APEX TANNERY LIMITED

STATEMENT OF FINANCIAL POSITION (Un-audited)
AS OF DECEMBER 31, 2016

Tk in '000'

	Notes	As of 31-Dec-16	As of 30-Jun-16
Assets			
Non Current Assets			
Property, plant and equipment	5	268,220	270,744
Capital work-in-progress	6	908,364	577,002
Advance for Land at Savar		57,431	57,431
Investments	7	50,864	49,374
Deferred tax assets		8,810	7,364
		1,293,689	**961,915**
Current Assets			
Inventories	8	650,136	607,810
Trade and other receivables	9	153,132	139,112
Advance, deposits and prepayments	10	138,668	128,581
Cash & cash equivalents	11	80,530	41,715
		1,022,466	**917,218**
Total Assets		**2,316,155**	**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		441,333	474,347
Fair valuation surplus of Investment	12	43,308	41,818
		1,107,262	**1,138,786**
Non current liabilities			
Retirement benefit obligation		106,668	104,803
Government Grant	13	59,942	59,942
		166,610	**164,745**
Current Liabilities			
Short Term Loan	14	239,766	-
Working Capital Loan	15	2,113	392,889
Time Loan	16	556,868	-
Trade payables	17	121,336	43,797
Other payables	18	64,105	86,841
Provision for income-tax		58,095	52,075
		1,042,283	**575,602**
Total Equity and Liabilities		**2,316,155**	**1,879,133**
Net Asset Value Per Share (NAVPS) Tk.		72.65	74.72

Syed Manzur Elahi
Chairman

Md. Rahmatullah
Managing Director

Md. Iftikhar-uz-Zaman
Director

Anup Kumar Mukherjee
Chief Financial Officer and
Acting Company Secretary

Dated: 26 January 2017

AMARSTOCK

APEX TANNERY LIMITED

STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)

FOR THE 2ND QUARTER ENDED DECEMBER 31, 2016

Tk in '000'

	Notes	July 1, 2016 to December 31, 2016	July 1, 2015 to December 31, 2015	October 1, 2016 to December 31, 2016	October 1, 2015 to December 31, 2015
Sales		**1,070,921**	**983,065**	**602,888**	**424,283**
Cost of Sales					
Cost of goods sold		(951,719)	(889,035)	(526,930)	(385,466)
Freight & forwarding		(14,845)	(13,855)	(9,101)	(7,129)
		(966,564)	(902,890)	(536,031)	(392,595)
Gross Profit	19	**104,357**	**80,175**	**66,857**	**31,688**
Operating Expenses					
Administrative expenses		(21,270)	(22,518)	(9,332)	(10,382)
Marketing expenses		(28,209)	(34,141)	(13,616)	(13,205)
Directors' remuneration		(5,130)	(5,130)	(2,565)	(2,565)
Legal & audit fees		(180)	(180)	(90)	(90)
Depreciation		(3,386)	(3,608)	(1,697)	(1,859)
		(58,175)	**(65,577)**	**(27,300)**	**(28,101)**
Operating Profit		**46,182**	**14,598**	**39,557**	**3,587**
Financial Expenses	20	(26,055)	(19,989)	(14,852)	(8,882)
Non operating income					
Other income	21	14,019	22,336	7,366	10,877
Profit for the period		**34,146**	**16,945**	**32,071**	**5,582**
Provision for contribution to WPP & WF		(1,626)	(806)	(1,527)	(265)
Profit before income tax		**32,520**	**16,139**	**30,544**	**5,317**
Current tax expenses		(6,020)	(5,513)	(4,929)	(2,660)
Deferred tax income		1,446	1,880	766	924
Income tax		**(4,574)**	**(3,633)**	**(4,163)**	**(1,736)**
Net profit after tax		**27,946**	**12,506**	**26,381**	**3,581**
Other comprehensive income					
Fair valuation surplus of investment (unrealized)		1,490	410	519	(6,398)
Total comprehensive income (loss)		29,436	12,916	26,900	(2,817)
Earnings per share without fair valuation surplus (Tk.)		**1.83**	**0.82**	**1.73**	**0.23**

Syed Manzur Elahi
Chairman

Md. Rahmatullah
Managing Director

Md. Iftikhar-uz-Zaman
Director

Anup Kumar Mukherjee
Chief Financial Officer and
Acting Company Secretary

Dated: 26 January 2017

APEX TANNERY LIMITED

STATEMENT OF CASH FLOW (Un-Audited)

FOR THE 2ND QUARTER ENDED DECEMBER 31, 2016

Tk in '000'

	2nd Qtr. Ended Dec. 31 2016	2nd Qtr. Ended Dec. 31 2015
Cash flow from operating activities	**64,282**	**(298,857)**
Collections from turnover and other income	1,070,920	1,038,622
Payments for purchase of leather, chemicals, spare parts, creditors and other expenses	(998,379)	(1,331,014)
Income-tax paid and/or deducted	(8,259)	(6,465)
Cash flow from investing activities	**(370,365)**	**(62,451)**
Acquisition of fixed assets	(6,925)	(6,900)
Capital work-in-progress	(363,440)	(55,551)
Cash flow from financing activities	**344,898**	**170,503**
Loans received/(paid)	405,858	219,002
Dividend paid	(60,960)	(68,580)
Government Grant	-	20,081
Net cash inflows/(outflows) for the period	**38,815**	**(190,805)**
Opening cash and bank balances	41,715	333,932
Closing cash and bank balances	**80,530**	**143,127**
Net Operating Cash Flows Per Share (NOCFPS) Tk.	**4.22**	**(19.61)**

Syed Manzur Elahi
Chairman

Md. Rahmatullah
Managing Director

Md. Iftikhar-uz-Zaman
Director

Anup Kumar Mukherjee
Chief Financial Officer and
Acting Company Secretary

Dated: 26 January 2017

AMARSTOCK

APEX TANNERY LIMITED

STATEMENT OF CHANGES IN EQUITY (Un-Audited)

FOR THE 2ND QUARTER ENDED DECEMBER 31, 2016

Tk in '000

	Share Capital	Share Premium	Dividend Equalization Fund	Retained Earnings	Fair Valuation Surplus	Total
As at June 30, 2016	152,400	425,333	44,888	474,347	41,818	1,138,786
Net profit (July'16 to Dec.'16)				27,946		27,946
Cash dividend (2015-2016)				(60,960)		(60,960)
Fair valuation surplus					1,490	1,490
As at December 31, 2016	**152,400**	**425,333**	**44,888**	**441,333**	**43,308**	**1,107,262**

FOR THE 2ND QUARTER ENDED DECEMBER 31, 2015

Tk in '000

	Share Capital	Share Premium	Dividend Equalization Fund	Retained Earnings	Fair Valuation Surplus	Total
As at June 30, 2015	152,400	425,333	44,888	451,933	45,208	1,119,762
Net profit (July'15 to Dec.'15)				12,506		12,506
Cash dividend (2014-2015)				(68,580)		(68,580)
Fair valuation surplus					410	410
As at December 31, 2015	**152,400**	**425,333**	**44,888**	**395,859**	**45,618**	**1,064,098**

Syed Manzur Elahi
Chairman

Md. Rahmatullah
Managing Director

Md. Iftikhar-uz-Zaman
Director

Anup Kumar Mukherjee
Chief Financial Officer and
Acting Company Secretary

Dated: 26 January 2017

APEX TANNERY LIMITED

SELECTED NOTES TO THE FINANCIAL STATEMENTS

For the 2nd Quarter ended December 31, 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 2nd Quarter Financial Statements

The same accounting policies and methods of computation are followed for preparation and presentation of 2nd Quarter Financial Statements of the Company for the period from July 01, 2016 to December 31, 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 Dec. 31, 2016 *Taka*	As of June 30, 2016 *Taka*
5. Property, Plant and Equipment		
Property, Plant and Equipment at cost	**904,600,848**	**897,675,475**
Less: Accumulated Depreciation	636,381,111	626,931,545
Written Down Value	**268,219,737**	**270,743,930**
6. Capital Work-in-Progress		
Buildings at Savar	641,005,974	503,842,504
Plant and Machineries	267,358,092	73,159,733
	908,364,066	**577,002,237**

AMARSTOCK

Amount in Tk.

		As of Dec. 31, 2016	As of June 30, 2016
7	**Investments**		
	Apex Footwear Ltd. (1,36,700 shares @ 330.30)	45,152,010	43,661,980
	CDBL (5,71,181 shares @ 10.00)	5,711,810	5,711,810
		50,863,820	**49,373,790**
8	**Inventories**		
	Goatskins	102,787,452	98,441,549
	Cowhides	326,240,814	294,921,280
	Chemicals	202,519,400	193,726,244
	Spare-parts	18,588,459	20,720,306
		650,136,125	**607,809,379**
9	**Trade and other receivables**		
	Export bills receivable	147,503,324	133,564,509
	Interest Income receivable	128,381	547,283
	Rental Income receivable	5,500,000	5,000,000
		153,131,705	**139,111,792**
10	**Advance, deposits & prepayments**		
	L/C accounts (Goods in transit)	13,273,519	25,086,750
	Advance income-tax	101,730,487	93,471,542
	Advance rent	76,000	1,461,833
	Advance to staff and workers	1,272,063	1,122,813
	Advance to Suppliers and Contractors	5,242,315	-
	Bank guarantee margin	7,645,305	776,340
	Security deposit	9,428,723	6,661,907
		138,668,412	**128,581,185**
11	**Cash & cash equivalents**		
	Cash in hand		
	- Head Office	95,193	237,164
	- Factory	372,288	263,355
	Cash at banks		
	- Agrani Bank Ltd.	26,954,268	17,576,138
	- Mercantile Bank Ltd.	167,569	4,947,444
	- Mutual Trust Bank Ltd.	11,147,614	7,406,395
	- Rupali Bank Ltd.	15,621	16,196
	- Jamuna Bank Ltd.	1,162,589	-
	- State Bank of India	2,860,128	4,150,251
	- Uttara Bank Ltd.	84,166	-
	FDR	37,670,388	7,118,319
		80,529,824	**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 @ 330.30 as of 31-12-2016	45,152,010	
	Fair value of 136,700 shares @ 319.40 as of 30-06-2016	43,661,980	1,490,030
	Fair valuation surplus as of 31-12-2016		**43,307,927**

		As of Dec. 31, 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**	**239,766,427**	**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.	**2,112,855**	**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**		
	Jamuna Bank Ltd.	203,486,343	-
	Uttara Bank Ltd.	353,381,806	-
		556,868,149	-

To minimize financial expenses, time loan has taken from Jamuna Bank Ltd. Motijheel Branch, and Uttara Bank Ltd. Corporate Branch, Dhaka, against existing inventory as securities.

17	**Trade payables**		
	Goat and Cow skin suppliers	**121,335,813**	**43,796,927**

18	**Other payables**		
	Workers' profits participation and welfare fund	8,249,935	6,624,210
	Liabilities for freights, spare parts and other expenses	17,014,467	9,111,149
	Liabilities to Suppliers of Building Materials	38,840,248	70,917,900
	Audit fees	-	187,500
		64,104,650	**86,840,759**

AMARSTOCK

		Amount in Tk.	
		Second Qtr. Ended Dec. 31, 2016	Second Qtr. Ended Dec. 31, 2015
19	**Gross Profit**	**104,357,147**	**80,174,858**

Gross profit increased by 30% due to increase of sales volume and more finished leather sold during the period compared to crust leather.

20	**Financial expenses**	**26,055,345**	**19,989,147**

Financial expenses increased due to time loan Tk. 55,68,68,149.00 has taken to meet further cost of Capital work-in-progress at Tannery Industrial Park , Savar, Dhaka. The cost of time loan is less than the other type of finance.

21 **Other Income**

Rental Income	13,824,072	12,898,608
Interest on FDR	194,508	9,437,519
	14,018,580	**22,336,127**

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
Chairman

Md. Rahmatullah
Managing Director

Md. Iftikhar-uz-Zaman
Director

Anup Kumar Mukherjee
Chief Financial Officer and
Acting Company Secretary

Dated: 26 January 2017

AMARSTOCK