordinary shares	197,252,000	197,252,000
Net Operating Cash flows per Share (NOCFPS)	3.15	0.18

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

The Computation is given below:

Profit After Tax	80,567,075	135,852,860
Adjustment to reconcile net profit to net cash provided by operating activities :		
Non-cash Expenses:	145,598,944	131,802,969
Depreciation	141,942,332	121,729,958
Deferred Tax	3,656,612	10,073,011
Non-Operating Items:	35,969,515	313,823
Interest Expenses/ (Income) on Sister Company Loan	36,296,569	640,108
Net effect of foreign currency translation	(327,054)	(326,285)
Changes in working Capital:	358,661,887	(232,466,247)
(Increase)/Decrease in Inventories	237,871,353	(215,825,509)
(Increase)/Decrease in Accounts Receivable	112,040,876	62,826,074
(Increase)/Decrease in Advances, Deposits & Prepayments	(30,042,277)	(61,045,012)
Increase/(Decrease) in Creditors & Other Payables	18,483,840	(18,062,437)
Increase/(Decrease) in Liabilities for Others Finance	(9,118,804)	(14,545,778)
Increase/(Decrease) in Income Tax Payable	29,426,899	14,186,415
Net Cash Generated (Used in) from Operating Activities	620,797,421	35,503,405

19. 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. During the period under review cash flows from operating activities inclined due to decrease of inventory by TK. 23.79 crore and debtor's by TK. 11.20 crore.

SQUARE Textiles Limited

Statement of Financial Position (Unaudited)
As at September 30, 2019

Particulars	Notes	30-Sep-19 Taka	30-Jun-19 Taka
ASSETS:			
Non-Current Assets		6,713,156,537	6,557,711,203
Property, Plant & Equipment- Carrying Value	02	5,258,815,985	5,374,733,212
Capital Work In Progress	02.01	965,006,673	693,644,112
Investment - Long Term (At Cost)		489,333,879	489,333,879
Current Assets		6,193,180,268	6,396,837,207
Inventories	03	2,587,913,199	2,821,819,716
Accounts Receivable	04	2,919,717,132	2,993,583,494
Advances, Deposits & Prepayments	05	293,889,821	264,470,342
Short Term Loan	06	137,039,463	161,617,019
Cash & Cash Equivalents	07	254,620,653	155,346,636
TOTAL ASSETS		12,906,336,805	12,954,548,410
SHAREHOLDERS' EQUITY & LIABILITIES:			
Shareholders' Equity		7,300,457,162	7,224,422,027
Share Capital		1,972,520,000	1,972,520,000
Retained Earnings		5,327,937,162	5,251,902,027
Non-Current Liabilities			
Deferred Tax Liability	08	239,179,190	235,701,174
Current Liabilities & Provisions		5,366,700,453	5,494,425,209
Short Term Bank Loan (Secured)	09	2,982,848,852	3,055,112,511
Creditors & Other Payables	10	76,439,081	64,229,574
Liabilities for Others Finance	11	124,785,763	135,543,502
Short Term Loan	12	2,085,500,623	2,168,788,505
Provision for Income Tax	13	97,126,134	70,751,117
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		12,906,336,805	12,954,548,410
Net Asset Value Per Share (Restated)	24.01	37.01	36.63

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

For the 1st Quarter Ended September 30, 2019

Particulars	Notes	3 Months (Amount in Taka)	
		July to September 2019-20	July to September 2018-19
Sales Revenue	14	2,339,721,547	1,736,144,381
Cost of Goods Sold	15	2,077,103,808	1,522,206,298
Gross Profit		262,617,739	213,938,083
Administrative Overhead	16	60,968,813	58,574,962
Selling and Distribution Overhead	17	3,660,366	2,753,062
Profit from Operations		197,988,560	152,610,059
Finance Cost	18	89,304,639	36,337,729
Non-Operating Income	19	2,498,655	1,552,736
Profit Before W.P.P.F & W.F		111,182,576	117,825,066
Allocation for W.P.P.F & W.F		5,294,408	5,610,717
Profit Before Tax		105,888,168	112,214,349
Provision for Tax (Current)		26,375,017	6,001,374
Provision for Tax (Deferred)		3,478,016	10,986,052
Profit After Tax for The Period		76,035,135	95,226,923
Earnings Per Share (EPS)- Restated	23	0.39	0.48

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Chief Financial Officer

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Company Secretary

SQUARE Textiles Limited

Statement of Changes in Equity (Unaudited)

For the 1st Quarter Ended September 30, 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 1st Quarter Ended September 30, 2019	-	76,035,135	76,035,135
Balance As at September 30, 2019	1,972,520,000	5,327,937,162	7,300,457,162

Statement of Changes in Equity (Unaudited)

For the 1st Quarter Ended September 30, 2018

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

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, 2019

Particulars	Notes	Amount in Taka	
		July to September 2019-20	July to September 2018-19
Cash Flows from Operating Activities:			
Receipts from Sales Revenue		2,413,587,909	1,779,987,213
Exchange Fluctuation Gain (Realization from Transection)		810,167	528,477
Receipts from Other Income		-	27,464
Total Receipts		2,414,398,076	1,780,543,154
Payments to Suppliers		(1,263,112,313)	(1,236,372,946)
Paid for Operating & Non-operating Expenses		(521,561,296)	(494,689,300)
Interest Expenses Paid		(47,229,900)	(30,525,994)
Income Tax Paid		(34,392,681)	(14,081,588)
Total Payments		(1,866,296,190)	(1,775,669,828)
Net Cash Generated (Used in) from Operating Activities		548,101,886	4,873,326
Cash Flows from Investing Activities:			
Sales (Purchase) of Property, Plant & Equipment		(283,245,803)	(169,656,755)
Net Cash Generated (Used in) from Investing Activities		(283,245,803)	(169,656,755)
Cash Flows from Financing Activities:			
Short Term Bank Loan Received/ (Repaid)		(72,263,659)	(214,431,238)
Short Term Loan from/ (To) Sister Company		(93,618,267)	144,730,336
Net Cash Generated (Used in) from Financing Activities		(165,881,926)	(69,700,902)
Increase/ (Decrease) in Cash & Cash Equivalents		98,974,157	(234,484,331)
Net effect of foreign currency translation		299,860	207,831
Opening Cash & Cash Equivalents		155,346,636	437,376,799
Closing Cash & Cash Equivalents		254,620,653	203,100,299
Net Operating Cash flows per Share (Restated)		2.78	0.02

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, 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 1st Quarter Ended on September, 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.

02. Property, Plant & Equipment: Tk. 5,258,815,985

'Details of Property, Plant & Equipment and Depreciation as at September 30, 2019 are as below:

	30-Sep-19	30-Jun-19
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	12,426,681	2,142,853,713
Sale/ Obsolete during the Year	(1,880,000)	(210,214,508)
Closing Balance(Cost)	9,754,802,487	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	127,800,469	385,899,069
Adjustment for sale/Obsolete	(1,336,561)	(205,835,057)
	4,495,986,502	4,369,522,594
Carrying Value	Tk. 5,258,815,985	5,374,733,212

	30-Sep-19	30-Jun-19
02.01. Capital Work In Progress: Tk. 965,006,673		
Capital Work In Progress	965,006,673	693,644,112
Tk.	965,006,673	693,644,112

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

03. Inventories: Tk. 2,587,913,199

Stocks of Raw Materials	2,323,723,979	2,587,607,181
Raw Materials	1,910,033,793	2,157,356,247
Raw Materials In Transit	124,115,997	95,897,741
Packing Materials	13,044,008	17,022,366
Work - in - process	98,171,050	118,430,636
Finished Goods	178,359,131	198,900,191
Stocks of Spares	264,189,220	234,212,535
Spares at Store	251,239,304	227,623,673
Spares in Transit	12,949,916	6,588,862
Tk.	2,587,913,199	2,821,819,716

04. Accounts Receivable: Tk. 2,919,717,132

Aging of the above balance is as follows:

Below 60 days	1,389,081,011	1,384,809,142
Within 61-120 days	1,129,858,656	1,181,647,848
Above 120 days	400,777,465	427,126,504
Tk.	2,919,717,132	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. 293,889,821

This is made up of the followings:

Advance	215,283,463	193,246,899
Income Tax	78,030,172	43,637,491
Salary & PF Current account	1,001,000	1,181,000
Other Expenses	20,294,203	17,173,605
Suppliers & Contractor	115,958,088	131,254,803
Deposits	78,606,358	71,223,443
Security Deposit	69,837,733	63,127,583
Margin on Bank Guarantee	8,768,625	8,095,860
Tk.	293,889,821	264,470,342

06. Short Term Loan (Unsecured): Tk. 137,039,463

Loan To (From) Square Texcom Ltd.	137,039,463	161,617,019
Short Term Loan Given	137,039,463	161,617,019

07. Cash & Cash Equivalents: Tk. 254,620,653

This is made up of the followings:

Cash in hand	6,223,004	4,717,640
Cash at Bank	248,397,649	150,628,996
Tk.	254,620,653	155,346,636

	30-Sep-19	30-Jun-19
08. Deferred Tax Liability: Tk. 239179190		
Opening Balance	235,701,174	128,579,505
Deferred tax Liabilities of SYL after Merger	-	53,533,688
Deferred tax Liabilities	3,478,016	53,587,981
Closing Balance	Tk. 239,179,190	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 assets).

a) Deferred Tax Liability is arrived at as follows:

Carrying Value of Depreciable Fixed Assets	4,618,306,968	4,734,224,195
Less: Tax Base Carrying Value	(3,023,779,038)	(3,162,883,038)
Taxable Temporary Difference	1,594,527,930	1,571,341,157
Tax Rate	15.00%	15.00%
Closing Deferred Tax Liability	239,179,190	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	3,478,016	53,587,981

09. Short Term Bank Loan (Secured): Tk. 2,982,848,852

Bank Overdraft	4,128,657	15,264
Revolving Loan	800,000,000	800,000,000
Loan ag. Export Bill Discount	282,617,327	616,960,527
Deferred LC Loan	1,896,102,868	1,638,136,720
Tk.	2,982,848,852	3,055,112,511

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

10. Creditors & Others Payable: Tk. 76,439,081

Creditors & Others Payable	76,439,081	64,229,574
	76,439,081	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. 124,785,763

Retention Money	238,218	238,218
WPPF & Other Fund	5,294,408	21,795,531
Provision for Gratuity	30,026,145	30,026,145
Others	89,226,992	83,483,608
Tk.	124,785,763	135,543,502

12. Short Term Loan: Tk. (2,085,500,623)

Loan To (From) Sqaure Pharma. Ltd.	(2,085,500,623)	(2,168,788,505)
Short Term Loan Received	Tk. (2,085,500,623)	(2,168,788,505)

13. Provision for Income Tax: Tk. 97,126,134

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	26,375,017	35,860,653
Closing Balance	Tk. 97,126,134	70,751,117

	July-Sep. 2019	July-Sep. 2018
14. Sales Revenue: Tk. 2,339,721,547		
Export Sale of Yarns	2,339,721,547	1,736,144,381
Tk.	2,339,721,547	1,736,144,381

During the period sales increased by BDT 60.36 (34.77%) 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. 2,077,103,808

This is arrived as follows:

Raw Materials Consumed	1,539,170,236	1,072,457,086
Factory Overhead (Note:15.01)	537,933,572	449,749,212
Cost of Goods Sold	Tk. 2,077,103,808	1,522,206,298

During the period Raw Material cost increased by BDT 46.67 (43.52%) crore due to incremental production as well as increase of cotton price in international market.

15.01. Factory Overhead: Tk. 537,933,572

Factory Wages, Salary & Allowances	190,949,283	128,690,225
Production Workers' Free Lunch	1,498,170	988,298
Fuel, Petrol, Light, Diesel etc.	8,260,294	17,829,665
Electricity, Gas & Water	150,626,475	161,466,847
Factory Consumable Expense	12,251,087	12,878,386
Repairs & Maintenance of Vehicles	3,512,960	3,662,293
Industrial All Risk Insurance Premium	3,553,149	2,685,366
Govt.Tax, VAT & License Fees	190,580	54,314
Security Services	3,327,469	2,678,067
Spare Parts - Machinery	33,794,966	39,119,026
Depreciation	127,800,469	78,288,082
Other Overhead	2,168,670	1,408,643
Total	Tk. 537,933,572	449,749,212

16. Administrative Overhead: Tk. 60,968,813

Salary and Allowances	26,629,295	25,352,964
Directors' Remuneration	10,778,739	10,304,889
Overseas Travelling	12,061,975	9,393,613
Vehicles Running & Maintenance	2,803,522	2,959,049
Fees & Subscription	1,498,723	3,254,624
Rental Expenses	3,082,501	2,546,254
Office Consumable Expense	569,900	821,989
Electricity, Gas & Water	784,508	862,530
Software & Hardware Support Expenses	618,814	1,170,727
Head Office Employees' Free Lunch	810,020	682,848
Annual General Meeting Expenses	-	4,600
Other Expenses	1,330,816	1,220,875
Total	Tk. 60,968,813	58,574,962

17. Selling & Distribution Overhead: Tk. 3,660,366

This is arrived as follows:

Export Sale Expenses	2,915,566	611,062
Loading & unloading	744,800	2,142,000
Total	Tk. 3,660,366	2,753,062

18. Finance Cost: Tk. 89,304,639

Interest on Short Term Loan	89,304,639	36,337,729
Tk.	89,304,639	36,337,729

During the period Finance cost increased by BDT 5.30 (145.76%) crore due to Investment for new VORTEX Yarn project at Habiganj by around BDT 190 crore.

	July-Sep. 2019	July-Sep. 2018
19. Non-Operating Income: Tk. 2,498,655		
Interest Income	1,388,628	795,928
Gain/Loss on Disposal of Assets	-	20,500
Forex Exchange Rate Fluctuation Gain/ (Loss)	1,110,027	736,308
Tk.	2,498,655	1,552,736

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	25,080,387	23,166,809
Post Employment Benefits	1,972,156	4,001,315
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:

SQUARE Pharmaceuticals Ltd.	(2,085,500,623)	(168,035,358)
SQUARE Yarns Ltd.	-	(685,752,648)
SQUARE Texcom Ltd.	137,039,463	108,046,216
SQUARE InformatiX Ltd.	-	-
AEgis Services Ltd.	-	-
SQUARE Hospitals Ltd.	-	-

22. Contingent Liability:

Contingent Liability of the Company was Tk. 95.67 Crore as on September 30, 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 recommended for the year ended June 30, 2019 @ 20% cash by the Board of Directors in its meeting held on 22nd October 2019 subject to the approval of the shareholders in ensuing Annual General Meeting to be held on December 12, 2019.

24. Earnings Per Share (EPS):

The Computation is given below:

Earning attributable to Ordinary Shares		
including other income	Tk. 76,035,135	95,226,923
Number of Ordinary shares	197,252,000	197,252,000
Earnings Per Share	Tk. 0.39	0.48

During the period EPS decreased by BDT 0.09 (18.75%) due to increase of Finance Cost against new investment at Habiganj, increase of cotton price as well as source tax (1.00% on export collection) on export collection deducted by Govt. that not covered by calculative tax as minimum tax level.

24.01. Net Asset Value (NAV) Per Share:

The Computation is given below:

Equity Attributable to the Owners of the Company	Tk. 7,300,457,162	7,224,422,027
Number of Ordinary shares	197,252,000	197,252,000
Net Asset Value (NAV) Per Share	Tk. 37.01	36.63

	July-Sep. 2019	July-Sep. 2018
24.02. Net Operating Cash flows per Share (NOCFPS):		
The Computation is given below:		
Net Cash Generated (Used in) from Operating Activities	Tk. 548,101,886	4,873,326
Number of Ordinary shares	197,252,000	197,252,000
Net Operating Cash flows per Share (NOCFPS)	Tk. 2.78	0.02

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

The Computation is given below:

Profit After Tax	76,035,135	95,226,923
Adjustment to reconcile net profit to net cash provided by operating activities :		
Non-cash Expenses:	131,278,485	89,274,134
Depreciation	127,800,469	78,288,082
Deferred Tax	3,478,016	10,986,052
Non-Operating Items:	34,608,081	8,561
Interest Expenses/ (Income) on Sister Company Loan	34,907,941	216,392
Net effect of foreign currency translation	(299,860)	(207,831)
Changes in working Capital:	306,180,185	(179,636,292)
(Increase)/Decrease in Inventories	233,906,517	(163,591,721)
(Increase)/Decrease in Accounts Receivable	73,866,362	43,842,832
(Increase)/Decrease in Advances, Deposits & Prepayments	(29,419,479)	(59,204,511)
Increase/(Decrease) in Creditors & Other Payables	12,209,507	1,528,971
Increase/(Decrease) in Liabilities for Others Finance	(10,757,739)	(8,213,237)
Increase/(Decrease) in Income Tax Payable	26,375,017	6,001,374
Net Cash Generated (Used in) from Operating Activities	548,101,886	4,873,326

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. During the period under review cash flows from operating activities inclined due to decrease of inventory by TK.23.39 crore and debtor's by TK.7.39 crore.