

SQUARE TEXTILES LIMITED

and its subsidiaries

Consolidated Statement of Financial Position (Unaudited) As at March 31, 2017

| Particulars | 31-03-2017 Taka | 30-06-2016 Taka |
|---|----------------------------|----------------------------|
| ASSETS: | | |
| Non-Current Assets | 4,724,307,798 | 4,119,628,602 |
| Property, Plant & Equipment- Carrying Value | 4,668,024,038 | 4,063,344,842 |
| Goodwill | 56,283,760 | 56,283,760 |
| Current Assets | 5,428,206,601 | 5,230,290,269 |
| Inventories | 2,177,641,469 | 1,737,965,686 |
| Accounts Receivable | 1,870,090,667 | 1,644,721,245 |
| Advances, Deposits & Prepayments | 592,088,968 | 568,831,880 |
| Cash & Cash Equivalents | 788,385,497 | 1,278,771,458 |
| TOTAL ASSETS | 10,152,514,399 | 9,349,918,871 |
| SHAREHOLDERS' EQUITY & LIABILITIES: | | |
| Shareholders' Equity | 7,281,492,133 | 7,340,419,294 |
| Share Capital | 1,789,133,790 | 1,626,485,270 |
| Retained Earnings | 5,492,358,343 | 5,713,934,024 |
| Non controlling Interest | 21,200,581 | 19,159,898 |
| Non-Current Liabilities | 207,029,544 | 223,826,935 |
| Deferred Tax Liability | | |
| Current Liabilities & Provisions | 2,642,792,141 | 1,766,512,744 |
| Short Term Bank Loan (Secured) | 1,785,547,541 | 1,091,534,090 |
| Creditors & Others Payable | 130,953,101 | 65,241,389 |
| Liabilities for Other Finance | 300,652,765 | 237,963,511 |
| Short Term Loan | 17,812,632 | 42,781,579 |
| Provision for Income Tax | 407,826,102 | 328,992,175 |
| TOTAL SHAREHOLDERS' EQUITY & LIABILITIES | 10,152,514,399 | 9,349,918,871 |
| Net Asset Value Per Share (Restated) | 40.70 | 41.03 |

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Mrs. Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Alamgir Hossain
Chief Financial Officer

Sd/-
Khandaker Habibuzzar
Company Secretary

SQUARE TEXTILES LIMITED

and its subsidiaries

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited) For the 3rd Quarter ended March 31, 2017

| Particulars | 9 Months Ended | | 3rd Quarter | |
|--|--------------------------|--------------------------|-----------------------------|-----------------------------|
| | July to March 2016-17 | July to March 2015-16 | January to March 2016-17 | January to March 2015-16 |
| Sales Revenue | 5,942,784,839 | 6,119,172,446 | 2,148,401,574 | 2,109,857,910 |
| Cost of Goods Sold | 5,301,636,987 | 5,229,971,918 | 1,977,631,765 | 1,817,988,396 |
| Gross Profit | 641,147,852 | 889,200,528 | 170,769,809 | 291,869,514 |
| Operating Expenses | 175,938,784 | 177,004,015 | 59,984,931 | 60,132,120 |
| Finance Cost | 32,986,378 | 17,604,173 | 19,179,270 | 8,712,694 |
| Profit from Operations | 432,222,690 | 694,592,340 | 91,605,608 | 223,024,700 |
| Other Income | 137,262 | 3,893,746 | 12,648 | 3,807,903 |
| Profit Before W.P.P.F & W.F | 432,359,952 | 698,486,086 | 91,618,256 | 226,832,603 |
| Allocation for W.P.P.F & W.F | 20,588,569 | 33,261,243 | 4,362,774 | 10,801,553 |
| Profit Before Tax | 411,771,383 | 665,224,843 | 87,255,482 | 216,031,050 |
| Provision for Tax (Current) | 59,333,227 | 92,534,375 | 12,567,517 | 31,812,776 |
| Provision for Tax (Deferred) | 2,703,309 | 10,608,013 | 638,549 | 3,292,950 |
| Profit After Tax for The Period | 349,734,847 | 562,082,455 | 74,049,416 | 180,925,324 |
| Non-Controlling Interest | 2,040,683 | 2,903,170 | 518,963 | 934,682 |
| Net Income for the Period | 347,694,164 | 559,179,285 | 73,530,453 | 179,990,642 |

(Transferred to the Statement of Changes in Equity)

| | | | | |
|------------------------------------|------|------|------|------|
| Earnings Per Share (EPS)- Restated | 1.94 | 3.13 | 0.41 | 1.01 |
|------------------------------------|------|------|------|------|

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Mrs. Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Alamgir Hossain
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE TEXTILES LIMITED

and its subsidiaries

Consolidated Statement of Changes in Equity (Unaudited) For the 3rd Quarter ended March 31, 2017

| Particulars | Share Capital | Retained Earnings | Total |
|---|----------------------|--------------------------|----------------------|
| Balance as at June 30, 2016 | 1,626,485,270 | 5,713,934,024 | 7,340,419,294 |
| Net Profit for 3rd Quarter ended March 31, 2017 | - | 347,694,164 | 347,694,164 |
| Cash Dividend for 2015 | - | (406,621,325) | (406,621,325) |
| Stock Dividend for 2015 | 162,648,520 | (162,648,520) | - |
| Balance As at March 31, 2017 | 1,789,133,790 | 5,492,358,343 | 7,281,492,133 |

Consolidated Statement of Changes in Equity (Unaudited) For the 3rd Quarter ended March 31, 2016

| Particulars | Share Capital | Retained Earnings | Total |
|---|----------------------|--------------------------|----------------------|
| Balance as at June 30, 2015 | 1,626,485,270 | 4,973,241,525 | 6,599,726,795 |
| Net Profit for 3rd Quarter ended March 31, 2016 | - | 559,179,285 | 559,179,285 |
| Cash Dividend for 2014 | - | - | - |
| Stock Dividend for 2014 | - | - | - |
| Balance As at March 31, 2016 | 1,626,485,270 | 5,532,420,810 | 7,158,906,080 |

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Mrs. Ratna Patra
Vice Chirman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Alamgir Hossain
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE TEXTILES LIMITED

and its subsidiaries

Consolidated Statement of Cash Flows (Unaudited)

For the 3rd Quarter ended March 31, 2017

| Particulars | 3rd Quarter Ended | |
|---|------------------------|------------------------|
| | July-March 2016-17 | July-March 2015-16 |
| Cash Flows from Operating Activities: | | |
| Receipts from Sales Revenue | 5,717,415,417 | 6,520,875,565 |
| Receipts from Other Income | 137,262 | 92,338 |
| Total Receipts | 5,717,552,679 | 6,520,967,903 |
| Payments to Suppliers | (4,064,072,150) | (3,995,339,745) |
| Paid for Operating & Non-operating Expenses | (1,395,214,776) | (1,343,665,999) |
| Interest Expenses Paid | (21,897,865) | (10,233,592) |
| Income Tax Paid | (81,567,829) | (91,114,060) |
| Paid for Workers Profit Participation & Welfare Fund | (26,149,701) | (27,412,230) |
| Total Payments | (5,588,902,321) | (5,467,765,626) |
| Net Cash Generated (Used in) from Operating Activities | 128,650,358 | 1,053,202,277 |
| Cash Flows from Investing Activities: | | |
| Sales (Purchase) of Property, Plant & Equipment | (877,991,630) | (479,089,981) |
| Net Cash Generated (Used in) from Investing Activities | (877,991,630) | (479,089,981) |
| Cash Flows from Financing Activities: | | |
| Short Term Bank Loan Received/ (Repaid) | 694,013,451 | 276,387,669 |
| Short Term Loan from/ (To) Sister Company | (28,436,815) | (207,751,604) |
| Payment of Dividend | (406,621,325) | (295,724,596) |
| Net Cash Generated (Used in) from Financing Activities | 258,955,311 | (227,088,531) |
| Increase/ (Decrease) in Cash & Cash Equivalents | (490,385,961) | 347,023,765 |
| Opening Cash & Cash Equivalents | 1,278,771,458 | 1,005,999,421 |
| Closing Cash & Cash Equivalents | 788,385,497 | 1,353,023,186 |
| Net Operating Cash Flows Per Share(Restated) | 0.72 | 5.89 |

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Mrs. Ratna Patra
Vice Chirman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Alamgir Hossain
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE TEXTILES LIMITED

Statement of Financial Position (Unaudited) As at March 31, 2017

| Particulars | 31-03-2017 Taka | 30-06-2016 Taka |
|---|--------------------------|--------------------------|
| ASSETS: | | |
| Non-Current Assets | 3,756,979,949 | 3,147,296,521 |
| Property, Plant & Equipment- Carrying Value | 3,172,646,070 | 2,562,962,642 |
| Investment - Long Term (At Cost) | 160,783,760 | 160,783,760 |
| Share Money Deposits | 423,550,119 | 423,550,119 |
| Current Assets | 3,640,593,821 | 3,547,892,593 |
| Inventories | 1,406,413,874 | 1,181,000,058 |
| Accounts Receivable | 1,281,349,204 | 1,213,702,218 |
| Advances, Deposits & Prepayments | 438,459,457 | 399,240,261 |
| Short Term Loan | 106,433,060 | 104,042,349 |
| Cash & Cash Equivalents | 407,938,226 | 649,907,707 |
| TOTAL ASSETS | 7,397,573,770 | 6,695,189,114 |
| SHAREHOLDERS' EQUITY & LIABILITIES: | | |
| Shareholders' Equity | 5,408,114,931 | 5,607,074,119 |
| Share Capital | 1,789,133,790 | 1,626,485,270 |
| Retained Earnings | 3,618,981,141 | 3,980,588,849 |
| Non-Current Liabilities | | |
| Deferred Tax Liability | 112,583,650 | 122,571,004 |
| Current Liabilities & Provisions | 1,876,875,189 | 965,543,991 |
| Short Term Bank Loan (Secured) | 1,331,152,557 | 599,135,811 |
| Creditors & Others Payable | 114,311,843 | 49,999,072 |
| Liabilities for Other Finance | 241,836,655 | 148,818,262 |
| Short Term Loan | 17,812,632 | 42,781,579 |
| Provision for Income Tax | 171,761,502 | 124,809,267 |
| TOTAL SHAREHOLDERS' EQUITY & LIABILITIES | 7,397,573,770 | 6,695,189,114 |
| Net Asset Value Per Share (Restated) | 30.23 | 31.34 |

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Mrs. Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Alamgir Hossain
Chief Financial Officer

Sd/-
Khandaker Habibuzzam:
Company Secretary

SQUARE TEXTILES LIMITED

Statement of Profit or Loss and Other Comprehensive Income (Unaudited) For the 3rd Quarter ended March 31, 2017

| Particulars | 9 Months Ended | | 3rd Quarter | |
|--|--------------------------|--------------------------|-----------------------------|-----------------------------|
| | July to March 2016-17 | July to March 2015-16 | January to March 2016-17 | January to March 2015-16 |
| Sales Revenue | 3,918,897,102 | 3,750,866,745 | 1,558,866,000 | 1,282,572,825 |
| Cost of Goods Sold | 3,498,089,732 | 3,138,197,094 | 1,441,342,251 | 1,086,036,819 |
| Gross Profit | 420,807,370 | 612,669,651 | 117,523,749 | 196,536,006 |
| Operating Expenses | 140,094,154 | 138,249,957 | 47,640,466 | 47,939,082 |
| Finance Cost | 26,563,129 | 10,854,402 | 16,564,172 | 4,566,165 |
| Profit from Operations | 254,150,087 | 463,565,292 | 53,319,111 | 144,030,759 |
| Other Income | 2,708,282 | 9,799,059 | 1,177,436 | 3,807,903 |
| Profit Before W.P.P.F & W.F | 256,858,369 | 473,364,351 | 54,496,547 | 147,838,662 |
| Allocation for W.P.P.F & W.F | 12,231,351 | 22,541,159 | 2,595,074 | 7,039,936 |
| Profit Before Tax | 244,627,018 | 450,823,192 | 51,901,473 | 140,798,726 |
| Provision for Tax (Current) | 36,372,669 | 63,125,683 | 7,902,965 | 19,890,154 |
| Provision for Tax (Deferred) | 592,212 | 5,722,678 | - | 1,705,643 |
| Profit After Tax for The Period | 207,662,137 | 381,974,831 | 43,998,508 | 119,202,929 |

(Transferred to the Statement of Changes in Equity)

| | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|
| Earnings Per Share (EPS)- Restated | 1.16 | 2.13 | 0.25 | 0.67 |
|------------------------------------|-------------|-------------|-------------|-------------|

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Mrs. Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Alamgir Hossain
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE TEXTILES LIMITED

Statement of Changes in Equity (Unaudited) For the 3rd Quarter ended March 31, 2017

| Particulars | Share Capital | Retained Earnings | Total |
|---|----------------------|--------------------------|----------------------|
| Balance as at June 30, 2016 | 1,626,485,270 | 3,980,588,849 | 5,607,074,119 |
| Net Profit for 3rd Quarter ended March 31, 2017 | - | 207,662,137 | 207,662,137 |
| Cash Dividend for 2015 | - | (406,621,325) | (406,621,325) |
| Stock Dividend for 2015 | 162,648,520 | (162,648,520) | - |
| Balance As at March 31, 2017 | 1,789,133,790 | 3,618,981,141 | 5,408,114,931 |

Statement of Changes in Equity (Unaudited) For the 3rd Quarter ended March 31, 2016

| Particulars | Share Capital | Retained Earnings | Total |
|---|----------------------|--------------------------|----------------------|
| Balance as at June 30, 2015 | 1,626,485,270 | 3,494,352,948 | 5,120,838,218 |
| Net Profit for 3rd Quarter ended March 31, 2016 | - | 381,974,831 | 381,974,831 |
| Cash Dividend for 2014 | - | - | - |
| Stock Dividend for 2014 | - | - | - |
| Balance As at March 31, 2016 | 1,626,485,270 | 3,876,327,779 | 5,502,813,049 |

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Mrs. Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Alamgir Hossain
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE TEXTILES LIMITED

Statement of Cash flows (Unaudited) For the 3rd Quarter ended March 31, 2017

| Particulars | 3rd Quarter Ended | |
|---|------------------------|------------------------|
| | July-March 2016-17 | July-March 2015-16 |
| Cash Flows from Operating Activities: | | |
| Receipts from Sales Revenue | 3,851,250,116 | 3,879,698,294 |
| Receipts from Other Income | 137,262 | 92,338 |
| Total Receipts | 3,851,387,378 | 3,879,790,632 |
| Payments to Suppliers | (2,542,969,166) | (2,374,934,455) |
| Paid for Operating & Non-operating Expenses | (1,008,538,787) | (910,778,310) |
| Interest Expenses Paid | (16,688,186) | (6,576,555) |
| Income Tax Paid | (61,916,463) | (58,301,334) |
| Paid for Workers Profit Participation & Welfare Fund | (20,206,839) | (20,673,140) |
| Total Payments | (3,650,319,441) | (3,371,263,794) |
| Net Cash Generated (Used in) from Operating Activities | 201,067,937 | 508,526,838 |
| Cash Flows from Investing Activities: | | |
| Sales (Purchase) of Property, Plant & Equipment | (740,176,333) | (329,141,784) |
| Net Cash Generated (Used in) from Investing Activities | (740,176,333) | (329,141,784) |
| Cash Flows from Financing Activities: | | |
| Short Term Bank Loan Received/ (Repaid) | 732,016,746 | 118,627,304 |
| Short Term Loan from/ (To) Sister Company | (28,256,506) | 85,508,486 |
| Payment of Dividend | (406,621,325) | (295,724,596) |
| Net Cash Generated (Used in) from Financing Activities | 297,138,915 | (91,588,806) |
| Increase/ (Decrease) in Cash & Cash Equivalents | (241,969,481) | 87,796,248 |
| Opening Cash & Cash Equivalents | 649,907,707 | 519,155,096 |
| Closing Cash & Cash Equivalents | 407,938,226 | 606,951,344 |
| Net Operating Cash flows per Share(Restated) | 1.12 | 2.84 |

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Mrs. Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Alamgir Hossain
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE TEXTILES LIMITED

AND ITS SUBSIDIARIES

Notes to the Interim Financial Statements For The Third Quarter Ended March 31, 2017

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 1913 & 1994, for the 3rd Quarter ended March 31, 2017 (hereafter 'the interim period'). They are prepared in accordance with the International Accounting Standard (BAS 34) 'Interim Financial reporting'. These financial statements should read in conjunction with the Annual Financial Statements as on June 30, 2016, as they provide an update of previously reported information.

The accounting policies and presentation used are consistent with those used in the Annual Financial Statements, except where noted below. Where necessary, the comparatives have been reclassified or extended from the previously reported Interim Financial Statements to take into account any presentational changes made in the Annual Financial Statements or in these Interim Financial Statements.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the Interim Financial Statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

During the period, the company made investments in the form of fixed assets are as follows: -

| | |
|---------------------|-----------------|
| ➤ Land | Tk. 2.28 crore |
| ➤ Building | Tk. 7.17 Crore |
| ➤ Plant & Machinery | Tk. 66.46 crore |
| ➤ Motor Vehicles | Tk. 2.76 crore |
| ➤ Others | Tk. 3.06 crore |

The company operates in industries where significant seasonal or cyclical variations in total sales are not experienced during the reporting period.

Income tax expense is recognized based upon the best estimate of the weighted average income tax rate expected for the reporting period.

Dividend for the 18 months period ended June 30, 2016 have been paid to the shareholders @ 25% cash of par value of Share and 10% stock (10 shares for every 100 shares) that approved by the shareholders in the AGM held on September 08, 2016.

The Company has no reportable operating segments as per requirement of BFRS-8, "Operating Segment".

There is no significant event to the end of the interim period that has to be reflected in the financial statements for the interim period.

The Company did not carry out any related party transaction other than Square Pharmaceuticals Limited, Square Yarns Limited & Square Texcom Limited. Net balance of Receivable from/(Payable to) as on reporting date is given below:

| | |
|-------------------------------|------------------|
| ➤ Square Pharmaceuticals Ltd. | Tk. (1.78) crore |
| ➤ Square Yarns Ltd. | Tk. 0.41 crore |
| ➤ Square Texcom Ltd. | Tk. 10.23 crore |

The contingent liabilities of the company as on March 31, 2017 were as follows;

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For Sight and Deferred LCs for the group Tk. 88.72 crore only. Out of which Tk. 59.93 crore for Square Textiles Limited, Tk. 19.81 crore only for Square Yarns Limited and Tk. 8.98 crore only for Square Texcom Limited.

Deferred Income Tax Expense is raised for Tk. 0.27 Crore for the adjustable temporary difference of Accounting depreciation and Tax base depreciation up to March 31, 2017.

Impairment of Asset: Revenue and Profitability of the company is Consistent (except for unforeseen events) and net worth of the company is growing every year, that indicates our assets are performing at their highest as per our intended procurement and the summation of the discounted future cash flow from the operation of the assets would be positive if we dispose-off those assets at the date of financial reporting. But presently we have no intension to dispose off these assets; As such we did not consider to recording the impairment loss/gain.

Regarding Turnover:

Turnover of Square Textiles Ltd.: During the period (July'16-March'17) sales increased by BDT 16.80 crore due to addition of production in expansion portion of Unit-2.

Turnover of Square Yarns Ltd. and Square Texcom Ltd.: During the period under review Turnover is decreased by BDT31.04 crore and BDT3.39 crore respectively due to lower yarn sales price and lower productivity due to power crisis i.e. scarcity of Gas supply.

Cost of Goods Sold: The business operation (100% Export oriented Spinning) is very positively co-related with international market (Fiber & Yarn price). During this period of reporting we've experienced of price hike of fibers during August 2016 to March 2017 (From USC 61.06/Lb to USC 76.01/Lb of fibers at March 2016 and March 2017 respectively, Source: NYBOT Cotton#2) & subsequently price of finished yarns increased unevenly compare to cotton price change due to comparatively low price of Indian subsidized yarns.

Earnings Per Share (EPS):

The spinning industry is very power intensive (We produce electricity based on natural gas), imported fiber based (Cotton, PSF, Viscose, Modal, Spandex, Tencel etc) and Man-power intensive. During the period of review we've experienced 215% price increase of gas from Tk.3.74/cbm to Tk.8.04/cbm (which leads to increase Cost of Goods Sold by around Tk.16 crore).

Price hike of fibers, low export demand, Import of finished yarn from India with subsidized price leaded us to experience of low profitability (Decline 37.82% in 9 months).

Therefore, EPS has stood at Tk. 1.94 for the period ended on 31 March 2017 as against Tk. 3.13 for the same period of the previous year.

Regarding Net Operating Cash Flows per Share:

The business (100% export oriented spinning industry) operation is volatile and realization from debtors (100% confirmed back to back LC) also very positively co-related with this, but all import payments should be made as per provision of UCPDC-600, resultant, the per share operating cash flows fluctuates from quarter to quarter, which is very common for the spinning business trend. During the period under review cash flow declined due to increase in inventory by BDT43.97 crore and in receivable against yarn sale by BDT22.54 crore.