APEX TANNERY LIMITED

STATEMENT OF FINANCIAL POSITION (Un-audited)
AS OF SEPTEMBER 30, 2016

Tk in '000'

	Notes	As of Sept. 30, 2016	As of June 30, 2016
Assets			
Non Current Assets			
Property, plant and equipment	5	272,782	270,744
Capital work-in-progress	6	642,207	577,002
Advance for Land at Savar		57,431	57,431
Investments	7	50,344	49,374
Deferred tax assets		8,044	7,364
		1,030,808	**961,915**
Current Assets			
Inventories	8	643,057	607,810
Trade and other receivables	9	137,646	139,112
Advance, deposits and prepayments	10	142,273	128,581
Cash & cash equivalents	11	30,302	41,715
		953,278	**917,218**
Total Assets		**1,984,086**	**1,879,133**
Equity and Liabilities			
Shareholders' equity			
Issued, subscribed & paid-up capital			
1,52,40,000 Ordinary Shares @ Tk 10 each		152,400	152,400
Share premium		425,333	425,333
Dividend equalization fund		44,888	44,888
Retained earnings		475,912	474,347
Fair valuation surplus of Investment	12	42,789	41,818
		1,141,322	**1,138,786**
Non current liabilities			
Retirement benefit obligation		108,733	104,803
Government Grant	13	59,942	59,942
		168,675	**164,745**
Current Liabilities			
Short Term Loan	14	201,250	-
Working Capital Loan	15	50,868	392,889
Time Loan	16	303,000	-
Trade payables	17	13,078	43,797
Other payables	18	52,727	86,841
Provision for income-tax		53,166	52,075
		674,089	**575,602**
Total Equity and Liabilities		**1,984,086**	**1,879,133**
Net Asset Value Per Share (NAVPS) Tk.		74.89	74.72

Syed Manzur Elahi
Chairman

Md. Rahmatullah
Managing Director

Faruq Ahmad Siddiqi
Independent Director

Anup Kumar Mukherjee
Chief Financial Officer

Jagadish Kumar Bhanja
Company Secretary

Dated: 13 November 2016

AMARSTOCK

APEX TANNERY LIMITED

STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

Tk in '000'

	Notes	First Qtr. Ended Sept. 30, 2016	First Qtr. Ended Sept. 30, 2015
Sales	20	**468,033**	**558,782**
Cost of Sales			
Cost of goods sold		(424,789)	(503,569)
Freight & forwarding		(5,744)	(6,726)
		(430,533)	(510,295)
Gross Profit		**37,500**	**48,487**
Operating Expenses			
Administrative expenses		(11,938)	(12,136)
Marketing expenses		(14,593)	(20,936)
Directors' remuneration		(2,565)	(2,565)
Legal & audit fees		(90)	(90)
Depreciation		(1,689)	(1,749)
		(30,875)	**(37,476)**
Operating Profit		**6,625**	**11,011**
Bank interest & charges		(11,203)	(11,107)
Non operating income			
Other income	21	6,653	11,459
Profit for the period		**2,075**	**11,363**
Provision for contribution to WPP & WF		(99)	(541)
Profit before income tax		**1,976**	**10,822**
Current tax expenses		(1,091)	(2,853)
Deferred tax income		680	956
Income tax		**(411)**	**(1,897)**
Net profit after tax		**1,565**	**8,925**
Other comprehensive income			
Fair valuation surplus of investment (unrealized)		971	6,808
Total comprehensive income		**2,536**	**15,733**
Earnings per share without fair valuation surplus (Tk.)		0.10	0.59

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Company Secretary

Dated: 13 November 2016

AMARSTOCK

APEX TANNERY LIMITED

STATEMENT OF CASH FLOW (Un-audited)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

Tk in '000'

	First Qtr. Ended Sept. 30, 2016	First Qtr. Ended Sept. 30, 2015
Cash flow from operating activities	**(134,507)**	**125,001**
Collections from turnover and other income	476,152	625,161
Payments for purchase of leather, chemicals, spare parts, creditors and other expenses	(606,821)	(495,656)
Income-tax paid and/or deducted	(3,838)	(4,504)
Cash flow from investing activities	**(39,135)**	**(39,451)**
Acquisition of fixed assets	(6,759)	(6,773)
Capital work-in-progress	(32,376)	(32,678)
Cash flow from financing activities	**162,229**	**(146,473)**
Loans received/(paid)	162,229	(146,473)
Net cash inflows/(outflows) for the period	**(11,413)**	**(60,923)**
Opening cash and bank balances	41,715	333,932
Closing cash and bank balances	**30,302**	**273,009**
Net Operating Cash Flows Per Share (NOCFPS) Tk.	(8.83)	8.20

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Company Secretary

Dated: 13 November 2016

AMARSTOCK

APEX TANNERY LIMITED

STATEMENT OF CHANGES IN EQUITY (Un-audited)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

Tk in '000'

	Share Capital	Share Premium	Dividend Equalization Fund	Fair Valuation Surplus	Retained Earnings	Total
As at June 30, 2016	152,400	425,333	44,888	41,818	474,347	1,138,786
Net profit (July'16 to Sept.'16)					1,565	1,565
Fair valuation surplus				971		971
As at September 30, 2016	**152,400**	**425,333**	**44,888**	**42,789**	**475,912**	**1,141,322**

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015

Tk in '000'

	Share Capital	Share Premium	Dividend Equalization Fund	Fair Valuation Surplus	Retained Earnings	Total
As at June 30, 2015	152,400	425,333	44,888	45,208	451,933	1,119,762
Net profit (July'15 to Sept.'15)					8,925	8,925
Fair valuation surplus				6,808		6,808
As at September 30, 2015	**152,400**	**425,333**	**44,888**	**52,016**	**460,858**	**1,135,495**

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Company Secretary

Dated: 13 November 2016

APEX TANNERY LIMITED

SELECTED NOTES TO THE FINANCIAL STATEMENTS

For the 1st Quarter ended September 30, 2016

1. Company and its activities

a) The Company

Apex Tannery Limited was incorporated as a private limited company on 26th day of July 1976 under Companies Act 1913 and was converted into a public limited company in 1986. The shares of the Company are publicly traded at Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The address of the registered office is 127 Hazaribagh T/A, Dhaka-1209.

b) Nature of business

The principal activities of Apex Tannery are to produce high quality leather, by using Italian chemicals, technology, complying with world fashion standards and specifications. Its annual capacity is about 26 million Sft. of finished goat and cow leather. Apex exports to Europe, China, South America and all major leather market of the world.

2. Basis of preparation of financial statements

These financial statements have been prepared in accordance with the requirements of Bangladesh Accounting Standard 34-Interim Financial Reporting, Bangladesh Financial Reporting Standards (BFRS), Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations.

3. Same Accounting Policies and Methods are used for preparation and presentation of 1st Quarter Financial Statements

The same accounting policies and methods of computation are followed for preparation and presentation of 1st Quarter Financial Statements of the Company for the period from July 01, 2016 to September 30, 2016 as compared to the most recent annual Financial Statements for the year ended June 30, 2016.

4. Seasonality/Cyclicality of interim Operation

The Company exports crust and finished leather to Europe, China, India, Japan and other major leather markets of the World. No significant seasonality/Cyclicality effect in export of finished leather.

	As of Sept. 30, 2016 *Taka*	As of June 30, 2016 *Taka*
5. Property, Plant and Equipment		
Property, Plant and Equipment at cost	**904,433,975**	**897,675,475**
Less: Accumulated Depreciation	631,652,156	626,931,545
Written Down Value	**272,781,819**	**270,743,930**
6. Capital Work-in-Progress		
Buildings at Savar	543,966,635	503,842,504
Plant and Machineries	98,240,102	73,159,733
	642,206,737	**577,002,237**

Amount in Tk.

		As of Sept. 30, 2016	As of June 30, 2016
7	**Investments**		
	Apex Footwear Ltd. (1,36,700 shares @ 326.50)	44,632,550	43,661,980
	CDBL (5,71,181 shares @ 10.00)	5,711,810	5,711,810
		50,344,360	**49,373,790**
8	**Inventories**		
	Goatskins	100,541,587	98,441,549
	Cowhides	314,113,954	294,921,280
	Chemicals	208,385,856	193,726,244
	Spare-parts	20,015,682	20,720,306
		643,057,079	**607,809,379**
9	**Trade and other receivables**		
	Export bills receivable	131,983,215	133,564,509
	Interest Income receivable	662,783	547,283
	Rental Income receivable	5,000,000	5,000,000
		137,645,998	**139,111,792**
10	**Advance, deposits & prepayments**		
	L/C accounts (Goods in transit)	24,392,313	25,086,750
	Advance income-tax	97,309,413	93,471,542
	Advance rent	602,250	1,461,833
	Advance to staff and workers	1,162,563	1,122,813
	Advance to Suppliers and Contractors	8,601,610	-
	Bank guarantee margin	776,340	776,340
	Security deposit	9,428,723	6,661,907
		142,273,212	**128,581,185**
11	**Cash & cash equivalents**		
	Cash in hand		
	- Head Office	1,260,051	237,164
	- Factory	587,101	263,355
	Cash at banks		
	- Agrani Bank Ltd.	9,375,888	17,576,138
	- Mercantile Bank Ltd.	168,144	4,947,444
	- Mutual Trust Bank Ltd.	4,392,668	7,406,395
	- Rupali Bank Ltd.	16,196	16,196
	- Jamuna Bank Ltd.	189,285	-
	- State Bank of India	7,094,567	4,150,251
	- Uttara Bank Ltd.	100,000	-
	FDR	7,118,319	7,118,319
		30,302,219	**41,715,262**

AMAR STOCK

Amount in Tk.

12	**Fair Valuation Surplus of Investments**		
	Investment in share of Apex Footwear Limited:		
	Fair valuation surplus as of 30-06-2016		**41,817,897**
	Fair value of 136,700 shares @ 326.50 as of 30-9-2016	44,632,550	
	Fair value of 136,700 shares @ 319.40 as of 30-6-2016	43,661,980	970,570
	Fair valuation surplus as of 30-09-2016		**42,788,467**

		As of Sept. 30, 2016	As of June 30, 2016
13	**Government Grant**	**59,941,946**	**59,941,946**

The amount received from Bangladesh Small and Cottage Industries Corporation (BSCIC), Govt. of Bangladesh out of total Tk. 10,04,05,367.45 for the purpose of shifting compensation.
According to BAS 20 (Bangladesh Accounting Standard 20), when conditions of future performance- (1) Completion of construction work of Factory Building and (2) Starting of commercial production at Savar are met, the amount of grant will be deducted in arriving at the carrying value of the Asset (Factory Building), in which case the grant is recognised in income over the life of the asset by way of a reduced depreciation charge.

14	**Short-term Loan**	**201,249,949**	**50**

Short-term loan taken from Agrani Bank Ltd., Amin Court Branch, Motijheel C/A, Dhaka-1000 as KORBANI ADVANCE for procurement of raw hides and skins after Korbani. This loan was sanctioned by Agrani Bank Ltd. against existing fixed assets and inventory as securities.

15	**Working Capital Loan**		
	Agrani Bank Ltd.	**50,868,365**	**392,888,714**

The company has taken cash-credit (hypothecation) facilities from Agrani Bank Ltd., Amin Court Corp. Branch, Motijheel C/A, Dhaka-1000 against existing fixed assets and inventories as securities.

16	**Time Loan**	**303,000,000**	**-**

To reduce financial expenses, Time loan taken from Jamuna Bank Ltd., Motijheel Branch, Motijheel C/A, Dhaka-1000 for 180 days against existing inventory as securities.

17	**Trade payables**		
	Goat and Cow skin suppliers	**13,077,822**	**43,796,927**

18	**Other payables**		
	Workers' profits participation and welfare fund	6,723,001	6,624,210
	Liabilities for freights, spare parts and other expenses	13,175,569	9,111,149
	Liabilities to Suppliers of Building Materials	32,828,600	70,917,900
	Audit fees	-	187,500
		52,727,170	**86,840,759**

19	**Proposed Dividend**	**60,960,000**	**60,960,000**

The Board of Directors proposed dividend @40% for the year ended 30 June 2016 at the Board Meeting held on August 16, 2016. The proposed dividend is not recognized as a liability at the first quarter ended Statement of Financial Position in accordance with Bangladesh Accounting Standards.

		Amount in Tk.	
		First Qtr. Ended Sept. 30, 2016	First Qtr. Ended Sept. 30, 2015
20	**Sales**	**468,033,347**	**558,782,413**

Sales was decreased by 16% compared to the same period of last year. This was due to the recession in Europe is still continuing and slow sales in China with no hope for improvement in the near future. The Management is trying to divert to exports to other markets Japan and India. The entire leather industries all over the world are adversely affected.

21	**Other Income**		
	Rental Income	6,537,036	6,449,304
	Interest on FDR	115,500	5,009,936
		6,652,536	**11,459,240**

22 **General**

a) Figures appearing in these financial statements have been rounded off to the nearest Taka in thousand.
b) Figures of previous period have been re-arranged wherever considered necessary for the purpose of current period's presentation.

Syed Manzur Elahi
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