

Third Quarter
Financial Statement 2017-2018
(Unaudited)



SQUARE TEXTILES LIMITED
(Consolidated and Separate)

SQUARE Textiles Limited & Its Subsidiaries

Consolidated Statement of Financial Position (Unaudited)

As at March 31, 2018

Particulars	31-Mar-18 Taka	30-Jun-17 Taka
ASSETS:		
Non-Current Assets	5,258,197,592	4,841,254,822
Property, Plant & Equipment- Carrying Value	4,268,665,932	4,514,651,120
Capital Work In Progress	933,247,900	270,319,942
Goodwill	56,283,760	56,283,760
Current Assets	5,678,587,067	5,340,902,541
Inventories	2,350,378,055	1,963,904,496
Accounts Receivable	2,319,681,745	1,931,002,020
Advances, Deposits & Prepayments	546,745,267	583,074,262
Cash & Cash Equivalents	461,782,000	862,921,763
TOTAL ASSETS	<u>10,936,784,659</u>	<u>10,182,157,363</u>
SHAREHOLDERS' EQUITY & LIABILITIES:		
Shareholders' Equity	7,299,674,790	7,345,251,049
Share Capital	1,878,590,480	1,789,133,790
Retained Earnings	5,421,084,310	5,556,117,259
Non controlling Interest	22,544,045	21,507,901
Non-Current Liabilities		
Deferred Tax Liability	211,252,700	203,277,250
Current Liabilities & Provisions	3,403,313,124	2,612,121,163
Short Term Bank Loan (Secured)	2,589,119,573	1,939,547,763
Creditors & Others Payable	124,238,771	117,079,071
Liabilities for Other Finance	229,844,877	165,235,373
Short Term Loan	43,053,037	21,386,290
Provision for Income Tax	417,056,866	368,872,666
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	<u>10,936,784,659</u>	<u>10,182,157,363</u>
Net Asset Value Per Share (Restated)	<u>38.86</u>	<u>39.10</u>

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Kabir Reza
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE Textiles Limited & Its Subsidiary

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited) For the 3rd Quarter ended March 31, 2018

Particulars	Nine Months Results		3rd Quarter Results	
	July to March 2017-18 Taka	July to March 2016-17 Taka	Jan to March 2017-18 Taka	Jan to March 2016-17 Taka
Sales Revenue	6,451,587,856	5,942,784,839	2,342,964,381	2,148,401,574
Cost of Goods Sold	5,804,596,714	5,301,636,987	2,103,701,567	1,977,631,765
Gross Profit	646,991,142	641,147,852	239,262,814	170,769,809
Administrative Overhead	179,996,822	169,924,580	56,697,766	57,443,094
Selling and Distribution Overhead	9,192,752	6,014,204	5,764,913	2,541,837
Profit from Operations	457,801,568	465,209,068	176,800,135	110,784,878
Finance Cost	72,433,840	32,986,378	35,412,195	19,179,270
Other Income	2,550,880	137,262	1,583,913	12,648
Profit Before W.P.P.F & W.F	387,918,608	432,359,952	142,971,853	91,618,256
Allocation for W.P.P.F & W.F	18,472,315	20,588,569	6,808,183	4,362,774
Profit Before Tax	369,446,293	411,771,383	136,163,670	87,255,482
Provision for Tax (Current)	48,118,810	59,333,227	16,789,703	12,567,517
Provision for Tax (Deferred)	7,975,450	2,703,309	3,990,566	638,549
Profit After Tax for The Period	313,352,033	349,734,847	115,383,401	74,049,416
Non-Controlling Interest	1,036,143	2,040,683	198,488	518,963
Net Income for the Period	312,315,890	347,694,164	115,184,913	73,530,453

(Transferred to the Statement of Changes in Equity)

Earnings Per Share (EPS)- Restated	1.66	1.85	0.61	0.39
---	-------------	-------------	-------------	-------------

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Kabir Reza
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE Textiles Limited & Its Subsidiary

Consolidated Statement of Changes in Equity (Unaudited) For the 3rd Quarter ended March 31, 2018

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2017	1,789,133,790	5,556,051,868	7,345,185,658
Net Profit for 3rd Quarter ended March 31, 2018	-	312,315,890	312,315,890
Cash Dividend for 2016-17	-	(357,826,758)	(357,826,758)
Stock Dividend for 2016-17	89,456,690	(89,456,690)	-
Balance As at March 31, 2018	1,878,590,480	5,421,084,310	7,299,674,790

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 2015-16	-	(406,621,325)	(406,621,325)
Stock Dividend for 2015-16	162,648,520	(162,648,520)	-
Balance As at March 31, 2017	1,789,133,790	5,492,358,343	7,281,492,133

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Kabir Reza
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE Textiles Limited & Its Subsidiary

Consolidated Statement of Cash Flows (Unaudited)

For the 3rd Quarter ended March 31, 2018

Particulars	Amount (Tk)	
	July to March 2017-18	July to March 2016-17
Cash Flows from Operating Activities:		
Receipts from Sales Revenue	6,062,908,131	5,717,415,417
Receipts from Other Income	2,550,880	137,262
Total Receipts	6,065,459,011	5,717,552,679
Payments to Suppliers	(4,388,818,373)	(4,064,072,150)
Paid for Operating & Non-operating Expenses	(1,558,878,917)	(1,421,364,477)
Interest Expenses Paid	(61,281,583)	(21,897,865)
Income Tax Paid	(47,007,907)	(81,567,829)
Total Payments	(6,055,986,780)	(5,588,902,321)
Net Cash Generated (Used in) from Operating Activities	9,472,231	128,650,358
Cash Flows from Investing Activities:		
Sales (Purchase) of Property, Plant & Equipment	(722,955,290)	(877,991,630)
Net Cash Generated (Used in) from Investing Activities	(722,955,290)	(877,991,630)
Cash Flows from Financing Activities:		
Short Term Bank Loan Received/ (Repaid)	649,571,810	694,013,451
Short Term Loan from/ (To) Sister Company	20,598,244	(28,436,815)
Payment of Dividend	(357,826,758)	(406,621,325)
Net Cash Generated (Used in) from Financing Activities	312,343,296	258,955,311
Increase/ (Decrease) in Cash & Cash Equivalents	(401,139,763)	(490,385,961)
Opening Cash & Cash Equivalents	862,921,763	1,278,771,458
Closing Cash & Cash Equivalents	461,782,000	788,385,497
Net Operating Cash Flows Per Share(Restated)	0.05	0.68

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Kabir Reza
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE Textiles Limited

Statement of Financial Position (Unaudited) As at March 31, 2018

Particulars	31-Mar-18 Taka	30-Jun-17 Taka
ASSETS:		
Non-Current Assets	4,406,148,045	3,893,030,120
Property, Plant & Equipment- Carrying Value	2,938,545,121	3,058,480,897
Capital Work In Progress	883,269,045	250,215,344
Investment - Long Term (At Cost)	160,783,760	160,783,760
Share Money Deposits	423,550,119	423,550,119
Current Assets	4,039,028,366	3,618,294,827
Inventories	1,659,188,969	1,326,693,264
Accounts Receivable	1,541,649,801	1,344,598,778
Advances, Deposits & Prepayments	409,545,652	465,257,211
Short Term Loan	115,773,140	108,662,119
Cash & Cash Equivalents	312,870,804	373,083,455
TOTAL ASSETS	<u>8,445,176,411</u>	<u>7,511,324,947</u>
SHAREHOLDERS' EQUITY & LIABILITIES:		
Shareholders' Equity	5,306,533,523	5,452,946,362
Share Capital	1,878,590,480	1,789,133,790
Retained Earnings	3,427,943,043	3,663,812,572
Non-Current Liabilities		
Deferred Tax Liability	120,964,642	109,649,529
Current Liabilities & Provisions	3,017,678,246	1,948,729,056
Short Term Bank Loan (Secured)	2,173,155,034	1,530,686,959
Creditors & Others Payable	106,673,619	65,384,511
Liabilities for Other Finance	203,661,606	148,441,867
Short Term Loan	324,853,950	21,386,290
Provision for Income Tax	209,334,037	182,829,429
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	<u>8,445,176,411</u>	<u>7,511,324,947</u>
Net Asset Value Per Share (Restated)	<u>28.25</u>	<u>29.03</u>

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Kabir Reza
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE Textiles Limited

Statement of Profit or Loss and Other Comprehensive Income (Unaudited) For the 3rd Quarter ended March 31, 2018

Particulars	Nine Months Results		3rd Quarter Results	
	July to March 2017-18 Taka	July to March 2016-17 Taka	Jan to March 2017-18 Taka	Jan to March 2016-17 Taka
Sales Revenue	4,343,728,385	3,918,897,102	1,602,292,943	1,558,866,000
Cost of Goods Sold	3,878,283,893	3,498,089,732	1,420,666,085	1,441,342,251
Gross Profit	465,444,492	420,807,370	181,626,858	117,523,749
Administrative Overhead	147,902,973	136,345,962	49,095,348	46,330,723
Selling and Distribution Overhead	5,816,463	3,748,192	3,695,554	1,309,743
Profit from Operations	311,725,056	280,713,216	128,835,956	69,883,283
Finance Cost	54,376,485	26,563,129	24,294,084	16,564,172
Other Income	4,346,751	2,708,282	1,573,301	1,177,436
Profit Before W.P.P.F & W.F	261,695,322	256,858,369	106,115,173	54,496,547
Allocation for W.P.P.F & W.F	12,461,682	12,231,351	5,053,103	2,595,074
Profit Before Tax	249,233,640	244,627,018	101,062,070	51,901,473
Provision for Tax (Current)	26,504,608	36,372,669	12,054,215	7,902,965
Provision for Tax (Deferred)	11,315,113	592,212	3,262,425	-
Profit After Tax for The Period	211,413,919	207,662,137	85,745,430	43,998,508

(Transferred to the Statement of Changes in Equity)

Earnings Per Share (EPS)- Restated	1.13	1.11	0.46	0.23
---	-------------	-------------	-------------	-------------

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Kabir Reza
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE Textiles Limited

Statement of Changes in Equity (Unaudited) For the 3rd Quarter ended March 31, 2018

Particulars	Share Capital	Retained Earnings	Total
Balance as at June 30, 2017	1,789,133,790	3,663,812,572	5,452,946,362
Net Profit for 3rd Quarter ended March 31, 2018	-	211,413,919	211,413,919
Cash Dividend for 2016-17	-	(357,826,758)	(357,826,758)
Stock Dividend for 2016-17	89,456,690	(89,456,690)	-
Balance As at March 31, 2018	1,878,590,480	3,427,943,043	5,306,533,523

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 2015-16	-	(406,621,325)	(406,621,325)
Stock Dividend for 2015-16	162,648,520	(162,648,520)	-
Balance As at March 31, 2017	1,789,133,790	3,618,981,141	5,408,114,931

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Kabir Reza
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE Textiles Limited

Statement of Cash flows (Unaudited) For the 3rd Quarter ended March 31, 2018

Particulars	Amount (Tk)	
	July to March 2017-18	July to March 2016-17
Cash Flows from Operating Activities:		
Receipts from Sales Revenue	4,146,677,362	3,851,250,116
Receipts from Other Income	1,871,498	137,262
Total Receipts	4,148,548,860	3,851,387,378
Payments to Suppliers	(2,927,548,658)	(2,542,969,166)
Paid for Operating & Non-operating Expenses	(1,098,445,117)	(1,028,745,626)
Interest Expenses Paid	(42,674,546)	(16,688,186)
Income Tax Paid	(29,364,387)	(61,916,463)
Total Payments	(4,098,032,708)	(3,650,319,441)
Net Cash Generated (Used in) from Operating Activities	50,516,152	201,067,937
Cash Flows from Investing Activities:		
Sales (Purchase) of Property, Plant & Equipment	(692,599,682)	(740,176,333)
Net Cash Generated (Used in) from Investing Activities	(692,599,682)	(740,176,333)
Cash Flows from Financing Activities:		
Short Term Bank Loan Received/ (Repaid)	642,468,075	732,016,746
Short Term Loan from/ (To) Sister Company	297,229,562	(28,256,506)
Payment of Dividend	(357,826,758)	(406,621,325)
Net Cash Generated (Used in) from Financing Activities	581,870,879	297,138,915
Increase/ (Decrease) in Cash & Cash Equivalents	(60,212,651)	(241,969,481)
Opening Cash & Cash Equivalents	373,083,455	649,907,707
Closing Cash & Cash Equivalents	312,870,804	407,938,226
Net Operating Cash flows per Share(Restated)	0.27	1.07

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Kabir Reza
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE TEXTILES LIMITED

AND ITS SUBSIDIARIES

Notes to the Interim Financial Statements For The 3rd Quarter Ended March 31, 2018

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, 2018 (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, 2017, 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: -

- | | |
|-----------------------------------|-----------------|
| ➤ Capital Work-In-Progress (BMRE) | Tk. 66.29 crore |
| ➤ Other Assets | Tk. 6.01 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 on enacted income tax for the reporting period.

Deferred Income Tax Expense is raised for Tk. 79.75 Lac for the adjustable temporary difference up to March 31, 2018.

Dividend for the year ended June 30, 2017 have been paid to the shareholders @ 20% cash of par value of Share and 5% stock (5 shares for every 100 shares) that approved by the shareholders in the AGM held on December 04, 2017.

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 below sister company. Net balance of Receivable from/ (Payable to) as on reporting date is given below:

➤ Square Pharmaceuticals Ltd.	Tk. (4.31) crore
➤ Square Yarns Ltd.	Tk. (28.18) crore
➤ Square Texcom Ltd.	Tk. 11.58 crore
➤ Square InformatiX Ltd.	Tk. 0.00
➤ AEGIS Services Ltd.	Tk. 0.00

The contingent liabilities of the company as on March 31, 2018 were as follows;

For Sight and Deferred LCs for the group Tk. 66.85 crore only. Out of which Tk. 39.71 crore for Square Textiles Limited, Tk. 14.85 crore only for Square Yarns Limited and Tk. 12.29 crore only for Square Texcom Limited.

Impairment of Asset: Revenue and Profitability of the company is volatile and correlated with national & international demand of yarn as well as supply of raw materials. Although, major part of our growth is influenced by local & international demand and supply, our companies are continuously endeavour to upgrade latest technologies and thereby increasing 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'17-March'18) sales increased by BDT 50.88 crore due to generation of incremental production in expansion portion of Unit-2 and slightly increase in sales price of yarn.

Cost of Goods Sold (COGS): The business operation (100% Export oriented Spinning) is very positively co-related with international market (Fiber & Yarn price). During this period of reporting our average consumption of raw materials were higher than that of previous comparative period. But price of finished yarns increased slightly which cover very minimum amount of incremental Raw Material cost compared to previous period. So, there is a slight positive impact between selling price and raw material price.

Another reason of increasing COGS is for bearing high valued power cost in our industries. Due to scarcity of natural gas we had to use high valued HFO & Diesel to generate power that caused to augment the COGS.

Earnings Per Share (EPS):

The spinning industry is very power intensive (We produce electricity based on natural gas, HFO, Diesel), imported fiber based (Cotton, PSF, Viscose, Modal, Spandex, Tencel etc) and Man-power intensive. During the period of review we've experienced huge power crisis that led to increase power cost from TK.50.62 crore to Tk.56.82 crore (used high rated HFO based power for which increased Cost of Goods Sold by around Tk.6.20 crore).

As an investment plan of the company, it has established an expansion plant and borrowed some short term loans to support machinery procurement and working capital. Hence, the company has disbursed an additional amount of Tk.4.14 crore on account of finance cost coupled with higher interest rate on local & foreign currency during this period.

Price hike of fibers, low export demand, Import of finished yarn from India with subsidized price led us to experience of low profitability.

Therefore, EPS has stood at Tk. 1.66 for the period ended on 31st March 2018 as against Tk. 1.85 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 debtor's (Tk/38.65 crore) & inventory (Tk/38.87 crore) balance for smooth production.
