

Second Quarter
Financial Statement 2017-2018
(Unaudited)



SQUARE TEXTILES LIMITED
(Consolidated and Separate)

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Financial Position

As at December 31, 2017

Particulars	31/Dec/17 Taka	30/Jun/17 Taka
ASSETS:		
Non-Current Assets	5,234,678,646	4,841,254,822
Property, Plant & Equipment- Carrying Value	4,310,444,836	4,514,651,120
Capital Work In Progress	867,950,050	270,319,942
Goodwill	56,283,760	56,283,760
Current Assets	5,072,993,138	5,340,902,541
Inventories	1,746,433,383	1,963,904,496
Accounts Receivable	2,107,964,590	1,931,002,020
Advances, Deposits & Prepayments	570,724,700	583,074,262
Cash & Cash Equivalents	647,870,465	862,921,763
TOTAL ASSETS	10,307,671,784	10,182,157,363
SHAREHOLDERS' EQUITY & LIABILITIES:		
Shareholders' Equity	7,184,489,877	7,345,251,049
Share Capital	1,878,590,480	1,789,133,790
Retained Earnings	5,305,899,397	5,556,117,259
Non controlling Interest	22,345,557	21,507,901
Non-Current Liabilities		
Deferred Tax Liability	207,262,134	203,277,250
Current Liabilities & Provisions	2,893,574,216	2,612,121,163
Short Term Bank Loan (Secured)	1,980,959,635	1,939,547,763
Creditors & Others Payable	206,739,375	117,079,071
Liabilities for Other Finance	283,374,200	165,235,373
Short Term Loan	22,233,843	21,386,290
Provision for Income Tax	400,267,163	368,872,666
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	10,307,671,784	10,182,157,363
Net Asset Value Per Share (Restated)	38.24	39.10

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 & It's Subsidiary

Statement of Changes in Equity

For the 2nd Quarter ended December 31, 2017

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 Half Year ended December 31, 2017	-	197,130,977	197,130,977
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 December 31, 2017	1,878,590,480	5,305,899,397	7,184,489,877

Statement of Changes in Equity

For the 2nd Quarter ended December 31, 2016

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 Half Year ended December 31, 2016	-	274,163,711	274,163,711
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 December 31, 2016	1,789,133,790	5,418,827,890	7,207,961,680

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 & It's Subsidiary

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the 2nd Quarter ended December 31, 2017

Particulars	Half Yearly (Amount in Taka)		2nd Quarter (Amount in Taka)	
	July to Dec. 2017-18	July to Dec. 2016-17	Oct. to Dec. 2017-18	Oct. to Dec. 2016-17
Sales Revenue	4,108,623,475	3,794,383,265	2,052,790,730	1,953,879,116
Cost of Goods Sold	3,700,895,147	3,324,005,222	1,879,119,266	1,765,961,265
Gross Profit	407,728,328	470,378,043	173,671,464	187,917,851
Administrative Overhead	123,299,056	112,481,486	60,844,094	58,356,408
Selling and Distribution Overhead	3,427,839	3,472,367	1,829,076	2,041,201
Profit from Operations	281,001,433	354,424,190	110,998,294	127,520,242
Finance Cost	37,021,645	15,213,340	16,220,780	11,195,444
Other Income	966,967	1,530,846	609,645	1,482,837
Profit Before W.P.P.F & W.F	244,946,755	340,741,696	95,387,159	117,807,635
Allocation for W.P.P.F & W.F	11,664,132	16,225,795	4,542,246	5,609,887
Profit Before Tax	233,282,623	324,515,901	90,844,913	112,197,748
Provision for Tax (Current)	31,329,107	46,765,710	14,308,332	16,184,072
Provision for Tax (Deferred)	3,984,884	2,064,760	(485,261)	728,350
Profit After Tax for The Period	197,968,632	275,685,431	77,021,842	95,285,326
Non-Controlling Interest	837,655	1,521,720	296,367	824,997
Net Income for the Period	197,130,977	274,163,711	76,725,475	94,460,329

(Transferred to the Statement of Changes in Equity)

Earnings Per Share (EPS)-Restated	1.05	1.46	0.41	0.50
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Sd/-
Samuel S Chowdhury
Chairman

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Company Secretary

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Cash flows For the 2nd Quarter ended December 31, 2017

Particulars	July to Dec. 2017-18	July to Dec. 2016-17
	Amount (Taka)	Amount (Taka)
Cash Flows from Operating Activities:		
Receipts from Sales Revenue	3,931,660,905	3,770,702,503
Receipts from Other Income	966,967	124,614
Total Receipts	3,932,627,872	3,770,827,117
Payments to Suppliers	(2,132,665,142)	(2,226,079,921)
Paid for Operating & Non-operating Expenses	(1,025,604,436)	(950,545,526)
Interest Expenses Paid	(42,270,179)	(12,971,406)
Income Tax Paid	(33,233,579)	(50,280,835)
Total Payments	(3,233,773,336)	(3,239,877,688)
Net Cash Generated (Used in) from Operating Activities	698,854,536	530,949,429
Cash Flows from Investing Activities:		
Sales (Purchase) of Property, Plant & Equipment	(597,630,108)	(696,130,355)
Net Cash Generated (Used in) from Investing Activities	(597,630,108)	(696,130,355)
Cash Flows from Financing Activities:		
Short Term Bank Loan Received/ (Repaid)	41,411,872	57,024,432
Short Term Loan from/ (To) Sister Company	139,160	(28,498,940)
Payment of Dividend	(357,826,758)	(406,621,325)
Net Cash Generated (Used in) from Financing Activities	(316,275,726)	(378,095,833)
Increase/ (Decrease) in Cash & Cash Equivalents	(215,051,298)	(543,276,759)
Opening Cash & Cash Equivalents	862,921,763	1,278,771,458
Closing Cash & Cash Equivalents	647,870,465	735,494,699
Net Operating Cash Flows Per Share(Restated)	3.72	2.83

Sd/-
Samuel S Chowdhury
Chairman

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Ratna Patra
Vice Chairman

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Tapan Chowdhury
Managing Director

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Md. Kabir Reza
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE Textiles Limited

Statement of Financial Position As at December 31, 2017

Particulars	31/Dec/17 Taka	30/Jun/17 Taka
ASSETS:		
Non-Current Assets	4,346,255,777	3,893,030,120
Property, Plant & Equipment- Carrying Value	2,938,690,402	3,058,480,897
Capital Work In Progress	823,231,496	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	3,375,820,659	3,618,294,827
Inventories	1,118,828,024	1,326,693,264
Accounts Receivable	1,424,906,924	1,344,598,778
Advances, Deposits & Prepayments	444,651,776	465,257,211
Short Term Loan	36,790,045	108,662,119
Cash & Cash Equivalents	350,643,890	373,083,455
TOTAL ASSETS	7,722,076,436	7,511,324,947
SHAREHOLDERS' EQUITY & LIABILITIES:		
Shareholders' Equity	5,220,788,093	5,452,946,362
Share Capital	1,878,590,480	1,789,133,790
Retained Earnings	3,342,197,613	3,663,812,572
Non-Current Liabilities		
Deferred Tax Liability	117,702,217	109,649,529
Current Liabilities & Provisions	2,383,586,126	1,948,729,056
Short Term Bank Loan (Secured)	1,418,250,279	1,530,686,959
Creditors & Others Payable	161,520,017	65,384,511
Liabilities for Other Finance	258,361,747	148,441,867
Short Term Loan	348,174,261	21,386,290
Provision for Income Tax	197,279,822	182,829,429
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	7,722,076,436	7,511,324,947
Net Asset Value Per Share (Restated)	27.79	29.03

Sd/-
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Chairman

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Managing Director

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Chief Financial Officer

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Company Secretary

SQUARE Textiles Limited

Statement of Profit or Loss and Other Comprehensive Income For the 2nd Quarter ended December 31, 2017

Particulars	Half Yearly (Amount inTaka)		2nd Quarter (Amount inTaka)	
	July to Dec. 2017-18	July to Dec. 2016-17	Oct. to Dec. 2017-18	Oct. to Dec. 2016-17
Sales Revenue	2,741,435,442	2,360,031,102	1,375,404,566	1,172,201,692
Cost of Goods Sold	2,457,617,808	2,056,747,481	1,251,145,818	1,050,908,424
Gross Profit	283,817,634	303,283,621	124,258,748	121,293,268
Administrative Overhead	98,807,625	90,015,239	47,424,864	47,693,994
Selling and Distribution Overhead	2,120,909	2,438,449	1,127,919	1,410,786
Profit from Operations	182,889,100	210,829,933	75,705,965	72,188,488
Finance Cost	30,082,401	9,998,957	15,029,234	7,961,651
Other Income	2,773,450	1,530,846	1,685,570	827,595
Profit Before W.P.P.F & W.F	155,580,149	202,361,822	62,362,301	65,054,432
Allocation for W.P.P.F & W.F	7,408,579	9,636,277	2,969,634	3,097,830
Profit Before Tax	148,171,570	192,725,545	59,392,667	61,956,602
Provision for Tax (Current)	14,450,393	28,469,704	6,282,318	9,376,249
Provision for Tax (Deferred)	8,052,688	592,212	2,795,140	-
Profit After Tax for The Period	125,668,489	163,663,629	50,315,209	52,580,353

(Transferred to the Statement of Changes in Equity)

Earnings Per Share (EPS)-Restated	0.67	0.87	0.27	0.28
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Sd/-
Samuel S Chowdhury
Chairman

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Ratna Patra
Vice Chairman

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Tapan Chowdhury
Managing Director

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Md. Kabir Reza
Chief Financial Officer

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Khandaker Habibuzzaman
Company Secretary

SQUARE Textiles Limited

Statement of Changes in Equity For the 2nd Quarter ended December 31, 2017

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 Half Year ended December 31, 2017	-	125,668,489	125,668,489
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 December 31, 2017	1,878,590,480	3,342,197,613	5,220,788,093

Statement of Changes in Equity For the 2nd Quarter ended December 31, 2016

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 Half Year ended December 31, 2016	-	163,663,629	163,663,629
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 December 31, 2016	1,789,133,790	3,574,982,633	5,364,116,423

Sd/-
Samuel S Chowdhury
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Chief Financial Officer

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Khandaker Habibuzzaman
Company Secretary

SQUARE Textiles Limited

Statement of Cash flows **For the 2nd Quarter ended December 31, 2017**

Particulars	July to Dec. 2017-18 Amount (Tk)	July to Dec. 2016-17 Amount (Tk)
Cash Flows from Operating Activities:		
Receipts from Sales Revenue	2,661,127,296	2,404,020,848
Receipts from Other Income	745,707	124,614
Total Receipts	2,661,873,003	2,404,145,462
Payments to Suppliers	(1,250,431,592)	(1,235,362,994)
Paid for Operating & Non-operating Expenses	(736,817,635)	(648,378,552)
Interest Expenses Paid	(32,818,357)	(6,157,223)
Income Tax Paid	(20,944,789)	(44,528,945)
Total Payments	(2,041,012,373)	(1,934,427,714)
Net Cash Generated (Used in) from Operating Activities	620,860,630	469,717,748
Cash Flows from Investing Activities:		
Sales (Purchase) of Property, Plant & Equipment	(573,016,152)	(690,559,092)
Net Cash Generated (Used in) from Investing Activities	(573,016,152)	(690,559,092)
Cash Flows from Financing Activities:		
Short Term Bank Loan Received/ (Repaid)	(112,436,680)	271,452,618
Short Term Loan from/ (To) Sister Company	399,979,395	64,972,751
Payment of Dividend	(357,826,758)	(406,621,325)
Net Cash Generated (Used in) from Financing Activities	(70,284,043)	(70,195,956)
Increase/ (Decrease) in Cash & Cash Equivalents	(22,439,565)	(291,037,300)
Opening Cash & Cash Equivalents	373,083,455	649,907,707
Closing Cash & Cash Equivalents	350,643,890	358,870,407
Net Operating Cash flows per Share(Restated)	3.30	2.50

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 2nd Quarter Ended December 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 half year ended December 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, 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 Tk. 59.76 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. 39.85 Lac for the adjustable temporary difference up to December 31, 2017.

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. (2.22) crore |
| ➤ Square Yarns Ltd. | Tk. (32.59) crore |
| ➤ Square Texcom Ltd. | Tk. 3.68 crore |
| ➤ Square InformatiX Ltd. | Tk. 0.00 |
| ➤ AEGIS Services Ltd. | Tk. 0.00 |

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

For Sight and Deferred LCs for the group Tk. 72.73 crore only. Out of which Tk. 45.26 crore for Square Textiles Limited, Tk. 11.07 crore only for Square Yarns Limited and Tk. 16.40 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-December'17) sales increased by BDT 31.42 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 (Consumption increased From Tk.146.93/KG to Tk.156.81/KG during 2nd Quarter'2017 compared to 2nd Quarter'2016 i.e incremental fiber price was Tk.9.88 (156.81-146.93)). But price of finished yarns increased by Tk.5.91/KG which could not cover incremental Raw Material price compared to previous period. So, there is a deficit of Tk. 3.97/KG (9.88-5.91) 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 34.65% power cost from TK.29.55 crore to Tk.39.79 crore (used high rated HFO based power for which increased Cost of Goods Sold by around Tk.10.24 crore).

Price hike of fibers, low export demand, Import of finished yarn from India with subsidized price led us to experience of low profitability (Decline 28.08% in 6 months).

Therefore, EPS has stood at Tk. 1.05 for the period ended on 31st December 2017 as against Tk. 1.46 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 inclined due to increase in debtor's collection by TK.16.10 crore.