Dear Shareholders

We are pleased to present the unaudited 2nd quarter financial statements of the company containing Statement of Financial Position as at December 31, 2016, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and selected notes to the financial statements for the 2nd quarter ended December 31,2016.

Managing Director
January 30,2017

## SINOBANGLA INDUSTRIES LTD.
## STATEMENT OF FINANCIAL POSITION
As on December 31,2016
(Unaudited)

| | | | Tk. In '000' |
|---|---|---|---|
| **ASSETS:** | Notes | **31-Dec-16** | **30-Jun-16** |
| **Non Current Assets** | | | |
| Property, Plant & Equipment | 3 | 559,544 | 576,335 |
| (At Cost less accumulated depreciation) | | | |
| Capital Expenditure-in-Progress | | 1,299 | 1,299 |
| Investment in Unit-II | | 245,304 | 245,304 |
| Investment in Dutch Bangla Pack Ltd. | | 34,318 | 34,318 |
| Investment in FDR | | 1,481 | 1,481 |
| **Total Non Current Assets** | | **841,946** | **858,737** |
| **Current Assets, Loans & Advances:** | | | |
| Inventories | 4 | 134,023 | 146,604 |
| Trade Debtors | 5 | 217,944 | 194,440 |
| Other Receivables | | 55,335 | 52,839 |
| Advance, Deposits & Pre-payments | 6 | 159,234 | 148,049 |
| Inter transfer to Unit-II | | 65,449 | 46,632 |
| Cash & Cash Equivalents | 7 | 6,218 | 14,904 |
| | | **638,203** | **603,468** |
| **TOTAL ASSETS** | **TK.** | **1,480,149** | **1,462,205** |
| **EQUITY & LIABILITIES** | | | |
| **Shareholder's Equity** | | | |
| Share Capital | | 199,966 | 199,966 |
| Share Premium | | 99,983 | 99,983 |
| General Reserve | | 43,196 | 43,196 |
| Reserve for revaluation of Fixed Assets | | 4,393 | 4,624 |
| Retained Earnings | | 157,300 | 144,924 |
| | | **504,838** | **492,693** |
| **Non-Current Liabilities:** | | | |
| Investment from Unit-I | | 245,304 | 245,304 |
| Deferred Tax Liability/(Assets) | | 11,068 | 8,541 |
| Long Term Loan | 8 | 148,081 | 163,875 |
| | | **404,453** | **417,720** |
| **Current Liabilities and Provisions:** | | | |
| Long Term Loan - Current Portion | 9 | 32,501 | 33,361 |
| Short Term Loan - Secured | 10 | 216,295 | 203,489 |
| Sundry Creditors & Liability for Expenses | | 186,623 | 196,220 |
| Inter transfer from Unit-I | | 65,449 | 46,632 |
| Provision for WPPF | | 3,825 | 2,334 |
| Provision for Income Tax | | 48,309 | 44,584 |
| Advance Against Sales | | 670 | 1,064 |
| Unclaimed Dividend | | 17,186 | 24,108 |
| | | **570,858** | **551,792** |
| **TOTAL EQUITY & LIABILITIES** | **TK.** | **1,480,149** | **1,462,205** |
| **Net Assets Value (NAV) Per Share** | | **25.25** | **24.64** |

(Abdur Rashid) Managing Director | (Enamul Hoq) Director | (Abdul Ahad) Director | (Md. Habibur Rahman) DGM & Company Secretary | (Md. Shariful Mowla, FCMA) Chief Financial Officer

January 30, 2017

SINOBANGLA INDUSTRIES LTD. DHAKA

## SINOBANGLA INDUSTRIES LTD.
## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the 2nd quarter ended December 31,2016
(Unaudited)

**Tk. In '000'**

| | Notes | Six Months Ended | | Second Quarter Results | |
|---|---|---|---|---|---|
| | | 1-July-16 to 31-Dec-16 | 1-July-15 to 31-Dec-15 | 1-Oct-16 to 31-Dec-16 | 1-Oct-15 to 31-Dec-15 |
| Turnover | 11 | 643,012 | 517,416 | 377,462 | 221,864 |
| Cost of Goods Sold | 12 | (563,417) | (452,379) | (332,844) | (193,307) |
| **Gross Profit** | | **79,595** | **65,037** | **44,618** | **28,557** |
| **Operating Expenses:** | | | | | |
| Administrative & Selling Expenses | 13 | (37,593) | (30,547) | (18,464) | (10,810) |
| **Operating Profit** | | **42,002** | **34,490** | **26,154** | **17,747** |
| Other Income | | 127 | 232 | 63 | 136 |
| Financial Expenses | 14 | (22,242) | (20,724) | (13,529) | (11,549) |
| | | (22,115) | (20,492) | (13,466) | (11,413) |
| **Profit before WPPF** | | **19,887** | **13,998** | **12,688** | **6,334** |
| Contribution to WPPF | | (1,490) | (1,145) | (915) | (440) |
| **Profit before Tax** | | **18,397** | **12,853** | **11,773** | **5,894** |
| Provision for Income Tax | | | | | |
| Current Tax | | (3,725) | (2,862) | (2,288) | (1,100) |
| Deferred Tax | | (2,527) | 639 | (1,274) | (847) |
| | | (6,252) | (2,223) | (3,562) | (1,947) |
| **Profit/(Loss) After Tax** | | **12,145** | **10,630** | **8,211** | **3,947** |
| **Earning Per Share (EPS)** | | 0.61 | 0.53 | 0.41 | 0.20 |

(Abdur Rashid) Managing Director | (Enamul Hoq) Director | (Abdul Ahad) Director | (Md. Habibur Rahman) DGM & Company Secretary | (Md. Shariful Mowla, FCMA) Chief Financial Officer

January 30, 2017

SINOBANGLA INDUSTRIES LTD. DHAKA

**SINOBANGLA INDUSTRIES LTD.**
**STATEMENT OF CASH FLOWS**
For the 2nd quarter ended December 31,2016
(Unaudited)

| | 1-July-16 to 31-Dec-16 | Tk. In '000' 1-July-15 to 31-Dec-15 |
|---|---|---|
| **Cash flows from operating activities :** | | |
| Collection from customers and other income | 616,745 | 501,346 |
| Paid to suppliers, employees and others | (588,996) | (465,366) |
| **Cash flows from operating activities** | **27,749** | **35,980** |
| **Cash flows from investing activities :** | | |
| Acquisition of fixed assets | (2,924) | (1,347) |
| Capital Expenditure-in-progress | (500) | (2,684) |
| **Cash flows from investing activities** | **(3,424)** | **(4,031)** |
| **Cash flows from financing activities :** | | |
| Decrease in long term loan | (15,794) | 8,873 |
| Increase in short term loan | 11,947 | (23,045) |
| Financial Expenses | (22,242) | (20,724) |
| Dividend paid | (6,922) | (8,085) |
| **Cash flows from financing activities** | **(33,011)** | **(42,981)** |
| **Net Cash inflow/(outflow)** | **(8,686)** | **(11,032)** |
| **Opening cash and bank balance** | **14,904** | **22,743** |
| **Closing cash and bank balance** | **6,218** | **11,711** |
| **Net Operating Cash Flows Per Share (NOCFPS)** | **1.39** | **1.80** |

(Abdur Rashid) Managing Director | (Enamul Hoq) Director | (Abdul Ahad) Director | (Md Habibur Rahman) DGM & Company Secretary | (Md. Shariful Mowla, FCMA) Chief Financial Officer

January 30, 2017

SINOBANGLA INDUSTRIES LTD. DHAKA

## SINOBANGLA INDUSTRIES LTD.
## STATEMENT OF CHANGES IN EQUITY

For the 2nd quarter ended December 31,2016
(Unaudited)

Tk. In '000

| Particulars | Share Capital | Share Premium | General Reserve | Reserve for Revaluation | Retained Earnings | Total |
|---|---|---|---|---|---|---|
| As at 1 July, 2016 | 199,966 | 99,983 | 43,196 | 4,624 | 144,924 | 492,693 |
| Net Profit after Tax | - | - | - | - | 12,145 | 12,145 |
| Revaluation Reserve | - | - | - | (231) | 231 | - |
| **Balance as on 31 December, 2016** | **199,966** | **99,983** | **43,196** | **4,393** | **157,300** | **504,838** |
| As at 1 July, 2015 | 199,966 | 99,983 | 43,196 | 5,138 | 136,736 | 485,019 |
| Net Profit after Tax | - | - | - | | 10,630 | 10,630 |
| Revaluation Reserve | - | - | - | (257) | 257 | - |
| **Balance as on 31 December, 2015** | **199,966** | **99,983** | **43,196** | **4,881** | **147,623** | **495,649** |

(Abdur Rashid)
Managing Director

(Enamul Hoq)
Director

(Abdul Ahad)
Director

(Md. Habibur Rahman)
DGM & Company Secretary

(Md. Shariful Mowla, FCMA)
Chief Financial Officer

SINOBANGLA INDUSTRIES LTD DHAKA

January 30, 2017

# Sinobangla Industries Ltd.
# Selected Notes to the Un-audited Financial Statements
# For the second quarter ended December 31, 2016

## 1. Reporting Entity:

**Sinobangla Industries Ltd. (SBIL),** founded in 1996 as a China-Bangladesh joint-venture company, has grown to become the largest manufacturer and exporter of FIBCs and woven polypropylene (WPP) bags in Bangladesh. It is a stock listed company and its shares are traded in both Dhaka Stock Exchange and Chittagong Stock Exchange. Sinobangla is a member of the Dhaka Chamber of Commerce and Industry. It is also an affiliate member of the European Flexible Intermediate Bulk Container Association (EFIBCA) & Flexible Intermediate Bulk Container Association (FIBCA), USA.

The company has a vertically integrated production system starting from polymer extrusion to weaving, coating, printing and sewing. This system provides the needed flexibility to meet varied requirements of the customers. It has a daily production capacity of over 40 tons.

The company has the capability to produce various types of FIBCs including Four loop bags with open/spout/skirt top and closed/spout bottom, single and two loop bags, cross corner loop bag 'Q' bag, dust seam bag, industrial clean bags, tunnel bags, etc. and WPP tubular bags with width up to 210 CM., up to four color flexographic printing on both sides, bags with coating inside or outside of the bag, bags with or without gusset, valve bags, sandwiched bags with Kraft paper lining etc.

The factory is located on the Dhaka-Chittagong highway, about 30 kilometers from Dhaka city. It takes four hours by road to reach Chittagong, the main sea port of Bangladesh. Head Office of the company is located at Dhaka and accessible through phone, fax and E-mail.

The aim of the Company has always been, and still remains, to produce quality products meeting complete customer satisfaction. At every stage of production, stringent quality control measures are adopted to ensure delivery of only quality products. SINOBANGLA's unyielding Quality Control policy has further consolidated the reputation of the company both at home and abroad

## 2. Basis of Preparation of Interim Financial Statements:

These interim financial statements should be read in conjunction with the Financial Statements for the period ended June 30, 2016 (hereafter referred to as the "Annual Financial Statements"), as they provide an update to previously reported information.

The accounting policies used are consistent with those used in the Annual Financial Statements. The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs). The presentation of the Interim Financial Statements is consistent with the Annual Financial Statements. The preparation of the Interim Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and 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, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

SINOBANGLA INDUSTRIES LTD. DHAKA

**3. PROPERTY, PLANT & EQUIPMENT: Tk. 559,544**

Taka '000

| | | As at 31.12.16 | As at 30.06.16 |
|---|---|---|---|
| Land & Land Development | | 49,023 | 49,023 |
| Building & Civil Construction | | 260,747 | 260,380 |
| Office Building | | 91,516 | 91,516 |
| Plant & Machinery-Imported | | 463,005 | 460,893 |
| Plant & Machinery-Local | | 13,542 | 13,542 |
| Funriture & Fixture | | 17,751 | 17,399 |
| Office & Factory Equipment | | 26,851 | 26,262 |
| Motor Vehicles | | 35,788 | 35,788 |
| Office Decoration | | 7,311 | 7,311 |
| Electrical Equipment | | 3,945 | 3,941 |
| **Total Assets** | | **969,479** | **966,055** |
| Less Accumulated Depreciation | | (409,935) | (389,720) |
| **Written Down Value** | **Tk.** | **559,544** | **576,335** |

**4. INVENTORIES: Tk. 134,023**

| | | 31.12.16 | 30.06.16 |
|---|---|---|---|
| Raw Materials | | 50,441 | 77,390 |
| Work-in-Process | | 43,825 | 37,876 |
| Finished Goods | | 16,171 | 6,972 |
| Spares & Others | | 23,586 | 24,366 |
| | **Tk.** | **134,023** | **146,604** |

**5. TRADE DEBTORS: Tk. 217,944**

| | | 31.12.16 | 30.06.16 |
|---|---|---|---|
| Local Debtors | | 49,765 | 59,759 |
| Overseas Debtors | | 168,179 | 134,681 |
| | **Tk.** | **217,944** | **194,440** |

**6. ADVANCE, DEPOSITS & PREPAYMENTS: Tk. 159,234**

| | | 31.12.16 | 30.06.16 |
|---|---|---|---|
| L/C. Margin for Raw Materials & Others | | 20,990 | 11,913 |
| Advance to verious parties | | 22,874 | 24,023 |
| Advance against Income Tax | | 110,720 | 106,018 |
| Security deposit to verious parties | | 3,091 | 3,841 |
| Pre Paid Insurance Premium | | 1,559 | 2,254 |
| | **Tk.** | **159,234** | **148,049** |

**7. CASH & CASH EQUIVALENTS: Tk.6,218**

| | | 31.12.16 | 30.06.16 |
|---|---|---|---|
| Cash in Hand | | 782 | 157 |
| Cash at Bank | | 5,436 | 14,747 |
| | **Tk.** | **6,218** | **14,904** |

**8. LONG TERM LOAN: Tk. 148,081**

| | | 31.12.16 | 30.06.16 |
|---|---|---|---|
| EBL Term Loan | | 26,573 | 33,423 |
| Loan from Mr. Tsui Ki Lam, Director | | 57,218 | 57,218 |
| Union Capital Ltd. | | 761 | 1,433 |
| United Finance Ltd. | | 1,067 | 1,264 |
| IPDC of Bangladesh Ltd. | | 62,462 | 70,537 |
| | **Tk.** | **148,081** | **163,875** |

**9. LONG TERM LOAN - CURRENT PORTION: Tk. 32,501**

| | | 31.12.16 | 30.06.16 |
|---|---|---|---|
| Eastern Bank Ltd. | | 14,828 | 16,394 |
| Union Capital Ltd. | | 1,536 | 1,664 |
| United Finance Ltd. | | 385 | 366 |
| IPDC of Bangladesh Ltd. | | 15,752 | 14,937 |
| | **Tk.** | **32,501** | **33,361** |

SINOBANGLA INDUSTRIES LTD. DHAKA

AMARSTOCK

**10. SHORT TERM LOAN - SECURED: Tk. 216,295**

| | | 31.12.16 | 30.06.16 |
|---|---|---|---|
| Eastern Bank Ltd. | | 135,434 | 137,576 |
| The Hongkong and Shanghai Banking Corp. Ltd. | | 80,861 | 65,913 |
| | Tk. | 216,295 | 203,489 |

**11. TURNOVER: Tk. 643,012**

| | Second Quarter Ended | |
|---|---|---|
| | 31.12.16 | 31.12.15 |
| Local sale | 51,825 | 57,434 |
| Export Sale | 597,946 | 467,473 |
| Less: VAT Adjustment | (6,759) | (7,491) |
| Tk. | 643,012 | 517,416 |

**12. COST OF GOODS SOLD: Tk. 563,417**

| | 31.12.16 | 31.12.15 |
|---|---|---|
| Materials consumed | 399,482 | 302,046 |
| Factory Overhead | 147,211 | 132,450 |
| Depreciation | 16,724 | 17,883 |
| Tk. | 563,417 | 452,379 |

**13. ADMINISTRATIVE AND SELLING EXPENSES: Tk. 37,593**

| | 31.12.16 | 31.12.15 |
|---|---|---|
| Salaries and Remuneration | 13,963 | 9,880 |
| Utility Bill | 278 | 229 |
| Printing & Postage | 1,874 | 1,525 |
| Entertainment & Conveyance | 1,117 | 1,592 |
| Recreation for Employees & AGM Expenses | 95 | 175 |
| Fees, Forms & Others | 3 | 1 |
| Overseas Travels | 490 | 222 |
| Depreciation | 3,490 | 1,204 |
| Selling Expenses | 12,909 | 8,713 |
| Other Expenses | 3,374 | 7,006 |
| Tk. | 37,593 | 30,547 |

**14. FINANCIAL EXPENSES: Tk. 22,242**

| | 31.12.16 | 31.12.15 |
|---|---|---|
| Interest on Loan | 20,766 | 17,900 |
| Interest on Lease Finance | 301 | 341 |
| Bank charges | 1,175 | 2,483 |
| Tk. | 22,242 | 20,724 |

**15. INCOME TAX EXPENSES: Tk. 6,252**

| | 31.12.16 | 31.12.15 |
|---|---|---|
| Current Tax | 3,725 | 2,862 |
| Deffered Tax | 2,527 | (639) |
| Tk. | 6,252 | 2,223 |

**16. DIVIDEND FOR 2016 :**

The Shareholders of the company has approved no dividend for the eight months ended 30 June, 2016 in the Annual General Meeting held on 19 January, 2017.

| (Abdur Rashid) | (Enamul Hoq) | (Abdul Ahad) | (Md. Habibur Rahman) | (Md. Shariful Mowla, FCMA) |
|---|---|---|---|---|
| Managing Director | Director | Director | DGM & Company Secretary | Chief Financial Officer |

January 30, 2017

SINOBANGLA INDUSTRIES LTD. DHAKA