APEX FOODS LIMITED

Rupayan Golden Age (5th & 6th Floor), 99 Gulshan Avenue, Gulshan, Dhaka-1212.

UN-AUDITED HALF YEARLY (Q2) FINANCIAL STATEMENTS FOR THE PERIOD ENDED ON 31ST DECEMBER 2018

STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT 31ST DECEMBER, 2018

Value in Taka '000'

	As on 30.12.2018	As on 30.06.2018	Growth %
ASSETS			
Non-Current Assets:	**415,850**	**518,563**	**(20)**
Property, Plant and Equipment	96,534	103,205	(6)
Investments	313,907	409,944	(23)
Security Deposits	5,409	5,414	(0)
Current Assets:	**1,485,164**	**1,353,620**	**10**
Inventories	1,040,216	880,409	18
Trade Receivables	81,356	24,577	231
Advances, Deposits & Prepayments	57,449	45,805	25
Other Receivables	102,040	183,263	(44)
Investment in Financial Assets	196,429	212,153	(7)
Cash & Cash Equivalents	7,674	7,413	4
TOTAL ASSETS	**1,901,014**	**1,872,183**	
EQUITY AND LIABILITIES			
Shareholders' Equity:	**689,464**	**783,570**	**(12)**
Share Capital	57,024	57,024	0
Share Premium	209,088	209,088	0
Reserve and Surplus	181,560	189,234	(4)
Fair Valuation Surplus of Investments	241,792	328,224	(26)
Non-Current Liabilities:	**31,697**	**41,134**	**(23)**
Deferred Tax Liabilities	29,665	38,753	(23)
Long Term Loan	2,032	2,381	(15)
Current Liabilities:	**1,179,853**	**1,047,479**	**13**
Working Capital Loan (Secured)	792,852	762,783	4
Long Term Loan-Current Maturity	649	594	9
Short Term Loan	122,786	145,343	(16)
Trade Payables	162,876	64,709	152
Other Payables	25,179	22,924	10
Current Tax Liability	55,224	42,181	31
Other Liabilities	20,287	8,945	127
Total Liabilities	**1,211,550**	**1,088,613**	**11**
TOTAL EQUITY & LIABILITIES	**1,901,014**	**1,872,183**	
Net Asset Value Per Share	**120.91**	**137.41**	

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2018

Value in Taka '000'

	01.07.2018 to 31.12.2018	01.07.2017 to 31.12.2017	Growth %	01.10.18 to 31.12.2018	01.10.17 to 31.12.2017	Growth %
REVENUE	**961,014**	**1,264,005**	**(24)**	**516,967**	**585,796**	**(12)**
Cost of goods sold	(866,589)	(1,159,822)	(25)	(470,230)	(540,558)	(13)
GROSS PROFIT	**94,425**	**104,183**	**(9)**	**46,736**	**45,238**	**3**
Other operating income	0	0	0	0	0	0
Administrative & selling overhead	(50,313)	(58,451)	(14)	(27,357)	(28,121)	(3)
OPERATING PROFIT/(LOSS)	**44,112**	**45,731**	**(4)**	**19,380**	**17,117**	**13**
Finance income	14,186	12,134	17	9,963	9,340	7
Financial expenses	(40,098)	(35,728)	12	(19,427)	(15,039)	29
PROFIT BEFORE PPF & WF	**18,200**	**22,138**	**(18)**	**9,917**	**11,418**	**13**
Provision for contribution to PPF & WF	(910)	(1,107)	(18)	(496)	(571)	13
PROFIT/(LOSS) BEFORE TAX	**17,290**	**21,031**	**(18)**	**9,421**	**10,847**	**13**
Tax Expenses:	**(13,559)**	**(16,388)**	**(17)**	**(7,469)**	**(8,617)**	**13**
Current tax	(13,043)	(15,926)	(18)	(6,474)	(7,422)	(13)
Deferred tax (expenses)/income	(516)	(462)	12	(995)	(1,195)	(17)
NET PROFIT/(LOSS) AFTER TAX	**3,731**	**4,643**	**(20)**	**1,952**	**2,230**	**(12)**
Other comprehensive income	**(86,432)**	**8,925**	**(1,068)**	**18,756**	**(35,261)**	**(153)**
Fair valuation surplus/(deficit) of investment	(96,036)	9,917	(1,068)	20,840	(39,179)	(153)
Deferred tax income/(expenses) on share valuation surplus	9,604	(992)	(1,068)	(2,084)	3,918	(153)
TOTAL COMPREHENSIVE INCOME	**(82,701)**	**13,568**	**(710)**	**20,708**	**(33,031)**	**(163)**
Basic Earnings Per Share (EPS)	**0.65**	**0.81**	**(20)**	**0.34**	**0.39**	**(12)**

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2018

Value in Taka '000'

Particulars	Share Capital	Share Premium	Tax Holiday Reserve	Retained Earnings	Capital Gain	Fair Valuation surplus of Investment	Total
As at 1st July 2018	**57,024**	**209,088**	**51,163**	**137,464**	**607**	**328,224**	**783,570**
Net Profit/(Loss) for the six months ended on 31st December 2018	-	-	-	3,731	-	-	3,731
Dividend for the year 2017-18	-	-	-	(11,405)	-	-	**(11,405)**
Fair valuation surplus/(deficit) of investments	-	-	-	-	-	(86,432)	(86,432)
As at 31st December 2018	**57,024**	**209,088**	**51,163**	**129,790**	**607**	**241,792**	**689,464**

STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2018

Value in Taka '000'

	01.07.2018 to 31.12.2018	01.07.2017 to 31.12.2017	Growth %
CASH FLOWS FROM OPERATING ACTIVITIES:			
Collection from revenue	904,235	1,299,297	**(30)**
Financial charges paid	(3,217)	(4,035)	**(20)**
Income tax paid	(12,705)	(14,629)	**(13)**
Payment for costs and expenses	(878,557)	(1,260,800)	**(30)**
Net cash generated from operating activities (a)	**9,756**	**19,833**	**(51)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Property, Plant and Equipment acquired	(3,726)	(9,317)	**(60)**
Finance income	10,857	9,150	**19**
Investment in Financial Assets	15,724	15,424	**2**
Net cash generated from investing activities (b)	**22,855**	**15,257**	**50**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Working Capital Loan received/(repaid)	30,068	1,016	**2,859**
Long Term loan received/(repaid)	(294)	(11,746)	**97**
Short Term loan received/(repaid)	(22,557)	7,549	**(399)**
Interest paid	(39,504)	(31,693)	**25**
Dividend paid	(63)	(23)	**176**
Net cash used in financing activities (c)	**(32,350)**	**(34,897)**	**(7)**
Net increase/(decrease) in cash and cash equivalents (a+b+c)	**261**	**193**	**35**
Cash & cash equivalents on opening	7,413	6,139	**21**
The effect of foreign exchange translation gain	0	0	**0**
Cash & cash equivalents on closing	**7,674**	**6,332**	**21**
Net Operating Cash Flow Per Share	**1.71**	**3.48**	

Please refer to Note no. 33 for reconciliation of cash flows from operating activities under direct method and indirect method as per requirement of BSEC.

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2017

Value in Taka '000'

Particulars	Share Capital	Share Premium	Tax Holiday Reserve	Retained Earnings	Capital Gain	Fair Valuation surplus of Investment	Total
As at 1st July 2017	**57,024**	**209,088**	**51,163**	**138,561**	**607**	**199,879**	**656,322**
Net Profit for the six months ended on 31st December 2017	-	-	-	4,643	-	-	**4,643**
Dividend for the year 2016-17	-	-	-	(11,405)	-	-	**(11,405)**
Fair valuation surplus/(deficit) of investments	-	-	-	-		8,925	**8,925**
As at 31st December 2017	**57,024**	**209,088**	**51,163**	**131,799**	**607**	**208,804**	**658,485**

Explanatory Notes:

(1) These financial statements have been prepared under the historical cost convention and going concern basis.
(2) No interim dividend paid during the interim period ended on 31st December 2018.
(3) No diluted EPS is required to be calculated as there was no dilution during this period.
(4) Last year's half yearly figures have been re-arranged where considered necessary to conform to current half year's presentation.
(5) Figures were rounded-off to the nearest thousand Taka.

Note: The details with selected notes of the published half yearly financial statements can be available in the web-site of the Company . The address of the web-site is **www.apexfoods.com**

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Zafar Ahmed	**Shahriar Ahmed**	**Ashim Kumar Barua**	**Sheuli Rani Dey**	**Kamrul Islam**
Chairman	Managing Director	Director	Chief Financial Officer	Assistant Company Secretary

SELECTIVE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS (Q2) ENDED ON 31.12.2018

	Value in Taka '000'	
	As on 31.12.2018	As on 30.06.2018
1. PROPERTY, PLANT & EQUIPMENT:	**96,534**	**103,205**
During the period addition has been made for Tk. 3,243,204/- and depreciation has been calculated as per BAS 16.		
2. SECURITY DEPOSITS:	**5,409**	**5,414**
Security deposits are made to statutory bodies and hence secured.		
3. INVENTORIES:		
Shrimps	1,032,836	868,083
Packing Materials	4,790	9,124
Chemical & Ingredients	2,590	3,202
	1,040,216	**880,409**
18% increase mainly for increase in stock of shrimps due to decrease in revenue.		
4. TRADE RECEIVABLES:	**81,356**	**24,577**
Trade receivables are stated at Invoice value and considered good.		
5. ADVANCES, DEPOSITS AND PREPAYMENTS:		
Advance against expenses	-	490
Staff Advance	3	-
Prepayments	3,382	3,956
Bank Guarantee margin	429	429
Advance Income Tax	53,635	40,930
	57,449	**45,805**
The growth of 25% in Advances, deposits and pre-payments mainly due to tax deduction at Source on Cash incentive and value of export.		
6. OTHER RECEIVABLES:		
Insurance Claim Receivable	16,255	16,255
Dividend Receivable-CDBL	1,428	-
Dividend Receivable-ASKML	4,526	-
Cash incentive Receivable	75,007	159,559
FDR's Interest Receivable	4,824	7,449
	102,040	**183,263**
Cash incentive receivable from the Bank which will be received through Agrani Bank Limited time to time depending on their availability of fund from Bangladesh Bank.		
7. INVESTMENT IN FINANCIAL ASSETS:		
FDR's with Dhaka Bank Ltd.	174,329	190,053
FDR's with Agrani Bank Limited	22,100	22,100
	196,429	**212,153**
All FDRs are made for more than 3 (Three) months.		
8. CASH AND CASH EQUIVALENTS:		
Cash in Hand:		
Head Office	2	28
Factory Office	82	22
	84	**50**
Cash at Bank with:		
Agrani Bank Ltd., Agrabad Corporate Br. Chattogram	520	136
Arab Bangladesh Bank Ltd., Principal Br., Dhaka	-	610
Eastern Bank Ltd., Principal Branch, Dhaka	30	30
The Hongkong & Shanghai Banking Corporation, Dhaka	7,040	6,587
	7,590	**7,363**
	7,674	**7,413**
9. FAIR VALUATION SURPLUS OF INVESTMENTS:		
Opening Balance	**328,224**	**199,879**
Adjustment for fair valuation surplus/(deficit) in this period	**(96,036)**	**142,606**
Less: Deferred tax @10%	**9,604**	**(14,261)**
Fair valuation surplus/(deficit) during this period	**(86,432)**	**128,345**
	241,792	**328,224**
This represents the difference of market value and the cost of the investments.		

	Value in Taka '000'	
	As on 31.12.2018	As on 30.06.2018
10. DEFERRED TAX LIABILITIES:		
a) Book Value of Depreciable Assets:	96,534	103,205
Tax base of Depreciable Assets	93,319	99,838
Net Taxable Temporary Difference	**3,215**	**3,367**
Effective Tax Rate	12.50%	12.50%
Closing Deferred Tax (Assets)/Liabilities arising from assets	**402**	**421**
Opening Deferred Tax Balance	421	362
Deferred Tax Income/(Expense)	**19**	**(59)**
b) Foreign currency translation gain/(loss) -Unrealized	**0**	1
Effective tax rate	25.00%	25.00%
Closing Deferred Tax (Assets)/Liabilities arising from Unrealized translation gain/(loss)	**0**	**0**
Opening Deferred Tax Balance	0	-
Deferred Tax Income/(Expense)	**(0)**	**(0)**
c) Unrealized Dividend Receivable	5,954	-
Effective Tax Rate	20.00%	-
Closing Deferred Tax (Assets)/Liability arising from Dividend Receivable	**1,191**	-
Opening Deferred Tax Balance	-	-
Deferred Tax Income/(Expense)	**(1,191)**	-
d) Unrealized Interest on FDRs:	**4,824**	**7,449**
Effective Tax Rate	25.00%	25.00%
Closing Deferred Tax (Assets)/Liabilities arising from Unrealized FDRs Interest	**1,206**	**1,862**
Opening Deferred Tax Balance	1,862	1,702
Deferred Tax Income/(Expense)	**656**	**(160)**
Deferred Tax Income/(Expense) - (a+b+c+d)	**(516)**	**(219)**
e) Deferred Tax (Assets)/Liabilities arising from Other Comprehensive Income:		
Tax for (Losses)/gains on available for sale investments @10%	26,866	36,470
Closing Deferred Tax (Assets)/Liabilities arising from investments	**26,866**	**36,470**
Opening Deferred Tax Balance	36,470	22,209
Deferred Tax (income)/expense arising from investments	**(9,604)**	**14,261**
Total Deferred Tax (Assets)/Liabilities (a+b+c+d+e)	**29,665**	**38,753**
This decreased due to implementation of BAS 12.		
11. LONG TERM LOAN:	**2,032**	**2,381**
This represents the term loan from Dhaka Bank Limited for procurement of machinery.		
12. WORKING CAPITAL LOAN (SECURED):		
Against Hypothecation	181,647	147,516
Against Pledge of Finished Goods	611,205	615,267
	792,852	**762,783**
The Working Capital loan was taken from Agrani Bank Ltd., Agrabad Corporate Branch, Chattogram.		
13. LONG TERM LOAN-CURRENT MATURITY:	**649**	**594**
This represents the term loan payable in next twelve months as per schedule of re-payment.		
14. SHORT TERM LOAN:		
Dhaka Bank Limited	95,086	89,134
Loan against cash incentive	27,700	56,209
	122,786	**145,343**
Short term loan with Dhaka Bank Limited represents the utilization of limit for procurement of Raw Materials. The loan was taken against lien of FDRs and the limit is 100 million.		
15. TRADE PAYABLES:	**162,876**	**64,709**
Trade Payables represents the amount payable to the gher owners of Shrimps from whom we procure the shrimps. The increase represents less payments made to the suppliers of shrimps during the period.		
16. OTHER PAYABLES:	**25,179**	**22,924**
The Increase of 10% mainly due to less payments to the parties during this period.		
17. OTHER LIABILITIES:		
Unclaimed Dividend	**20,287**	**8,945**
This represents the dividend warrants not presented to the Bank by the Shareholders within December 31, 2018 and the dividend payable for 2017-18 which has been approved in AGM by the Shareholders but not distributed with in 31.12.2018.		

Sd/-
Zafar Ahmed
Chairman

Sd/-
Shahriar Ahmed
Managing Director

Sd/-
Ashim Kumar Barua
Director

Sd/-
Sheuli Rani Dey
Chief Financial Officer

Sd/-
Kamrul Islam
Assistant Company Secretary

	Value in Taka '000'	
	01.07.2018 to 31.12.2018	01.07.2017 to 31.12.2017
18. REVENUE:	**961,014**	**1,264,005**

Revenue has been decreased 24% as compared to the revenue of same period of last year. as the demand of international market was less and the price was also down.

19. COST OF GOODS SOLD:		
Opening Stock of Finished Goods	868,083	864,730
Add: Cost of Production - Note 20	1,031,342	1,207,105
	1,899,425	**2,071,835**
Less: Closing Stock of Finished Goods	1,032,836	912,013
	866,589	**1,159,822**

20.COST OF PRODUCTION:		
Raw Materials	940,512	1,115,730
Packing Materials, Chemicals & Ice Consumed - Note 21	36,314	32,076
Direct Labour	15,048	18,284
Factory Overhead - Note 22	39,468	41,015
	1,031,342	**1,207,105**

The decrease of 15% in Cost of production mainly due to less procurement of shrimps as compared to same period of last year as the export was less during the period as compared to same period of last year.

21. PACKING MATERIALS, CHEMICALS & ICE CONSUMED:		
Opening balance (Packing Materials)	9,124	10,135
Add: Packing Materials Purchase	23,391	23,504
	32,515	**33,639**
Less: Packing Materials in hand	4,790	10,424
	27,725	**23,215**
Opening balance (Chemicals & Ingredients)	3,202	4,565
Add: Chemicals, Ingredients & Ice Purchase	7,977	8,516
	38,904	**36,296**
Less: Chemicals & Ingredients in hand	2,590	4,220
	36,314	**32,076**

22. FACTORY OVERHEAD:		
Wages & Salaries	11,197	12,005
Bonus to Workers'	186	255
Power, Fuel & Water	13,199	10,626
Consumable Stores & Spares	583	831
Insurance Premium	2,077	2,076
Repair & Maintenance	2,831	4,529
Carriage Inward	15	24
Depreciation	9,380	10,669
	39,468	**41,015**

23. ADMINISTRATIVE AND SELLING OVERHEAD:		
Advertisement	90	96
AGM Expenses	152	132
Board meeting fees	13	10
Bonus to Staff	1,188	1,119
Contribution to Provident Fund	773	718
Depreciation	534	559
Directors' Remuneration	4,650	4,500
Donation & Subscription	4	12
Electricity & WASA Charges	187	175
Entertainment	299	305
Freight & Forwarding	17,214	21,001
General Fees & Charges	19	100
Guest House Expenses	319	330
Laboratory Expenses	76	57
Laboratory Testing Fees	3,063	3,651
Legal & Professional Fees	37	121
License & renewals	248	844
Medical Expenses	4	157
Membership Subscription	-	2
Newspaper & Periodicals	29	28
Office Maintenance	293	194
Postage & Stamp	204	202
Printing & Stationery	508	514
Rejection Insurance Premium	-	87
Rent, Rates & Taxes	1,997	1,596
Salary & Allowances	12,880	13,193
Sales Commission	-	737
Sales Promotion Expenses	3,119	4,775
Sanitation Expenses	62	104
Staff fooding	317	399
Staff Welfare Expenses	460	565
T.A & Conveyance	504	712
Telephone, Telex & Fax	258	266
Uniform & Liveries	251	349
Vehicles Maintenance	561	841
	50,313	**58,451**

Directors' remuneration increased as the remuneration of Mr. Ashim Kumar Barua, Director has been increased from Tk. 3.00 lac to Tk. 3.25 lac per month.

The decrease of 14% in administrative and selling overhead mainly due to less turnover and minimization of cost during this period.

	Value in Taka '000'	
	01.07.2018 to 31.12.2018	01.07.2017 to 31.12.2017
24. OTHER OPERATING INCOME:		
Foreign Exchange gain	0	0
	0	**0**

Foreign exchange gain was Tk. 185/-. As the figures have been shown in thousand Taka in financial statements so the figure is showing "0" Taka in other operating income as well as in statement of cash flows and deferred tax.

25. FINANCE INCOME:		
Dividend Income	5,954	5,954
Interest Earned	8,232	6,180
	14,186	**12,134**

Interest earned increased mainly for increase of interest rate.

26. FINANCIAL EXPENSES:		
Interest	36,881	31,693
Charges	3,217	4,035
	40,098	**35,728**

27. CURRENT TAX:	**13,043**	**15,926**

The decrease of 18% is mainly due to less turnover during the period as compared to the same period of last year.

28. RELATED PARTY TRANSACTIONS:

(a) There was no related party transaction (Inter Company) during the period under review.

(b) The Company is paying remuneration to the Directors who are rendering full time service to the Company and in addition to that there is nothing paid to them (Note No. 23).

(c) The Company also operates a contributory provident fund which is administrates by the Board of Trustee, the Company pays its monthly contribution for the key management (Senior Employees) to the Provident Fund Trust and the Company has no further liability. The Company has also a Group Insurance Scheme. Group Insurance premium is paid to the Insurance Company once in a year and if there is any claim that will be entertained by the Insurance Company for the Key Management (Senior Employees) and the Company has no liability. In addition to that there is nothing paid to them except salaries and allowances.

29. DEFERRED TAX INCOME/(EXPENSES):	**(516)**	**(462)**

The provision for deferred tax (expenses)/income is made to pay/adjust future income tax liability/asset due to accumulated temporary difference of interest and dividend income receivable and WDV of fixed assets.

30. BASIC EARNINGS PER SHARE (EPS):	**0.65**	**0.81**

20% EPS during the period decreased as the revenue has been decreased 24% during the period as a result the earning per share is Tk. 0.65 but it was Tk. 0.81 in the same period of last year.

31. NET OPERATING CASH FLOWS PER SHARE:	**1.71**	**3.48**

Net operating cash flow is Tk.1.71 per share for the six months ended on 31st December 2018 but it was Tk. 3.48 for the same period of last year, this is mainly due to more trade receivable, however the scenario is changeable time to time depending on different issues.

32. DISCLOSURE REGARDING RE-ARRANGEMENT:

Other operating income and finance income have been shown separately in statement of profit and loss and other comprehensive income and statement of cash flows for the last period to conform current period's presentation.

33. Reconciliation of net profit with cash flows from operating activities:

Reconciliation of net income or net profit with cash flows from operating activities making adjustment for non-cash items, for non-operating items and for the net changes in operating accruals has been disclosed as per BSEC notification BSEC/ CMRRCD/2006-158/208/Admin/81 dated 20 June,2018.

	Value in Taka '000'	
	01.07.2018 to 31.12.2018	01.07.2017 to 31.12.2017
Cash flows from operating activities:		
Profit before tax	17,290	21,031
Add: Depreciation	9,914	11,227
Less: Effect of Foreign exchange Translation gain	0	0
Less:Finance income during the period	(8,232)	(9,150)
Add: Interest paid during the period	36,881	31,693
(Increase)/Decrease in Inventories	(159,807)	(47,227)
(Increase)/Decrease in Trade Receivables	(56,779)	35,292
(Increase)/Decrease in Advances, Deposits & Pre-payments	1,061	(201)
(Increase)/Decrease in other Receivables	78,600	8,764
Income tax paid during the period	(12,705)	(14,629)
(Increase)/Decrease in Security deposits	5	-
Increase/(Decrease) in Trade Payables	98,167	(13,667)
Increase/(Decrease) in Other Payables	5,361	(3,301)
Net Cash flows generated from/(Used in) operating activities	**9,756**	**19,833**
RECONCILIATION:		
Net Cash flows Generated from/(Used in) operating activities-Indirect method	**9,756**	**19,833**
Net Cash flows generated from/(Used in) operating activities-Direct Method	**9,756**	**19,833**
Difference	**(0)**	**0**

Sd/-	**Sd/-**	**Sd/-**	**Sd/-**	**Sd/-**
Zafar Ahmed	**Shahriar Ahmed**	**Ashim Kumar Barua**	**Sheuli Rani Dey**	**Kamrul Islam**
Chairman	Managing Director	Director	Chief Financial Officer	Assistant Company Secretary