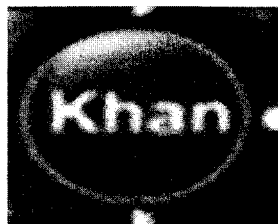


1st Quarter (Q1)
Financial Statements (July 2020 to September 2020)
(Un-Audited)



Sonargaon Textiles Limited.

SONARGAON TEXTILES LIMITED

Khansons Centre (8th & 9th Floor)
37, Kawran Bazar, Dhaka-1215
Tel : 55013501, 55013597, 55013500, Fax: 880-2-55013498

1st Quarter (Q1) Financial Statements


In compliance with listing regulation 2015 of Dhaka & Chittagong Stock Exchange as well as BSEC notification no. -SEC/CMRRCD/2008-183/Admin/03-34 dated : 27th Sept, 2009, we are pleased to provide you below the un-audited financial statement of the Company for the 1st Quarter ended 30th September, 2020. as considered by the Board of Directors meeting held on 12.11.2020 at 37, Kawran Bazar, Dhaka-1215.

On Behalf of the Board


Md. Monir Hossain
Company Secretary

Statement of Financial Position (Un-Audited) As at 30th September, 2020

	30 Sept. 2020 Taka	30 June, 2020 Taka
Assets		
Non-Current Assets :		
Property, Plant and Equipment	668,728,933	676,865,177
IFRS 16 - Right of Use Asset	885,953	1,012,518
	669,614,886	677,877,695
Current Assets :		
Inventories	600,178,607	608,332,340
Trade & Other Receivables	374,482,453	358,537,069
Advances, Deposits and Prepayments	1,985,975	1,939,405
Investment in Shares Central Depository BD. Ltd. (CDBL)	1,569,450	1,569,450
Cash and cash equivalent	5,098,551	9,849,989
	983,315,035	980,228,253
Total Assets	1,652,929,921	1,658,105,948
Equity and Liabilities :		
Shareholders' Equity		
Share Capital	264,670,560	264,670,560
Capital Reserve	5,373,570	5,373,570
Share Premium	54,560,000	54,560,000
Revaluation Reserve	373,999,154	377,318,921
Retained Earnings	(63,027,415)	(55,453,156)
	635,575,868	646,469,895
Non-Current Liabilities		
Long Term Loan	895,878,378	888,740,741
IFRS 16 - Lease Obligation Liabilities	929,743	1,055,467
Director's and Other Loans and Advances	27,720,197	27,720,197
Deferred Tax Liability	74,429,574	75,517,774
	998,957,892	993,034,179
Current Liabilities		
Short Term Loans	-	-
Current Portion of Long Term Loan	-	-
Trade & Other Payables	16,055,030	16,252,531
Workers Profit Participation and Welfare Fund	1,980,815	1,980,815
Provision for Income Tax	360,316	368,529
	18,396,161	18,601,874
Total Equity & Liabilities	1,652,929,921	1,658,105,948
Net Assets Value Per Share (NAVPS)	24.01	24.43


A.K.M. Azizur Rahman
Chairman


Bazlur Rahman
Managing Director


Rosy Rahman
Director


Md. Mostafa
Chief Financial Officer



Md. Monir Hossain
Company Secretary

SONARGAON TEXTILES LTD.

Statement of Profit or Loss and Other Comprehensive Income (Un-Audited)


For the period ended 30th September, 2020

	July to Sept. 2020 Taka	July to Sept. 2019 Taka
Turnover	55,604,803	175,034,920
Cost of Goods sold	(55,584,111)	(152,934,920)
Gross Profit	20,691	22,100,000
Operating Expenses :		
Administrative Expenses	(4,098,576)	(4,055,250)
Selling & Distribution Expenses	(350,385)	(1,050,250)
Financial Expenses	(7,220,328)	(13,932,693)
Total Expenses	(11,669,289)	(19,038,193)
Operating Profit/(Loss)	(11,648,597)	3,061,807
Non Operating Income	-	-
Net Profit/(Loss)	(11,648,597)	3,061,807
Provision for WPPF	-	-
Provision for WWF	-	-
Net Profit/(Loss) before tax (G-H)	(11,648,597)	3,061,807
Provision for Taxation		
Current Tax	(333,629)	(1,050,210)
Deferred Tax	1,088,200	(45,000)
Net Profit/Loss after tax	(10,894,027)	1,966,597
Other comprehensive income	-	-
Total comprehensive income	(10,894,027)	1,966,597
Earning Per Share (EPS)	(0.41)	0.07


A.K.M. Azizur Rahman
Chairman


Bazlur Rahman
Managing Director


Rosy Rahman
Director


Md. Mostafa
Chief Financial Officer


Md. Moahir Hossain
Company Secretary

SONARGAON TEXTILES LTD.

Statement of Changes in Equity (Un-Audited)
For the period ended 30th September, 2020

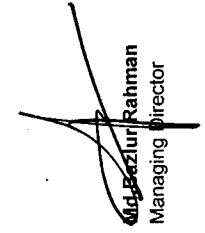
Particulars	Share Capital	Share Premium	Capital Reserve	Revaluation Reserve	Retained Earnings	Total Taka
As at 1 st July, 2020	264,670,560	54,560,000	5,373,570	377,318,921	(55,453,156)	646,469,895
Adjustment in Revaluation Reserve	-	-	-	(3,319,767)	3,319,767	-
Net profit/(Loss)- July, 20 to Sept, 20	-	-	-	-	(10,894,027)	(10,894,027)
As at 30th September, 2020	264,670,560	54,560,000	5,373,570	373,999,154	(63,027,415)	635,575,868

SONARGAON TEXTILES LTD.

Statement of Changes in Equity (Un-Audited)
For the period ended 30th September, 2019

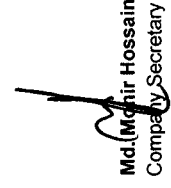
Particulars	Share Capital	Share Premium	Capital Reserve	Revaluation Reserve	Retained Earnings	Total Taka
As at 1 st July, 2019	264,670,000	54,560,000	5,373,000	437,904,833	16,684,773	779,192,606
Adjustment in Revaluation Reserve	-	-	-	(3,554,005)	3,554,005	-
Net profit/Loss- July, 19 to Sept, 19	-	-	-	-	1,966,597	1,966,597
As at 30th September, 2019	264,670,000	54,560,000	5,373,000	434,350,828	22,205,375	781,159,203


A.K.M. Azizur Rahman
Chairman


Md. Azizur Rahman
Managing Director


Roşy Rahman
Director


Md. Mostafiz
Chief Financial officer



Md. Mohir Hossain
Company Secretary


SONARGAON TEXTILES LTD.

Statement of Cash flows (Un-Audited)

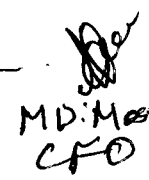
For the period of 30th September, 2020

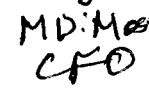
Particulars	July to Sept, 2020 Taka	July to Sept, 2019 Taka
A. <u>Cash Flows from Operating Activities :</u>		
Collection from Turnover & Others	41,210,530	192,553,953
Payment to Suppliers and Employees	(47,171,237)	(183,881,904)
Cash Generated from Operation	(5,960,707)	8,672,049
Collection from Non-operation Income	-	-
Interest Paid	-	(5,778,923)
Income Tax paid	(341,842)	(2,021,107)
Net Cash Flows from Operating Activities	(6,302,549)	872,019
B. <u>Cash Flows from Investing Activities :</u>		
Acquisition of property Plant & Equipment	-	-
Acquisition of Long Term Assets	-	-
Sale Proceeds of Long Term Assets	-	-
Net Cash Flows from Investing Activities	-	-
C. <u>Cash Flows from Financing Activities :</u>		
Long Term Loan received	-	-
Other Loans and Advances Received /(Paid)	-	-
Short Term Loan Paid	-	-
Net cash flow from Financing Activities	-	-
Increase/(decrease) in Cash and Cash Equivalent (A+B+C)	(6,302,549)	872,018
Cash and Cash Equivalent at Opening	9,849,989	20,723,598
Unrealized gain or (loss) on foreign exchange fluctuation	1,551,111	-
Cash and Cash Equivalent at Closing	5,098,551	21,595,616
Net Operating Cash Flow Per Share (NOCFPS)	(0.24)	0.03


A.K.M. Azizur Rahman
Chairman


Bazur Rahman
Managing Director


Rosy Rahman
Director


Md. Moair Hossain
Company Secretary


MD. Manna
CFO

Sonargaon Textiles Ltd.

Notes to the Interim Un-Audited Financial Statements
for the 1st Quarter ended 30th September, 2020..

Basis of Preparation of the Interim Un-Audited Financial Statements:

These Financial Statements are the un audited interim financial statement (here after 'the un audited Interim Financial Statements') of **Sonargaon Textiles Limited**, Companies incorporated in Bangladesh under companies act, for the 1st Quarter ended 30th September, 2020 (here after 'the interim period'). They are prepared in accordance with the International Accounting Standards (IAS-34) 'Interim Financial Reporting'. These financial statements should read in conjunction with 1st Quarter ended Financial Statements as of 30th September, 2020, 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 comparative figures have been reclassified or extended from the previously reported Interim Financial Statements to take into account any presentational changes made in the 1st Quarter ended 30th September, 2020 Financial Statements or in these Interim Financial statements.

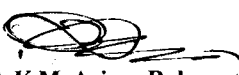
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the Interim Financial Statements. If in the future such estimates and assumptions, 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.

Income Tax expense is recognized based upon as applicable reduced tax rate for the reporting period.

Long Term Loan includes a classified loan availed from **Mutual Trust Bank (MTB)** with a loan balance representing taka 29,20,80,230 as on 30.06.2019 However, the bank made a suit through "Artha Rin Adalat" vide suit no. 878 of 2015 against the company for recovery of money with suit value taka 219,501,331 the company is currently contesting this claim in the courts. The loan balance presented in the statement of financial position represent the original principle amount due plus accrued interest calculated as per the original interest and not the interest rate claimed by the bank. Due the on going litigation with the courts. The loan balance is subject to confirmation .The company's provisional outstanding balance on the balance sheet is over from litigation amount claim by the bank .Therefore the management have decided not make further interest expenses provision during this since the company have already provisioned a higher amount of thos this then the bank is claiming on the case .the management have also consulted with the company's lawyer and believe the case to be in company's favour.


In respect of the loan facilities availed from **Bangladesh Development Bank Ltd. (BDBL)** (Former Bangladesh Shilpa Bank) for Unit No. 1,2 & 3, the loan amount presented in the statement of financial position equals Tk. 274,184,272.The bank performed a reschedule for the loan in the current year. However, the bank has made a suit through "Artha Rin Adalat" vide suit no. 7 of 2017 with suit value 346,291,000. The company is currently contesting this claim in the courts. The loan balance presented in the statement of financial position represent the original principle amount due plus accrued interest calculated as per the original interest and not the interest rate claimed by the bank. Due the on going litigation with the courts. The loan balance is confirmed by a reschedule Tk.274,184,272 with one year grace period for interest expenses and 1st installment due 01.01.2021.


The Company availed loan from **Rupali Bank Limited (RBL)** for Unit 3 through mortgage of Company's Fixed Assets and personal guarantee of all sponsor Directors. The bank performed a reschedule for the loan in the previous year. The bank charges interest on the loan facilities @ 9% of the Term Loan.


A.K.M. Azizur Rahman
Chairman


Azizur Rahman
Managing Director


Rosy Rahman
Director


Md. Mostafa
CFO


Md. Mostafiz Hossain
Company Secretary

Sonargaon Textiles Limited

Selected explanatory notes on the Un-Audited Financial Statements
For the 1st Quarter (Q1) ended September 30, 2020.

1) Accounting Policies & Methods used for preparation & presentation of Financial Statements:

We have followed the similar accounting policies and methods for preparation and presentation of financial statements for the period from July 01, 2020 to September 30, 2020 compared to the most recent annual financial statements for the period ended June 30, 2020.

2) Seasonality/Cyclicality of Interim Operation:

There was no significant seasonality/cyclicality effect. However, turnover for the period from July 01, 2020 to September 30, 2020 decreased by 68.23 % compared to same period of last period. Turnover falls due to lower sales price in current period.

3) Changes in Non-Current Assets:

Total non-current assets during the period from July 01, 2020 to September 30, 2020 decreased by Tk. 8,262,809 mainly due to net impact of depreciation charged during the period.

4) Changes in Current Assets:

Total current assets during the period from July 01, 2020 to September 30, 2020 Increased by Tk. 30,86,783 covering the following:

Particulars	Amount in taka
Inventories	(8,153,733)
Trade & Other Receivables	15,945,384
Advances, Deposits and Prepayments	46,570.00
Investment in Shares Central Depository BD. Ltd. (CDBL)	-
Cash and cash equivalent	(4,751,438)
Total	30,86,783

5) Changes in Shareholders' equity:

Shareholders' equity changed due to the addition of after tax loss & Adjustment in Revaluation Reserve for the period July 01, 2020 to September 30, 2020 .

6) Changes in Non-Current Liabilities:

Total non-current liabilities Increased by Tk. 5,923,713 mainly due to provision of Bank loan & Deferred Tax Liability & IFRS 16 - Lease Obligation Liabilities.

7) Changes in Current Liabilities:

Total current liabilities decreased by Tk. 205,714 covering the following:

Particulars	Amount in Taka
Short Term Loans	-
Current Portion of Long Term Loan	-
Trade & Other Payables	(197,501)
Workers Profit Participation and Welfare Fund	-
Provision for Income Tax	(8,213)
Total	(205,714)

8) Changes in Operating Income:

Sales Revenue decreased by 68.23 % compared to same period of last period. Revenue decreased due to fall in production volume for adverse effect of COVID 19 resulting full closure of Mill in the of 1st Quarter ended 30th September, 2020 .

9) Decrease of Cost of Goods Sold:

Cost of goods sold decreased by 63.66 % compared to same period of last period mainly due to fall in production volume for adverse effect of COVID 19 resulting full closure of Mill in the 1st quarter of 1st Quarter ended 30th September, 2020 .

10) Changes in Gross Profit/(loss):

GP 99.90 % decreased mainly due to fall in production volume for adverse effect of COVID 19 resulting full closure of Mill in the of 1st Quarter ended 30th September, 2020 .

11) Changes in Net Profit/(loss):

Net Profit decreased mainly due to decreased due to fall in production volume for adverse effect of COVID 19 resulting full closure of 1st Quarter ended 30th September, 2020 .

12) Significant deviation in Earning Per Share (EPS):

Earnings per Share has decreased by 486 % mainly due to fall in production volume for adverse effect of COVID 19 resulting full closure of Mill in the 1st Quarter ended 30th September,2020.

13) Significant Deviation In Net Operating Cash Flows (NOCFPS) :

Net operating cash flows per share negative Tk. (0.24) compared to the same period of last year Tk. 0.03 is mainly due to decreased in lower sales & collection from customers.

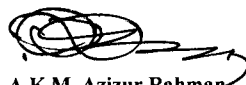
14) Significant Deviation In Net Assets Value per Share (NAVPS):

Net Assets Value per share has decreased Tk. (0.42) is mainly due to net loss after tax because of fall in production volume for adverse effect of COVID19 resulting full closure of Mill in the 1st quarter and decrease in the company's retained earnings and assets .

15) Disclosure of key management personnel compensation:

As per the paragraph 17 of IAS-24: Related Party Disclosure, there was no payment of benefits during this period on account of:

- a) Short-term employee benefits
- b) Post-employment benefits
- c) Other long-term benefits
- d) Termination benefits
- e) Share-based payment.


A.K.M. Azizur Rahman
Chairman


Bazlur Rahman
Managing Director


Rosy Rahman
Director


Md. Mostafa
CFO


Md. Mubair Hossain
Company Secretary