APEX TANNERY LIMITED

STATEMENT OF FINANCIAL POSITION (Un-audited)
AS OF SEPTEMBER 30, 2017

Tk in '000'

	Notes	As of Sept. 30, 2017	As of June 30, 2017
Assets			
Non Current Assets			
Property, plant and equipment	5	1,077,161	1,094,204
Capital work-in-progress	6	104,300	76,040
Advance for Land of Savar Factory		57,431	57,431
Investments	7	50,782	52,764
		1,289,674	**1,280,439**
Current Assets			
Inventories	8	881,736	713,771
Trade and other receivables	9	164,060	168,466
Advance, deposits and prepayments	10	189,511	140,654
Cash & cash equivalents	11	60,941	72,671
		1,296,248	**1,095,562**
Total Assets		**2,585,922**	**2,376,001**
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		28,888	44,888
Retained earnings		409,381	453,188
Fair valuation surplus of investment	12	43,226	45,208
		1,059,228	**1,121,017**
Non current liabilities			
Retirement benefit obligation		110,400	108,175
Deferred tax liabilities	22	12,090	10,942
		122,490	**119,117**
Current Liabilities			
Short term loan	13	199,854	606
Working capital loan	14	433,676	159,193
Time loan	15	608,834	759,253
Trade payables	16	-	115,836
Other payables	17	34,144	35,712
Dividend payable		60,960	-
Provision for income-tax		66,736	65,267
		1,404,204	**1,135,867**
Total Equity and Liabilities		**2,585,922**	**2,376,001**
Net Asset Value Per Share (NAVPS) Tk.		69.50	73.56

Syed Manzur Elahi
Chairman

Md. Rahmatullah
Managing Director

Faruq Ahmad Siddiqi
Independent Director

Anup Kumar Mukherjee
Chief Financial Officer

Sushanta Kumar Paul
Company Secretary

Dated: 9 November 2017

AMARSTOCK

APEX TANNERY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Un-audited)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

Tk in '000'

	Notes	First Qtr. Ended Sept. 30, 2017	First Qtr. Ended Sept. 30, 2016 Restated
Sales		**432,965**	**468,033**
Cost of sales		(379,475)	(424,789)
Gross Profit	19	**53,490**	**43,244**
Operating expenses		(37,295)	(36,619)
Operating Profit		**16,195**	**6,625**
Financial expenses	20	(20,030)	(11,203)
Non operating income			
Other income	21	7,793	6,653
Profit for the period		**3,958**	**2,075**
Provision for contribution to WPP & WF		(188)	(99)
Profit before income tax		**3,770**	**1,976**
Income tax			
Current tax expenses		(1,469)	(1,091)
Deferred tax (expenses) / income	22	(1,148)	789
		(2,617)	**(302)**
Net profit after tax		**1,153**	**1,674**
Other comprehensive income			
Fair valuation surplus of investment (unrealized)		(1,982)	971
Total comprehensive income		**(829)**	**2,645**
EPS without fair valuation surplus (Tk.)	23	0.08	0.11

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AMARSTOCK

APEX TANNERY LIMITED

STATEMENT OF CHANGES IN EQUITY (Un-audited)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

Tk in '000'

	Share Capital	Share Premium	Dividend Equalization Fund	Fair Valuation Surplus	Retained Earnings	Total
As at June 30, 2017	152,400	425,333	44,888	45,208	453,188	1,121,017
Net profit (July'17 to Sept.'17)					1,153	1,153
Cash dividend (2016-2017)			(16,000)		(44,960)	(60,960)
Fair valuation surplus				(1,982)		(1,982)
As at September 30, 2017	**152,400**	**425,333**	**28,888**	**43,226**	**409,381**	**1,059,228**

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

Tk in '000'

Restated

	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	469,120	1,133,559
Net profit (July'16 to Sept.'16)					1,674	1,674
Fair valuation surplus				971		971
As at September 30, 2016	**152,400**	**425,333**	**44,888**	**42,789**	**470,794**	**1,136,204**

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Company Secretary

Dated: 9 November 2017

AMARSTOCK

APEX TANNERY LIMITED

STATEMENT OF CASH FLOW (Un-audited)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

Tk in '000'

	Notes	First Qtr. Ended Sept. 30, 2017	First Qtr. Ended Sept. 30, 2016
Cash flow from operating activities		**(293,042)**	**(134,507)**
Collections from turnover and other income		445,164	476,152
Payments for purchase of leather, chemicals, spare parts, creditors and other expenses		(735,175)	(606,821)
Income-tax paid and/or deducted		(3,031)	(3,838)
Cash flow from investing activities		**(42,000)**	**(39,135)**
Acquisition of fixed assets		(11,701)	(6,759)
Capital work-in-progress		(30,299)	(32,376)
Cash flow from financing activities		**323,312**	**162,229**
Loans received/(paid)		323,312	162,229
Net cash inflows/(outflows) for the period		**(11,730)**	**(11,413)**
Opening cash and bank balances		72,671	41,715
Closing cash and bank balances		**60,941**	**30,302**
Net Operating Cash Flows Per Share (NOCFPS) Tk.	24	(19.23)	(8.83)

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Md. Rahmatullah
Managing Director

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Independent Director

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Chief Financial Officer

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Dated: 9 November 2017

AMAR STOCK

APEX TANNERY LIMITED

SELECTED NOTES TO THE FINANCIAL STATEMENTS

For the 1st Quarter ended September 30, 2017

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 Plot No.: XA1, XA2, XA3 & XS8, Bangladesh Small & Cottage Industries Corporation (BSCIC) Chamra Shilpa Nagari, Harindhara, Hemayetpur, Savar, Dhaka-1340.

b) Nature of business

The main 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 32 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, 2017 to September 30, 2017 as compared to the most recent annual Financial Statements for the year ended June 30, 2017.

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, 2017 Taka	As of June 30, 2017 Taka
5. Property, Plant and Equipment		
Property, Plant and Equipment at cost	**1,769,108,107**	**1,757,407,166**
Less: Accumulated Depreciation	691,947,680	663,203,384
Written Down Value	**1,077,160,427**	**1,094,203,782**
6. Capital Work-in-Progress		
Buildings at Savar	**104,300,389**	**76,040,290**

The amount represents construction cost of dormitory buildings and warehouse building at Savar which is under progress and not put to use during the period.

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Amount in Tk.

		As of Sept. 30, 2017	As of June 30, 2017
7	**Investments**		
	Apex Footwear Ltd. (1,36,700 shares @ 329.70)	45,069,990	47,052,140
	CDBL (5,71,181 shares @ 10.00)	5,711,810	5,711,810
		50,781,800	**52,763,950**
8	**Inventories**		
	Goatskins	121,541,852	91,928,825
	Cowhides	470,904,001	337,479,655
	Chemicals	267,841,574	259,004,145
	Spare-parts	21,448,718	25,357,996
		881,736,145	**713,770,621**

Inventories increased due to purchase large quantity of raw hides and skins after Eid-ul-Azha .

9	**Trade and other receivables**		
	Export bills receivable	158,417,947	162,851,656
	Interest Income receivable	142,429	114,455
	Rental Income receivable	5,500,000	5,500,000
		164,060,376	**168,466,111**
10	**Advance, deposits & prepayments**		
	L/C accounts (Goods in transit)	8,564,579	11,048,571
	Advance income-tax	112,698,023	109,667,268
	Advance rent	49,750	49,750
	Advance to staff and workers	1,260,813	692,313
	Advance to Suppliers and Contractors	47,989,638	246,900
	Bank guarantee margin	8,273,745	8,273,745
	Security deposit	10,674,824	10,674,824
		189,511,372	**140,653,371**

Advance, deposits & prepayments increased by 35 % due mainly to Tk.47,934,638 advance was made to suppliers of raw hides and skins

11	**Cash & cash equivalents**		
	Cash in hand		
	- Head Office	752,641	3,086,935
	- Factory	315,026	485,418
	Cash at banks		
	- Agrani Bank Ltd.	11,314,008	15,931,784
	- Mutual Trust Bank Ltd.	7,986,165	4,729,845
	- Rupali Bank Ltd.	15,046	15,046
	- Jamuna Bank Ltd.	45,706	8,176,500
	- State Bank of India	1,539,508	1,327,216
	- Uttara Bank Ltd.	58,818	388,504
	FDR	38,913,921	38,530,009
		60,940,839	**72,671,257**

AMAR STOCK

			Amount in Tk.
12	**Fair Valuation Surplus of Investments**		
	Investment in share of Apex Footwear Limited:		
	Fair valuation surplus as of 30-06-2017		**45,208,057**
	Fair value of 136,700 shares @ 329.70 as of 30-9-2017	45,069,990	
	Fair value of 136,700 shares @ 344.20 as of 30-6-2017	47,052,140	(1,982,150)
	Fair valuation surplus as of 30-09-2017		**43,225,907**

		As of Sept. 30, 2017	As of June 30, 2017
13	**Short-term Loan**	**199,853,775**	**606,074**

The company has taken Short-term loan 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.

14	**Working Capital Loan**	**433,676,041**	**159,192,488**

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. The increased loan amount used to pay Time loan and to meet working capital requirements of the Company.

15	**Time Loan**	**608,833,655**	**759,253,169**

In order to meet further cost of Capital work-in-progress of Savar Factory, the Company has taken Time loan from Jamuna Bank Ltd., Motijheel Branch, Motijheel C/A, Dhaka and Uttara Bank Ltd. Corporate Branch, Dhaka against existing inventory as securities.

16	**Trade payables**		
	Goat skin and Cow hides suppliers	-	**115,835,696**

17	**Other payables**		
	Workers' profits participation and welfare fund	5,427,077	5,238,637
	Liabilities for freights, spare parts and other expenses	14,897,924	14,408,656
	Liabilities to Suppliers of Building Materials	13,819,245	15,858,142
	Audit fees	-	206,250
		34,144,246	**35,711,685**

18	**Current Liabilities**	**1,404,203,849**	**1,135,866,491**

Current Liabilities increased by 24% due to following reasons:

a) Proposed dividend Tk. 60,960,000 recognized under current liabilities as the dividend approved by shareholders in the 41st Annual General Meeting held in this interim period.

b) Increased amount of short term and working capital loan amounting Tk. 323,311,740 which was used to meet working capital requirements of the Company.

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Amount in Tk.

		First Qtr. Ended Sept. 30, 2017	First Qtr. Ended Sept. 30, 2016
19	**Gross profit**	**53,489,745**	**43,244,145**

Gross profit increased due mainly to low cost of raw hides and skins in the first Quarter 2017 compared to the same period previous year.

20	**Financial expenses**	**20,030,150**	**11,203,456**

Financial expenses increased due mainly for taking short term and working capital loan amounting Tk. 323,312,147 during the Q1 to procure raw hides and skins after Korbani.

21 **Other Income**

Rental Income	7,338,443	6,537,036
Interest on FDR	454,543	115,500
	7,792,986	**6,652,536**

22 **Deferred Tax Expenses / (Income)**

Deferred Tax (Assets) / Liabilities closing	12,089,497	(2,926,115)
Deferred Tax (Assets) / Liabilities opening	10,941,523	(2,136,844)
	1,147,974	**(789,271)**

23	**Earnings Per Share**	**0.08**	**0.11**

Earnings Per Share decreased by 27% due to decrease in sales by 7.5% and increase in financial expenses by 79% compared to same period previous year.

24	**Net Operating Cash Flows Per Share (NOCFPS) Tk.**	**(19.23)**	**(8.83)**

Net Operating Cash Flows Per Share (NOCFPS) decreased due to following reasons:

a) During the Q1, 2017 collections from turnover and bills receivables decreased by 7 % compared to same period previous year.

b) During the Q1, 2017 payment for purchase of leather, chemicals, spare parts, creditors and other expenses increased by 21%.

25 **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/restated wherever considered necessary for the purpose of current period's presentation.

Syed Manzur Elahi
Chairman

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Dated: 9 November 2017