APEX TANNERY LIMITED

STATEMENT OF FINANCIAL POSITION (Un-audited)
AS OF DECEMBER 31, 2017

Tk in '000'

	Notes	As of Dec. 31, 2017	As of June 30, 2017
Assets			
Non Current Assets			
Property, plant and equipment	5	1,067,282	1,094,204
Capital work-in-progress	6	123,169	76,040
Advance for Land of Savar Factory		57,431	57,431
Investments	7	50,631	52,764
		1,298,513	**1,280,439**
Current Assets			
Inventories	8	924,582	713,771
Trade and other receivables	9	184,148	168,466
Advance, deposits and prepayments	10	146,556	140,654
Cash & cash equivalents	11	68,415	72,671
		1,323,701	**1,095,562**
Total Assets		**2,622,214**	**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		414,251	453,188
Fair valuation surplus of investment	12	43,075	45,208
		1,063,947	**1,121,017**
Non current liabilities			
Retirement benefit obligation		113,277	108,175
Deferred tax liabilities	21	12,585	10,942
		125,862	**119,117**
Current Liabilities			
Short term loan	13	399,407	606
Working capital loan	14	559,128	159,193
Time loan	15	304,834	759,253
Trade payables	16	75,437	115,836
Other payables	17	24,871	35,712
Provision for income-tax		68,728	65,267
		1,432,405	**1,135,867**
Total Equity and Liabilities		**2,622,214**	**2,376,001**
Net Asset Value Per Share (NAVPS) Tk.		69.81	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: 31 January 2018

APEX TANNERY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Un-Audited)

FOR THE 2ND QUARTER ENDED DECEMBER 31, 2017

Tk in '000'

	Notes	July 1, 2017 to December 31, 2017	July 1, 2016 to December 31, 2016	October 1, 2017 to December 31, 2017	October 1, 2016 to December 31, 2016
			Restated		Restated
Sales		**982,480**	**1,070,921**	**549,515**	**602,888**
Cost of Sales		(863,671)	(951,719)	(484,196)	(526,930)
Gross Profit		**118,809**	**119,202**	**65,319**	**75,958**
Operating Expenses		(81,986)	(73,020)	(44,691)	(36,401)
Operating Profit		**36,823**	**46,182**	**20,628**	**39,557**
Financial Expenses	19	(41,417)	(26,055)	(21,387)	(14,852)
Non operating income					
Other income	20	16,277	14,019	8,484	7,366
Profit for the period		**11,683**	**34,146**	**7,725**	**32,071**
Provision for contribution to WPP & WF		(556)	(1,626)	(368)	(1,527)
Profit before income tax		**11,127**	**32,520**	**7,357**	**30,544**
Income tax					
Current tax expenses		(3,461)	(6,020)	(1,992)	(4,929)
Deferred tax (expenses) income	21	(1,643)	1,491	(495)	702
		(5,104)	**(4,529)**	**(2,487)**	**(4,227)**
Net profit after tax		**6,023**	**27,991**	**4,870**	**26,317**
Other comprehensive income					
Fair valuation surplus of investment (unrealized)		(2,133)	1,490	(151)	519
Total comprehensive income (loss)		3,890	29,481	4,719	26,836
Earnings per share without fair valuation surplus (Tk.)	22	**0.40**	**1.84**	**0.32**	**1.73**

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: 31 January 2018

APEX TANNERY LIMITED
STATEMENT OF CHANGES IN EQUITY (Un-Audited)

FOR THE 2ND QUARTER ENDED DECEMBER 31, 2017

Tk in '000

	Share Capital	Share Premium	Dividend Equalization Fund	Retained Earnings	Fair Valuation Surplus	Total
As at June 30, 2017	152,400	425,333	44,888	453,188	45,208	1,121,017
Net profit (July'17 to Dec.'17)				6,023		6,023
Cash dividend (2016-2017)			(16,000)	(44,960)		(60,960)
Fair valuation surplus					(2,133)	(2,133)
As at December 31, 2017	**152,400**	**425,333**	**28,888**	**414,251**	**43,075**	**1,063,947**

FOR THE 2ND QUARTER ENDED DECEMBER 31, 2016

Tk in '000

Restated

	Share Capital	Share Premium	Dividend Equalization Fund	Retained Earnings	Fair Valuation Surplus	Total
As at June 30, 2016	152,400	425,333	44,888	469,120	41,818	1,133,559
Net profit (July'16 to Dec.'16)				27,992		27,992
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**	**436,152**	**43,308**	**1,102,081**

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: 31 January 2018

APEX TANNERY LIMITED

STATEMENT OF CASH FLOW (Un-Audited)

FOR THE 2ND QUARTER ENDED DECEMBER 31, 2017

Tk in '000'

	Note	2nd Qtr. Ended Dec. 31 2017	2nd Qtr. Ended Dec. 31 2016
Cash flow from operating activities		**(192,524)**	**64,282**
Collections from turnover and other income		983,075	1,070,920
Payments for purchase of leather, chemicals, spare parts, creditors and other expenses		(1,168,700)	(998,379)
Income-tax paid and/or deducted		(6,899)	(8,259)
Cash flow from investing activities		**(95,090)**	**(370,365)**
Acquisition of fixed assets		(32,103)	(6,925)
Capital work-in-progress		(62,987)	(363,440)
Cash flow from financing activities		**283,358**	**344,898**
Loans received/(paid)		344,318	405,858
Dividend paid		(60,960)	(60,960)
Net cash inflows/(outflows) for the period		**(4,256)**	**38,815**
Opening cash and bank balances		72,671	41,715
Closing cash and bank balances		**68,415**	**80,530**
Net Operating Cash Flows Per Share (NOCFPS) Tk.	23	(12.63)	4.22

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: 31 January 2018

AMAR STOCK

APEX TANNERY LIMITED

SELECTED NOTES TO THE FINANCIAL STATEMENTS

For the 2nd Quarter ended December 31, 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 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, 2017 to December 31, 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 Dec.31, 2017 Taka	As of June 30, 2017 Taka
5. Property, Plant and Equipment		
Property, Plant and Equipment at cost	**1,789,510,376**	**1,757,407,166**
Less: Accumulated Depreciation	722,228,022	663,203,384
Written Down Value	**1,067,282,354**	**1,094,203,782**
6. Capital Work-in-Progress		
Buildings at Savar	**123,169,309**	**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.

31/01/18

Amount in Tk.

		As of Dec. 31, 2017	As of June 30, 2017
7	**Investments**		
	Apex Footwear Ltd. (1,36,700 shares @ 328.60)	44,919,620	47,052,140
	CDBL (5,71,181 shares @ 10.00)	5,711,810	5,711,810
		50,631,430	**52,763,950**
8	**Inventories**		
	Goatskins	113,182,874	91,928,825
	Cowhides	548,517,245	337,479,655
	Chemicals	239,894,793	259,004,145
	Spare-parts	22,987,148	25,357,996
		924,582,060	**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	178,525,908	162,851,656
	Interest Income receivable	122,199	114,455
	Rental Income receivable	5,500,000	5,500,000
		184,148,107	**168,466,111**
10	**Advance, deposits & prepayments**		
	L/C accounts (Goods in transit)	9,730,876	11,048,571
	Advance income-tax	116,566,503	109,667,268
	Advance rent	49,750	49,750
	Advance to staff and workers	1,260,063	692,313
	Advance to Suppliers and Contractors	-	246,900
	Bank guarantee margin	8,273,745	8,273,745
	Security deposit	10,674,824	10,674,824
		146,555,761	**140,653,371**
11	**Cash & cash equivalents**		
	Cash in hand		
	- Head Office	988,900	3,086,935
	- Factory	333,771	485,418
	Cash at banks		
	- Agrani Bank Ltd.	7,317,355	15,931,784
	- Mutual Trust Bank Ltd.	17,431,361	4,729,845
	- Rupali Bank Ltd.	15,046	15,046
	- Jamuna Bank Ltd.	1,937,793	8,176,500
	- State Bank of India	1,002,519	1,327,216
	- Uttara Bank Ltd.	43,083	388,504
	FDR	39,344,810	38,530,009
		68,414,638	**72,671,257**

31/01/18

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 @ 328.60 as of 31-12-2017	44,919,620	
	Fair value of 136,700 shares @ 344.20 as of 30-6-2017	47,052,140	(2,132,520)
	Fair valuation surplus as of 31-12-2017		**43,075,537**

		As of Dec. 31, 2017	As of June 30, 2017
13	**Short-term Loan**	**399,407,111**	**606,074**

The company has taken Short-term loan from Agrani Bank Ltd., Amin Court Corp. 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**	**559,128,025**	**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**	**304,834,357**	**759,253,169**

The amount represents time loan which has been taken from Uttara Bank Ltd. Corporate Branch, Dhaka. In order to meet further cost of Capital work-in-progress of Savar Factory, the Company has taken Time loan against existing inventory as securities.

16	**Trade payables**		
	Goat skin and Cow hides suppliers	**75,436,911**	**115,835,696**
17	**Other payables**		
	Workers' profits participation and welfare fund	5,794,876	5,238,637
	Liabilities for freights, spare parts and other expenses	19,075,994	14,408,656
	Liabilities to Suppliers of Building Materials	-	15,858,142
	Audit fees	-	206,250
		24,870,870	**35,711,685**
18	**Current Liabilities**	**1,432,405,476**	**1,135,866,491**

Current Liabilities increased by 26% due mainly to increased amount of short term and working capital loan amounting Tk. 344,317,762 which was used to meet working capital requirements of the Company.

31/01/18

Amount in Tk.

		Second Qtr. Ended Dec.31, 2017	Second Qtr. Ended Dec.31, 2016
19	**Financial expenses**	**41,416,998**	**26,055,345**

Financial expenses increased for taking short term and working capital loan amounting Tk. 344,317,762 during the second quarter ended 2017 to procure raw hides and skins after Korbani.

20	**Other Income**		
	Rental Income	14,728,291	13,824,072
	Interest on FDR	865,202	194,508
	Dividend Income	683,500	-
		16,276,993	**14,018,580**
21	**Deferred Tax Expenses / (Income)**		
	Deferred Tax (Assets) / Liabilities closing	12,584,746	(2,926,115)
	Deferred Tax (Assets) / Liabilities opening	10,941,523	(2,136,844)
		1,643,223	**(789,271)**
22	**Earnings Per Share**	**0.40**	**1.84**

Earnings Per Share decreased by 78% due mainly to decrease in sales by 8% and increase in financial expenses by 59% compared to same period previous year.

23	**Net Operating Cash Flows Per Share (NOCFPS)**	**(12.63)**	**4.22**

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

a) During the second quarter ended 2017 collections from turnover and bills receivables decreased by 8% compared to same period previous year.

b) During the second quarter ended 2017 payment for purchase of leather, chemicals, spare parts, creditors and other expenses increased by 17%.

24 **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

Md. Rahmatullah
Managing Director

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Chief Financial Officer

Sushanta Kumar Paul
Company Secretary

Dated: 31 January 2018

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