Second Quarter

Financial Statement 2018-2019

(Unaudited)



SQUARE TEXTILES LIMITED

(Consolidated and Separate)

I AM STOCK

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Financial Position (Unaudited)

As at December 31, 2018

Particulars	31-Dec-18 Taka	30-Jun-18 Taka
ASSETS:		
Non-Current Assets	**5,991,586,075**	**5,850,815,043**
Property, Plant & Equipment- Carrying Value	5,171,553,271	4,369,283,667
Capital Work In Progress	763,749,044	1,425,247,616
Goodwill	56,283,760	56,283,760
Current Assets	**6,509,170,322**	**5,708,002,400**
Inventories	2,894,635,002	2,117,499,335
Accounts Receivable	2,781,279,082	2,537,386,382
Advances, Deposits & Prepayments	471,490,535	457,007,961
Cash & Cash Equivalents	361,765,703	596,108,722
TOTAL ASSETS	**12,500,756,397**	**11,558,817,443**
SHAREHOLDERS' EQUITY & LIABILITIES:		
Shareholders' Equity	**7,300,372,810**	**7,444,414,383**
Share Capital	1,972,520,000	1,878,590,480
Retained Earnings	5,327,852,810	5,565,823,903
Non controlling Interest	**25,002,752**	**23,924,714**
Non-Current Liabilities		
Deferred Tax Liability	**244,869,614**	**222,054,637**
Current Liabilities & Provisions	**4,930,511,221**	**3,868,423,709**
Short Term Bank Loan (Secured)	3,562,206,185	3,416,687,761
Creditors & Others Payable	144,866,617	131,402,995
Liabilities for Other Finance	527,175,573	136,623,950
Short Term Loan	494,853,468	1,385,741
Provision for Income Tax	201,409,378	182,323,262
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	**12,500,756,397**	**11,558,817,443**
Net Asset Value Per Share (Restated)	**37.01**	**37.74**

Sd/-
Tapan Chowdhury
Chairman

Sd/-
Ratna Parta
Vice Chairman

Sd/-
Samuel S Chowdhury
Managing Director

Sd/-
Md. Alamgir Hossain
Chief Financial Office

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 2nd Quarter Ended December 31, 2018

Particulars	Half Yearly (Amount inTk)		2nd Quarter (Amount inTk)	
	July to Dec. 2018-19	July to Dec. 2017-18	Oct. to Dec. 2018-19	Oct. to Dec. 2017-18
Sales Revenue	4,752,967,025	4,108,623,475	2,365,259,186	2,052,790,730
Cost of Goods Sold	4,230,710,563	3,700,895,147	2,129,094,193	1,879,119,266
Gross Profit	**522,256,462**	**407,728,328**	**236,164,993**	**173,671,464**
Administrative Overhead	124,282,049	123,299,056	51,381,841	60,844,094
Selling and Distribution Overhead	7,179,825	3,427,839	3,163,265	1,829,076
Profit from Operations	**390,794,588**	**281,001,433**	**181,619,887**	**110,998,294**
Finance Cost	105,356,706	37,021,645	63,028,292	16,220,780
Non-Operating Income	2,950,554	966,967	1,678,941	609,645
Profit Before W.P.P.F & W.F	**288,388,436**	**244,946,755**	**120,270,536**	**95,387,159**
Allocation for W.P.P.F & W.F	13,732,782	11,664,132	5,727,168	4,542,246
Profit Before Tax	**274,655,654**	**233,282,623**	**114,543,368**	**90,844,913**
Provision for Tax (Current)	19,086,116	31,329,107	4,899,701	14,308,332
Provision for Tax (Deferred)	22,814,977	3,984,884	12,741,966	(485,261)
Profit After Tax for The Period	**232,754,561**	**197,968,632**	**96,901,701**	**77,021,842**
Non-Controlling Interest	**1,078,038**	**837,655**	**523,285**	**296,367**
Net Income for the Period	**231,676,523**	**197,130,977**	**96,378,416**	**76,725,475**
(Transferred to the Statement of Changes in Equity)				
Earnings Per Share (EPS)- Restated	**1.17**	**1.00**	**0.49**	**0.39**

Sd/-
Tapan Chowdhury
Chairman

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Ratna Patra
Vice Chairman

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Samuel S Chowdhury
Managing Director

Sd/-
Md. Alamgir Hossain
Chief Financial Office

Sd/-
Sanjib Baran Roy
Company Secretary

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Changes in Equity (Unaudited)
For the 2nd Quarter Ended December 31, 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 2nd Quarter Ended December 31, 2018	-	231,676,523	231,676,523
Cash Dividend for 2017-18	-	(375,718,096)	(375,718,096)
Stock Dividend for 2017-18	93,929,520	(93,929,520)	-
Balance As at December 31, 2018	**1,972,520,000**	**5,327,852,810**	**7,300,372,810**

Consolidated Statement of Changes in Equity (Unaudited)
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 the 2nd Quarter 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**

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Chief Financial Office

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Sanjib Baran Roy
Company Secretary

SQUARE Textiles Limited & It's Subsidiary

Consolidated Statement of Cash flows (Unaudited)

For the 2nd Quarter Ended December 31, 2018

Particulars	Amount (Tk)	
	July to Dec. 2018-19	July to Dec. 2017-18
Cash Flows from Operating Activities:		
Receipts from Sales Revenue	4,509,074,325	3,931,660,905
Exchange Fluctuation Gain	1,661,886	591,177
Receipts from Other Income	1,288,668	375,790
Total Receipts	**4,512,024,879**	**3,932,627,872**
Payments to Suppliers	(3,847,555,207)	(2,132,665,142)
Paid for Operating & Non-operating Expenses	(1,051,595,583)	(1,025,604,436)
Interest Expenses Paid	(72,147,397)	(42,270,179)
Income Tax Paid	(27,417,825)	(33,233,579)
Total Payments	**(4,998,716,012)**	**(3,233,773,336)**
Net Cash Generated (Used in) from Operating Activities	**(486,691,133)**	**698,854,536**
Cash Flows from Investing Activities:		
Sales (Purchase) of Property, Plant & Equipment	(382,849,587)	(597,630,108)
Net Cash Generated (Used in) from Investing Activities	**(382,849,587)**	**(597,630,108)**
Cash Flows from Financing Activities:		
Short Term Bank Loan Received/ (Repaid)	145,518,424	41,411,872
Short Term Loan from/ (To) Sister Company	489,679,277	139,160
Payment of Dividend	-	(357,826,758)
Net Cash Generated (Used in) from Financing Activities	**635,197,701**	**(316,275,726)**
Increase/ (Decrease) in Cash & Cash Equivalents	**(234,343,019)**	**(215,051,298)**
Opening Cash & Cash Equivalents	596,108,722	862,921,763
Closing Cash & Cash Equivalents	**361,765,703**	**647,870,465**
Net Operating Cash Flows Per Share (Restated)	**(2.47)**	**3.54**

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Tapan Chowdhury
Chairman

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Ratna Parta
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Chief Financial Office

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Company Secretary

SQUARE TEXTILES LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements
For The 2nd Quarter Ended December 31, 2018

01. 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 and Square Texcom Limited, Companies incorporated in Bangladesh under Companies Act 1913 & 1994, for the 2nd quarter ended December 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, 2018, 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 BAS-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 BFRS-8, "Operating Segment".

Figures have been rounded off to the nearest Taka.

02. Consolidated Property, Plant & Equipment: Tk. 5,171,553,271

Details of Property, Plant & Equipment and Depreciation as at December 31, 2018 are as below:

		31-Dec-18	30-Jun-18
Fixed Assets at Cost			
Opening Balance		8,813,079,842	8,561,946,086
Addition during the Year		1,044,994,395	265,969,327
Sale/ Obsolete during the Year		(164,510,577)	(14,835,571)
Closing Balance(Cost)		**9,693,563,660**	**8,813,079,842**
Accumulated Depreciation			
Opening Balance		4,443,796,175	4,047,294,966
Charged during the Year		242,078,555	409,249,836
Adjustment for sale/Obsolete		(163,864,341)	(12,748,627)
		4,522,010,389	**4,443,796,175**
Carrying Value	**Tk.**	**5,171,553,271**	**4,369,283,667**

		31-Dec-18	30-Jun-18
03. Consolidated Inventories: Tk.	**2,894,635,002**		
Stocks of Raw Materials		**2,635,097,300**	**1,851,301,619**
Raw Materials		1,871,910,148	1,316,945,017
Raw Materials In Transit		458,918,124	253,946,100
Packing Materials		22,326,637	13,842,823
Work - in - process		105,198,606	73,007,237
Finished Goods		176,743,785	193,560,442
Stocks of Spares		**259,537,702**	**266,197,716**
Spares at Store		225,741,809	239,896,287
Spares in Transit		33,795,893	26,301,429
	Tk.	**2,894,635,002**	**2,117,499,335**
04. Consolidated Accounts Receivable: Tk.	**2,781,279,082**		
Aging of the above balance is as follows:			
Below 60 days		1,074,472,378	1,043,624,024
Within 61-120 days		1,399,232,732	1,194,206,454
Above 120 days		307,573,972	299,555,904
	Tk.	**2,781,279,082**	**2,537,386,382**

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	**471,490,535**		
Advance		**391,893,638**	**375,973,570**
Income Tax		180,458,949	153,041,124
Salary & PF Current account		1,536,000	2,244,602
Other Expenses		24,936,552	21,702,776
Suppliers & Contractor		184,962,137	198,985,068
Deposits			
		79,596,897	**81,034,391**
Security Deposit		70,924,398	70,924,398
Margin on Bank Guarantee		8,672,499	10,109,993
	Tk.	**471,490,535**	**457,007,961**
06. Consolidated Cash & Cash Equivalents: Tk.	**361,765,703**		
Cash in hand		6,851,772	7,535,794
Cash at Bank		354,913,931	588,572,928
	Tk.	**361,765,703**	**596,108,722**

		31-Dec-18	30-Jun-18
07. Non Controlling Interest:Tk.	**25,002,752**		
5,000 shares of Tk 100 at par of Square Yarns Limited		500,000	500,000
5,000 shares of Tk 100 at par of Square Texcom Ltd.		500,000	500,000
Shares of Accumulated Profit		24,002,752	22,924,714
		25,002,752	**23,924,714**
08. Consolidated Deferred Tax Liability: Tk.	**244,869,614**		
Opening Balance		222,054,637	203,277,250
Deferred tax Adjustment/ Assets		(4,325,444)	(5,346,547)
Deferred tax Liabilities		27,140,421	24,123,934
Closing Balance	**Tk.**	**244,869,614**	**222,054,637**

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).

09. Consolidated Short Term Bank Loan (Secured): Tk.	**3,562,206,185**		
Bank Overdraft		19,153,132	5,569,544
Deferred LC Loan		3,543,053,053	3,411,118,217
	Tk.	**3,562,206,185**	**3,416,687,761**

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

10. Consolidated Creditors & Others Payable: Tk.	**144,866,617**		
Creditors & Others Payable		144,866,617	131,402,995
		144,866,617	**131,402,995**

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.	**527,175,573**		
Retention Money		1,781,837	1,781,837
WPPF & Other Fund		13,732,782	27,128,907
Others		511,660,954	107,713,206
	Tk.	**527,175,573**	**136,623,950**

12. Consolidated Short Term Loan: Tk.	**(494,853,468)**		
Loan To (From) Sqaure Pharma. Ltd.		(494,853,468)	(1,385,741)
Short Term Loan Received	**Tk.**	**(494,853,468)**	**(1,385,741)**

13. Consolidated Provision for Income Tax: Tk.	**201,409,378**		
Opening Balance		182,323,262	368,938,056
Adjustment with Advance Tax		-	(250,943,247)
Provision made for the period		19,086,116	64,328,453
Closing Balance	**Tk.**	**201,409,378**	**182,323,262**

		July-December 2018-19	July-December 2017-18
14. Consolidated Sales Revenue: Tk.	**4,752,967,025**		
Export Sale of Yarns		4,752,967,025	4,108,623,475
	Tk.	**4,752,967,025**	**4,108,623,475**

During the period sales increased by BDT 64.43 crore due to generation of incremental production in Vortex project at Habiganj and slightly increase in sales price of yarn.

15. Consolidated Cost of Goods Sold: Tk.	**4,230,710,563**		
Raw Materials Consumed		3,076,934,270	2,561,026,103
Factory Overhead		1,153,776,293	1,139,869,044
Cost of Goods Sold	**Tk.**	**4,230,710,563**	**3,700,895,147**

16. Consolidated Administrative Overhead: Tk.	**124,282,049**		
Salary and Allowances		62,335,839	62,348,741
Directors' Remuneration		20,609,778	17,882,898
Overseas Travelling		13,687,606	16,860,772
Vehicles Running & Maintenance		6,388,083	6,963,400
Fees & Subscription		6,454,666	5,971,056
Rental Expenses		6,505,806	5,129,258
Office Consumable Expense		1,364,015	1,276,360
Electricity, Gas & Water		1,704,961	755,740
Software & Hardware Support Expenses		898,249	-
Head Office Employees' Free Lunch		694,448	1,549,242
Annual General Meeting Expenses		93,495	171,249
Other Expenses		3,545,103	4,390,340
Total	**Tk.**	**124,282,049**	**123,299,056**

17. Consolidated Selling & Distribution Overhead: Tk.	**7,179,825**		
Export Sale Expenses		5,034,591	2,508,068
Loading & unloading		2,145,234	919,771
Total	**Tk.**	**7,179,825**	**3,427,839**

18. Consolidated Earnings Per Share (EPS):

Earning attributable to Ordinary Shares including other income	**Tk.**	231,676,523	197,130,977
Number of Ordinary shares		197,252,000	197,252,000
Earnings Per Share	**Tk.**	**1.17**	**1.00**

The company has completed Vortex project at Habiganj and started commercial production from July 2018, which generated additional revenue with capacity of around 10/ton per day.

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 declined due to increase of inventory by TK.77.71 crore and debtor's by TK.24.39 crore for additional production capacity in Vortex project at Habiganj and seasonal inventory procurement.

SQUARE Textiles Limited

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

Particulares	31-Dec-18 Taka	30-Jun-18 Taka
ASSETS:		
Non-Current Assets	**5,219,078,986**	**4,994,687,046**
Property, Plant & Equipment- Carrying Value	3,890,427,459	3,001,819,096
Capital Work In Progress	744,317,648	1,408,534,071
Investment - Long Term (At Cost)	584,333,879	584,333,879
Current Assets	**5,223,162,470**	**4,430,793,243**
Inventories	2,158,008,410	1,478,552,169
Accounts Receivable	2,298,809,017	1,999,834,667
Advances, Deposits & Prepayments	394,864,643	391,186,509
Short Term Loan	118,991,026	123,843,099
Cash & Cash Equivalents	252,489,374	437,376,799
TOTAL ASSETS	**10,442,241,456**	**9,425,480,289**
SHAREHOLDERS' EQUITY & LIABILITIES:		
Shareholders' Equity	**5,164,373,729**	**5,386,033,532**
Share Capital	1,972,520,000	1,878,590,480
Retained Earnings	3,191,853,729	3,507,443,052
Non-Current Liabilities		
Deferred Tax Liability	**154,195,564**	**128,579,505**
Current Liabilities & Provisions	**5,123,672,163**	**3,910,867,252**
Short Term Bank Loan (Secured)	3,118,161,280	2,897,754,665
Creditors & Others Payable	97,471,541	79,467,584
Liabilities for Other Finance	508,619,876	116,974,941
Short Term Loan	1,305,406,349	724,638,161
Provision for Income Tax	94,013,117	92,031,901
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	**10,442,241,456**	**9,425,480,289**
Net Asset Value Per Share (Restated)	**26.18**	**27.31**

Sd/-
Tapan Chowdhury
Chairman

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SQUARE Textiles Limited

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

For the 2nd Quarter Ended December 31, 2018

Particulars	Half Yearly (Amount inTk)		2nd Quarter (Amount inTk)	
	July to Dec. 2018-19	July to Dec. 2017-18	Oct. to Dec. 2018-19	Oct. to Dec. 2017-18
Sales Revenue	3,589,548,063	2,741,435,442	1,853,403,682	1,375,404,566
Cost of Goods Sold	3,205,177,348	2,457,617,808	1,682,971,050	1,251,145,818
Gross Profit	**384,370,715**	**283,817,634**	**170,432,632**	**124,258,748**
Administrative Overhead	100,953,807	98,807,625	42,378,845	47,424,864
Selling and Distribution Overhead	5,222,191	2,120,909	2,469,129	1,127,919
Profit from Operations	**278,194,717**	**182,889,100**	**125,584,658**	**75,705,965**
Finance Cost	90,945,768	30,082,401	54,608,039	15,029,234
Non-Operating Income	3,489,397	2,773,450	1,936,661	1,685,570
Profit Before W.P.P.F & W.F	**190,738,346**	**155,580,149**	**72,913,280**	**62,362,301**
Allocation for W.P.P.F & W.F	9,082,778	7,408,579	3,472,061	2,969,634
Profit Before Tax	**181,655,568**	**148,171,570**	**69,441,219**	**59,392,667**
Provision for Tax (Current)	1,981,216	14,450,393	(4,020,158)	6,282,318
Provision for Tax (Deferred)	25,616,059	8,052,688	14,630,007	2,795,140
Profit After Tax for The Period	**154,058,293**	**125,668,489**	**58,831,370**	**50,315,209**
(Transferred to the Statement of Changes in Equity)				
Earnings Per Share (EPS)- Restated	**0.78**	**0.64**	**0.30**	**0.26**

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Company Secretary

SQUARE Textiles Limited

Statement of Changes in Equity (Unaudited)
For the 2nd Quarter Ended December 31, 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 2nd Quarter Ended December 31, 2018	-	154,058,293	154,058,293
Cash Dividend for 2017-18	-	(375,718,096)	(375,718,096)
Stock Dividend for 2017-18	93,929,520	(93,929,520)	-
Balance As at December 31, 2018	**1,972,520,000**	**3,191,853,729**	**5,164,373,729**

Statement of Changes in Equity (Unaudited)
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 the 2nd Quarter 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**

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Company Secretary

SQUARE Textiles Limited

Statement of Cash flows (Unaudited)

For the 2nd Quarter Ended December 31, 2018

Particulars	Amount (Tk)	
	July to Dec. 2018-19	July to Dec. 2017-18
Cash Flows from Operating Activities:		
Receipts from Sales Revenue	3,290,573,713	2,661,127,296
Exchange Fluctuation Gain	950,662	405,078
Receipts from Other Income	593,523	340,629
Total Receipts	**3,292,117,898**	**2,661,873,003**
Payments to Suppliers	(3,040,493,191)	(1,250,431,592)
Paid for Operating & Non-operating Expenses	(778,762,926)	(736,817,635)
Interest Expenses Paid	(59,597,270)	(32,818,357)
Income Tax Paid	(20,383,016)	(20,944,789)
Total Payments	**(3,899,236,403)**	**(2,041,012,373)**
Net Cash Generated (Used in) from Operating Activities	**(607,118,505)**	**620,860,630**
Cash Flows from Investing Activities:		
Sales (Purchase) of Property, Plant & Equipment	(379,820,882)	(573,016,152)
Net Cash Generated (Used in) from Investing Activities	**(379,820,882)**	**(573,016,152)**
Cash Flows from Financing Activities:		
Short Term Bank Loan Received/ (Repaid)	220,406,615	(112,436,680)
Short Term Loan from/ (To) Sister Company	581,645,347	399,979,395
Payment of Dividend	-	(357,826,758)
Net Cash Generated (Used in) from Financing Activities	**802,051,962**	**(70,284,043)**
Increase/ (Decrease) in Cash & Cash Equivalents	**(184,887,425)**	**(22,439,565)**
Opening Cash & Cash Equivalents	437,376,799	373,083,455
Closing Cash & Cash Equivalents	**252,489,374**	**350,643,890**
Net Operating Cash flows per Share (Restated)	**(3.08)**	**3.15**

Sd/-
Tapan Chowdhury
Chairman

Sd/-
Ratna Parta
Vice Chairman

Sd/-
Samuel S Chowdhury
Managing Director

Sd/-
Md. Alamgir Hossain
Chief Financial Office

Sd/-
Sanjib Baran Roy
Company Secretary

SQUARE TEXTILES LIMITED

Notes to the Interim Financial Statements
For The 2nd Quarter Ended December 31, 2018

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 2nd Quarter Ended on December 31, 2018 (here after the interim period). They are prepared in accordance with the Bangladesh Accounting Standard (BAS-34) 'Interim Financial Reporting'. These financial statement should read in conjunction with the Annual Financial Statements as of June 30, 2018, 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 BAS-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 BFRS-8, "Operating Segment".

Figures have been rounded off to the nearest Taka.

02. Property, Plant & Equipment: Tk. 3,890,427,459

Details of Property, Plant & Equipment and Depreciation as at December 31, 2018 are as below:

		31-Dec-18	30-Jun-18
Fixed Assets at Cost			
Opening Balance		5,985,889,409	5,808,792,102
Addition during the Year		1,044,037,305	183,407,307
Sale/ Obsolete during the Year		(162,292,940)	(6,310,000)
Closing Balance(Cost)		**6,867,633,774**	**5,985,889,409**
Accumulated Depreciation			
Opening Balance		2,984,070,313	2,750,311,205
Charged during the Year		155,428,942	240,069,108
Adjustment for sale/Obsolete		(162,292,940)	(6,310,000)
		2,977,206,315	**2,984,070,313**
Carrying Value	**Tk.**	**3,890,427,459**	**3,001,819,096**

		31-Dec-18	30-Jun-18
03. Inventories: Tk.	**2,158,008,410**		
Stocks of Raw Materials		**1,936,368,666**	**1,267,037,971**
Raw Materials		1,396,530,684	987,719,563
Raw Materials In Transit		322,791,442	77,114,929
Packing Materials		18,365,288	10,534,616
Work - in - process		68,786,232	42,694,518
Finished Goods		129,895,020	148,974,345
Stocks of Spares		**221,639,744**	**211,514,198**
Spares at Store		194,101,622	194,217,841
Spares in Transit		27,538,122	17,296,357
	Tk.	**2,158,008,410**	**1,478,552,169**
04. Accounts Receivable: Tk.	**2,298,809,017**		
Aging of the above balance is as follows:			
Below 60 days		913,497,442	864,286,947
Within 61-120 days		1,127,762,840	902,795,356
Above 120 days		257,548,735	232,752,364
	Tk.	**2,298,809,017**	**1,999,834,667**

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.	**394,864,643**		
This is made up of the followings:			
Advance		**338,511,819**	**334,833,685**
Income Tax		145,404,026	125,021,010
Salary & PF Current account		1,530,000	1,995,000
Other Expenses		19,916,799	14,458,064
Suppliers & Contractor		171,660,994	193,359,611
Deposits		**56,352,824**	**56,352,824**
Security Deposit		49,539,729	49,539,729
Margin on Bank Guarantee		6,813,095	6,813,095
	Tk.	**394,864,643**	**391,186,509**
06. Short Term Loan (Unsecured): Tk.	**118,991,026**		
Loan To (From) Square Texcom Ltd.		118,991,026	123,843,099
Short Term Loan Given	**Tk.**	**118,991,026**	**123,843,099**
07. Cash & Cash Equivalents: Tk.	**252,489,374**		
This is made up of the followings:			
Cash in hand		5,558,031	5,619,110
Cash at Bank		246,931,343	431,757,689
	Tk.	**252,489,374**	**437,376,799**

		31-Dec-18	30-Jun-18
08. Deferred Tax Liability: Tk.	**154,195,564**		
Opening Balance		128,579,505	109,649,529
Deferred tax Adjustment/ Assets		-	-
Deferred tax Liabilities		25,616,059	18,929,976
Closing Balance	**Tk.**	**154,195,564**	**128,579,505**

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).

09. Short Term Bank Loan (Secured): Tk.	**3,118,161,280**		
Bank Overdraft		16,202,927	5,569,544
Deferred LC Loan		3,101,958,353	2,892,185,121
	Tk.	**3,118,161,280**	**2,897,754,665**

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

10. Creditors & Others Payable: Tk.	**97,471,541**		
Creditors & Others Payable		97,471,541	79,467,584
		97,471,541	**79,467,584**

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.	**508,619,876**		
Retention Money		1,714,756	1,714,756
WPPF & Other Fund		9,082,778	17,402,229
Others		497,822,342	97,857,956
	Tk.	**508,619,876**	**116,974,941**
12. Short Term Loan: Tk.	**(1,305,406,349)**		
Loan To (From) Sqaure Pharma. Ltd.		(494,853,468)	(1,385,741)
Loan To (from) Square Yarns Ltd.		(810,552,881)	(723,252,420)
Short Term Loan Received	**Tk.**	**(1,305,406,349)**	**(724,638,161)**
13. Provision for Income Tax: Tk.	**94,013,117**		
Opening Balance		92,031,901	182,829,429
Adjustment with Advance Tax		-	(128,998,205)
Provision made for the period		1,981,216	38,200,677
Closing Balance	**Tk.**	**94,013,117**	**92,031,901**

		July-December 2018-19	July-December 2017-18
14. Sales Revenue: Tk.	**3,589,548,063**		
Export Sale of Yarns		3,589,548,063	2,741,435,442
	Tk.	**3,589,548,063**	**2,741,435,442**

During the period sales increased by BDT 84.81 crore due to generation of incremental production in Vortex project at Habiganj and slightly increase in sales price of yarn.

15. Cost of Goods Sold: Tk.	**3,205,177,348**		
This is arrived as follows:			
Raw Materials Consumed		2,388,877,577	1,669,813,597
Factory Overhead		816,299,771	787,804,211
Cost of Goods Sold	**Tk.**	**3,205,177,348**	**2,457,617,808**

		July-December 2018-19	July-December 2017-18
16. Administrative Overhead: Tk.	**100,953,807**		
Salary and Allowances		47,423,634	51,026,086
Directors' Remuneration		20,609,778	17,882,898
Overseas Travelling		8,167,159	8,100,185
Vehicles Running & Maintenance		5,893,561	6,552,317
Fees & Subscription		5,977,873	4,948,738
Rental Expenses		6,403,806	3,851,960
Office Consumable Expense		1,155,824	1,163,818
Electricity, Gas & Water		1,282,641	497,012
Software & Hardware Support Expenses		580,021	-
Head Office Employees' Free Lunch		656,098	1,508,732
Annual General Meeting Expenses		93,495	171,249
Other Expenses		2,709,917	3,104,630
Total	**Tk.**	**100,953,807**	**98,807,625**
17. Selling & Distribution Overhead: Tk.	**5,222,191**		
Export Sale Expenses		3,564,075	1,530,930
Loading & unloading		1,658,116	589,979
Total	**Tk.**	**5,222,191**	**2,120,909**
18. Non-Operating Income: Tk.	**3,489,397**		
Interest Income		2,538,735	2,368,372
Forex Exchange Rate Fluctuation Gain/ (Loss)		950,662	405,078
	Tk.	**3,489,397**	**2,773,450**

19. 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 BAS 24):

Short Term Employee Benefits	58,804,680	53,123,107
Post Employment Benefits	4,783,171	248,652
Other Long Term Benefits	-	-
Termination Benefits	-	-
Share Based Payment	-	-

20. 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 BAS 24: Related Party Disclosure.

SQUARE Pharmaceuticals Ltd.	(494,853,468)	(22,233,843)
SQUARE Yarns Ltd.	(810,552,881)	(325,940,418)
SQUARE Texcom Ltd.	118,991,026	36,790,045
SQUARE InformatiX Ltd.	-	-
AEGIS Services Ltd.	-	-
SQUARE Hospitals Ltd.	-	-

21. Contingent Liability:

Contingent Liability of the Company was Tk. 872,627,027/- as on December 31, 2018 for opening LCs by the banks in favour of foreign suppliers for raw materials and spares.

		July-December 2018-19	July-December 2017-18
22. Earnings Per Share (EPS):			
The Computation is given below:			
Earning attributable to Ordinary Shares including other income	**Tk.**	154,058,293	125,668,489
Number of Ordinary shares		197,252,000	197,252,000
Earnings Per Share	**Tk.**	**0.78**	**0.64**

The company has completed Vortex project at Habiganj and started commercial production from July 2018, which generated additional revenue with capacity of around 10/ton per day.

23. 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 declined due to increase of inventory by TK.67.95 crore and debtor's by TK.29.90 crore for additional production capacity in Vortex project at Habiganj and seasonal inventory procurement.

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