

Half yearly
Financial Statement (July 2020 to December 2020)
(Un-Audited)



Sonargaon Textiles Limited.

a member of Khansons Group

Khansons Centre (8th & 9th Floor)

37, Kawran Bazar, Dhaka-1215

Tel : 55013501, 55013597, Fax: 880-2-55013498.



SONARGAON TEXTILES LIMITED

Khansons Centre (8th & 9th Floor)

37, Kawran Bazar, Dhaka-1215

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Half Yearly 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 half year ended December 31, 2020 as considered by the Board of Directors meeting held on 31.01.2021 at 37, Kawran Bazar, Dhaka-1215.

Md. Monir Hossain

Company Secretary

Statement of Financial Position (Un-Audited)

As at 31 December, 2020

| | 31 December, 2020 Taka | 30 June, 2020 Taka |
|---|---------------------------|-----------------------|
| Assets | | |
| Non-Current Assets : | | |
| Property, Plant and Equipment | 810,193,605 | 676,865,177 |
| IFRS 16 - Right of Use Asset | 759,389 | 1,012,518 |
| | 810,952,993 | 677,877,695 |
| Current Assets : | | |
| Inventories | 572,975,189 | 608,332,340 |
| Trade & Other Receivables | 255,088,559 | 358,537,069 |
| Advances, Deposits and Prepayments | 2,015,875 | 1,939,405 |
| Investment in Shares Central Depository BD. Ltd. (CDBL) | 1,569,450 | 1,569,450 |
| Cash and cash equivalent | 3,168,219 | 9,849,989 |
| | 834,817,292 | 980,228,253 |
| Total Assets | 1,645,770,285 | 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 | 370,679,386 | 377,318,921 |
| Retained Earnings | (71,864,677) | (55,453,156) |
| | 623,418,839 | 646,469,895 |
| Non-Current Liabilities | | |
| Long Term Loan | 903,123,752 | 888,740,741 |
| IFRS 16 - Lease Obligation Liabilities | 759,389 | 1,055,467 |
| Director's and Other Loans and Advances | 27,720,197 | 27,720,197 |
| Deferred Tax Liability | 73,341,374 | 75,517,774 |
| | 1,004,944,712 | 993,034,178 |
| Current Liabilities | | |
| Short Term Loans | - | - |
| Current Portion of Long Term Loan | - | - |
| Trade & Other Payables | 14,568,754 | 16,252,531 |
| Workers Profit Participation and Welfare Fund | 1,980,815 | 1,980,815 |
| Provision for Income Tax | 857,166 | 368,529 |
| | 17,406,735 | 18,601,875 |
| Total Equity & Liabilities | 1,645,770,285 | 1,658,105,948 |
| Net Assets Value Per Share (NAVPS) | 23.55 | 24.43 |

The accounting policies and other notes form an integral part of these financial statements.


A.K.M. Azizur Rahman
Chairman


Rosy Rahman
Director


Md. Mostafa
Chief Financial Officer

As per report Annexed.

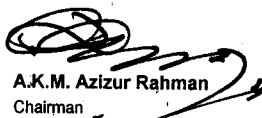

Md. Monir Hossain
Company Secretary

SONARGAON TEXTILES LIMITED

Statement Of Profit Or Loss And Other Comprehensive Income (Un-Audited)
For The 2nd Quarter Ended December 31, 2020

| | Half Yearly (Amount in Tk.) | | 2 nd Quarter (Amount in Tk.) | |
|---|-----------------------------|---------------------------|---|----------------------------|
| | July to Dec. 2020-2021 | July to Dec. 2019-2020 | Oct. to Dec. 2020- 2021 | Oct. to Dec. 2019- 2020 |
| Turnover | 82,808,221 | 354,860,640 | 27,203,418 | 179,825,720 |
| Cost of Goods sold | (82,549,583) | (306,921,704) | (26,965,472) | (153,986,784) |
| Gross Profit | 258,637 | 47,938,936 | 237,946 | 25,838,936 |
| Operating Expenses : | | | | |
| Administrative Expenses | (8,054,227) | (9,960,901) | (3,955,651) | (5,905,651) |
| Selling & Distribution Expenses | (611,538) | (2,050,575) | (261,153) | (1,000,325) |
| Financial Expenses | (16,327,660) | (24,293,813) | (9,107,332) | (10,361,120) |
| Total Expenses | (24,993,425) | (36,305,289) | (13,324,136) | (17,267,096) |
| Operating Profit/(Loss) | (24,734,788) | 11,633,647 | (13,086,190) | 8,571,840 |
| Non Operating Income | 4,181 | 5,727 | 4,181 | 5,727 |
| Net Profit/(Loss) | (24,730,607) | 11,639,374 | (13,082,009) | 8,577,567 |
| Provision for WPPF | - | (428,878) | - | (428,878) |
| Provision for WWF | - | - | - | - |
| | - | (428,878) | - | (428,878) |
| Net Profit/(Loss) before tax (G-H) | (24,730,607) | 11,210,496 | (13,082,009) | 8,148,688 |
| Provision for Taxation | | | | |
| Current Tax | (496,850) | (2,272,513) | (163,221) | (1,222,303) |
| Deferred Tax | 2,176,400 | (88,255) | 1,088,200 | (43,255) |
| Net Profit/Loss after tax | (23,051,056) | 8,849,727 | (12,157,030) | 6,883,130 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | (23,051,056) | 8,849,727 | (12,157,030) | 6,883,130 |
| Earning Per Share (EPS) | (0.87) | 0.33 | (0.46) | 0.26 |

As per report Annexed.


A.K.M. Azizur Rahman
Chairman


Rosy Rahman
Director


Md. Mostafa
Chief Financial Officer


Md. Manir Hossain
Company Secretary




SONARGAON TEXTILES LTD.

Statement Of Changes In Equity (Un-Audited)
For the 2nd Quarter Ended December 31, 2020

| Particulars | Share Capital | Share Premium | Capital Reserve | Revaluation Reserve | Retained Earnings | Total Taka |
|-----------------------------------|---------------|---------------|-----------------|---------------------|-------------------|--------------|
| As at 1 July, 2020 | 264,670,560 | 54,560,000 | 5,373,570 | 377,318,921 | (55,453,156) | 646,469,895 |
| Adjustment in Revaluation Reserve | - | - | - | (6,639,535) | 6,639,535 | - |
| Net profit/Loss- 2020 | - | - | - | - | (23,051,056) | (23,051,056) |
| As at December 31, 2020 | 264,670,560 | 54,560,000 | 5,373,570 | 370,679,386 | (71,864,677) | 623,418,839 |

Statement Of Changes In Equity (Un-Audited)
For the 2nd Quarter Ended December 31, 2019

| Particulars | Share Capital | Share Premium | Capital Reserve | Revaluation Reserve | Retained Earnings | Total Taka |
|-----------------------------------|---------------|---------------|-----------------|---------------------|-------------------|-------------|
| As at 1 July, 2019 | 264,670,560 | 54,560,000 | 5,373,570 | 437,904,833 | 16,684,773 | 779,193,736 |
| Adjustment in Revaluation Reserve | - | - | - | (7,108,010) | 7,108,010 | - |
| Net Profit/(Loss) -2019 | - | - | - | - | 8,849,727 | 8,849,727 |
| Dividend 2019 | - | - | - | - | (7,940,117) | (7,940,117) |
| As at December 31, 2019 | 264,670,560 | 54,560,000 | 5,373,570 | 430,796,823 | 24,702,393 | 780,103,346 |


A.K.M. Azizur Rahman
Chairman


Rosy Rahman
Director


Md. Mostafa
Chief Financial Officer


Md. Monir Hossain
Company Secretary




Dated: Dhaka

SONARGAON TEXTILES LIMITED


Statement Of Cash Flows (Un-Audited)

For The 2nd Quarter Ended December 31, 2020

| | July to Dec. 2020-2021 | July to Dec. 2019-2020 |
|---|---------------------------|---------------------------|
| A. Cash Flows from Operating Activities : | | |
| Collection from Turnover & Others | 186,256,731 | 387,193,448 |
| Payment to Suppliers and Employees | (38,322,709) | (384,248,071) |
| Cash Generated from Operation | 147,934,022 | 2,945,377 |
| Collection from Non-operation Income | 4,181 | 5,727 |
| Interest Paid | - | - |
| Income Tax paid | (342,317) | (2,645,465) |
| Net Cash Flows from Operating Activities | 147,595,886 | 305,639 |
| B. Cash Flows from Investing Activities : | | |
| Acquisition of property Plant & Equipment | (155,073,082) | - |
| Acquisition/Addition of Long Term Assets | - | - |
| Sale Proceeds of Long Term Assets | - | - |
| Net Cash Flows from Investing Activities | (155,073,082) | - |
| C. Cash Flows from Financing Activities : | | |
| 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) | (7,477,197) | 305,639 |
| Cash and Cash Equivalent at Opening | 9,849,989 | 20,723,598 |
| Unrealized gain or (loss) on foreign exchange fluctuation | 1,056,580 | - |
| Cash and Cash Equivalent at Closing | 3,429,372 | 21,029,237 |
| Net Operating Cash Flow Per Share (NOCFPS) | 5.58 | 0.01 |


A. K. M. Azizur Rahman
Chairman


Rosy Rahman
Director


Md. Mostafa
CFO


Md. Moñir Hossain
Company Secretary

Dated: Dhaka

Sonargaon Textiles Ltd.

Notes to the Interim Un-Audited Financial Statements
for the half year ended 31st December, 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 half year ended 31st December, 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 the half year ended Financial Statements as of 31st December, 2020, as they provide an update of previously reported information.

The accounting policies and presentation used are consistent with those used in the Annual Financials, 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 half year ended 31st December, 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 Statement. 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.

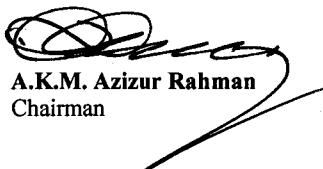
Income Tax expense is recognized based upon as applicable reduced tax rate for the reporting period.

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.

The management have decided overhaul the no.of 77 machineries of Unit-03 due to defect & drawback . approx. Total budgeted amount of Tk.21.00 crore as per decision approved by board meeting no.139 date.12.11.2020.But during the period no Depreciation charge on machineries overhaul amounting taka 155,073,082.


A.K.M. Azizur Rahman
Chairman


Rosy Rahman
Director


Md. Mostafa
CFO


Md. Monir Hossain
Company Secretary

8) Changes in Operating Income:

Sales Revenue decreased by 76.66 % compared to same period of last year. Revenue falls due to fall in production volume for adverse effect of COVID19 resulting full closure of Mill in the 2nd quarter .

9) Decrease of Cost of Goods Sold:

Cost of goods sold decreased by 73.10 % compared to same period of last year is mainly due to fall in production volume for adverse effect of COVID19 resulting full closure of Mill in the 2nd quarter .

10) Changes in Gross Profit/(loss):

GP 99.46 % decreased mainly due to fall in production volume for adverse effect of COVID19 resulting full closure of Mill in the 2nd quarter.

11) Changes in Net Profit/(loss):

Net Loss increased mainly due to fall in production volume for adverse effect of COVID19 resulting full closure of Mill in the 2nd quarter & we did not make bank loan interest provision in the half year ended 31st December, 2020 because of the additional provision up to the financial year ended 30 June 2019 compared to the loan amount mentioned in the bank made a suit against the company.

12) Significant deviation in EPS:

Earnings per Share was decreased by 360.60 % mainly due to lower to fall in production volume for adverse effect of COVID19 resulting full closure of Mill in the 2nd quarter & we did not make bank loan (MTBL) interest provision in the half year ended 31st December, 2020 because of the additional provision up to the financial year ended 30 June 2019 compared to the loan amount mentioned in the bank made a suit against the company.

13) Deviation In Net Operating Cash Flows:

Net operating cash flows per share positive Tk. 5.58 compared to the same period of last year Tk. 0.01 is mainly because of increased in 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 2nd 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


Rosy Rahman
Director


Md. Mostafa
CFO


Md. Monir Hossain
Company Secretary

