APEX TANNERY LIMITED

STATEMENT OF FINANCIAL POSITION (Un-audited)
AS OF MARCH 31, 2018

Tk in '000'

	Notes	As of March 31, 2018	As of June 30, 2017
Assets			
Non Current Assets			
Property, plant and equipment	5	1,059,929	1,094,204
Capital work-in-progress	6	145,807	76,040
Advance for Land of Savar Factory		57,431	57,431
Investments	7	49,661	52,764
		1,312,828	**1,280,439**
Current Assets			
Inventories	8	908,919	713,771
Trade and other receivables	9	183,097	168,466
Advance, deposits and prepayments	10	150,619	140,654
Cash & cash equivalents	11	72,549	72,671
		1,315,184	**1,095,562**
Total Assets		**2,628,012**	**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		427,499	453,188
Fair valuation surplus of investment	12	42,105	45,208
		1,076,225	**1,121,017**
Non current liabilities			
Retirement benefit obligation		118,011	108,175
Deferred tax liabilities	21	13,614	10,942
		131,625	**119,117**
Current Liabilities			
Short term loan	13	245,634	606
Working capital loan	14	644,718	159,193
Time loan	15	305,379	759,253
Trade payables	16	124,729	115,836
Other payables	17	27,572	35,712
Provision for income-tax		72,130	65,267
		1,420,162	**1,135,867**
Total Equity and Liabilities		**2,628,012**	**2,376,001**
Net Asset Value Per Share (NAVPS) Tk.		70.62	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: 24 April 2018

APEX TANNERY LIMITED

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

FOR THE 3RD QUARTER ENDED MARCH 31, 2018

Tk in '000'

	Notes	July 1, 2017 to March 31, 2018	July 1, 2016 to March 31, 2017 Restated	January 1, 2018 to March 31, 2018	January 1, 2017 to March 31, 2017 Restated
Sales		**1,630,464**	**1,542,019**	**647,984**	**471,098**
Cost of Sales		(1,436,993)	(1,388,716)	(573,322)	(436,997)
Gross Profit		**193,471**	**153,303**	**74,662**	**34,101**
Operating Expenses	19	(124,502)	(103,939)	(42,516)	(30,919)
Operating Profit		**68,969**	**49,364**	**32,146**	**3,182**
Financial Expenses	20	(64,217)	(43,560)	(22,800)	(17,505)
Non operating income					
Other income		25,494	23,157	9,217	9,138
Profit for the period		**30,246**	**28,961**	**18,563**	**(5,185)**
Provision for contribution to WPP & WF		(1,440)	(1,378)	(884)	248
Profit before income tax		**28,806**	**27,583**	**17,679**	**(4,937)**
Income tax					
Current tax expenses		(6,863)	(6,851)	(3,402)	(831)
Deferred tax (expenses) income	21	(2,672)	2,346	(1,029)	855
		(9,535)	**(4,505)**	**(4,431)**	**24**
Net profit after tax		**19,271**	**23,078**	**13,248**	**(4,913)**
Other comprehensive income					
Fair valuation surplus of investment (unrealized)		(3,103)	1,955	(970)	465
Total comprehensive income (loss)		16,168	25,033	12,278	(4,448)
Earnings per share without fair valuation surplus (Tk.)	22	**1.27**	**1.52**	**0.87**	**(0.32)**

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: 24 April 2018

APEX TANNERY LIMITED

STATEMENT OF CHANGES IN EQUITY (Un-Audited)

FOR THE 3RD QUARTER ENDED MARCH 31, 2018

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 March'18)				19,271		19,271
Cash dividend (2016-2017)			(16,000)	(44,960)		(60,960)
Fair valuation surplus					(3,103)	(3,103)
As at March 31, 2018	**152,400**	**425,333**	**28,888**	**427,499**	**42,105**	**1,076,225**

FOR THE 3RD QUARTER ENDED MARCH 31, 2017

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 March'17)				23,078		23,078
Cash dividend (2015-2016)				(60,960)		(60,960)
Fair valuation surplus					1,955	1,955
As at March 31, 2017	**152,400**	**425,333**	**44,888**	**431,238**	**43,773**	**1,097,632**

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: 24 April 2018

AMARSTOCK

APEX TANNERY LIMITED

STATEMENT OF CASH FLOW (Un-Audited)

FOR THE 3RD QUARTER ENDED MARCH 31, 2018

Tk in '000'

	Note	3rd Qtr. Ended March 31 2018	3rd Qtr. Ended March 31 2017
Cash flow from operating activities :		**(89,134)**	**142,112**
Collections from turnover and other income		1,641,327	1,565,559
Payments for purchase of leather, chemicals, spare parts, creditors and other expenses		(1,653,505)	(1,364,521)
Interest paid		(64,217)	(43,560)
Payments to WPP & WF		(3,209)	(4,951)
Income-tax paid and/or deducted		(9,530)	(10,415)
Cash flow from investing activities:		**(126,707)**	**(460,010)**
Acquisition of fixed assets		(56,940)	(14,163)
Capital work-in-progress		(69,767)	(445,847)
Cash flow from financing activities:		**215,719**	**387,514**
Loans received/(paid)		276,679	448,474
Dividend paid		(60,960)	(60,960)
Net cash inflows/(outflows) for the period		**(122)**	**69,616**
Opening cash and bank balances		72,671	41,715
Closing cash and bank balances		**72,549**	**111,331**
Net Operating Cash Flows Per Share (NOCFPS) Tk.	23	(5.85)	9.32

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: 24 April 2018

AMAR STOCK

APEX TANNERY LIMITED

SELECTED NOTES TO THE FINANCIAL STATEMENTS

For the 3rd Quarter ended March 31, 2018

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 3rd Quarter Financial Statements

The same accounting policies and methods of computation are followed for preparation and presentation of 3rd Quarter Financial Statements of the Company for the period from July 01, 2017 to March 31, 2018 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 March 31, 2018 Taka	As of June 30, 2017 Taka
5. Property, Plant and Equipment		
Property, Plant and Equipment at cost	**1,814,347,085**	**1,757,407,166**
Less: Accumulated Depreciation	754,418,446	663,203,384
Written Down Value	**1,059,928,639**	**1,094,203,782**
6. Capital Work-in-Progress		
Buildings at Savar	**145,807,304**	**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.

Amount in Tk.

		As of March 31, 2018	As of June 30, 2017
7	**Investments**		
	Apex Footwear Ltd. (1,36,700 shares @ 321.50)	43,949,050	47,052,140
	CDBL (5,71,181 shares @ 10.00)	5,711,810	5,711,810
		49,660,860	**52,763,950**
8	**Inventories**		
	Goatskins	118,574,148	91,928,825
	Cowhides	514,353,890	337,479,655
	Chemicals	251,513,929	259,004,145
	Spare-parts	24,477,175	25,357,996
		908,919,142	**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	177,484,512	162,851,656
	Interest Income receivable	112,282	114,455
	Rental Income receivable	5,500,000	5,500,000
		183,096,794	**168,466,111**
10	**Advance, deposits & prepayments**		
	L/C accounts (Goods in transit)	8,225,684	11,048,571
	Advance income-tax	119,197,143	109,667,268
	Advance rent	49,750	49,750
	Advance to staff and workers	1,197,500	692,313
	Advance to Suppliers and Contractors	3,000,000	246,900
	Bank guarantee margin	8,273,745	8,273,745
	Security deposit	10,674,824	10,674,824
		150,618,646	**140,653,371**
11	**Cash & cash equivalents**		
	Cash in hand		
	- Head Office	1,620,474	3,086,935
	- Factory	1,288,003	485,418
	Cash at banks		
	- Agrani Bank Ltd.	10,650,613	15,931,784
	- Mutual Trust Bank Ltd.	16,332,103	4,729,845
	- Rupali Bank Ltd.	-	15,046
	- Jamuna Bank Ltd.	2,793	8,176,500
	- State Bank of India	719,737	1,327,216
	- Uttara Bank Ltd.	2,199,002	388,504
	FDR	39,736,536	38,530,009
		72,549,261	**72,671,257**

			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 @ 321.50 as of 31-03-2018	43,949,050	
	Fair value of 136,700 shares @ 344.20 as of 30-6-2017	47,052,140	(3,103,090)
	Fair valuation surplus as of 31-03-2018		**42,104,967**

		As of March 31, 2018	As of June 30, 2017
13	**Short-term Loan**	**245,633,593**	**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**	**644,718,150**	**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**	**305,379,380**	**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 skins and Cow hides suppliers	**124,729,278**	**115,835,696**

17	**Other payables**		
	Workers' profits participation and welfare fund	3,469,679	5,238,637
	Liabilities for freights, spare parts and other expenses	24,102,231	14,408,656
	Liabilities to Suppliers of Building Materials	-	15,858,142
	Audit fees	-	206,250
		27,571,910	**35,711,685**

18	**Current Liabilities**	**1,420,162,033**	**1,135,866,491**

Current Liabilities increased by 25% due mainly to increased amount of short term and working capital loan amounting Tk. 276,679,392 which was used to meet working capital requirements of the Company.

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Amount in Tk.

		Third Qtr. Ended March 31, 2018	Third Qtr. Ended March 31, 2017
19	**Operating expenses**	**124,502,099**	**103,938,490**

Operating expenses increased by 20% due to following :

a) Sales Commission increased by Tk. 45,22,305 due to increase in sales through Agent.

b) Freight & Forwarding expenses increased by Tk. 69,81,288 due to more shipment incurred by Air than Sea. Shipment expenses by Air are more than the expenses by Sea.

c) Sales promotional expenses increased by Tk. 22,99,339 as compared to the same period previous year due to increase in expenses of leather fair.

d) Administrative expenses increased by Tk. 67,60,677 as compared to the same period previous year due mainly to following reasons:

I. Expenses for fuel increased due to increase in price and relocation of registered office at Savar.

II. Expenses for maintenance of Vehicles increased due to old age of Vehicles.

III. Annual increment of staff salary and enhancement of Director's remuneration.

20	**Financial expenses**	**64,216,998**	**43,560,345**

Financial expenses increased for taking short term and working capital loan amounting Tk. 276,679,392 during the third quarter ended on March 31, 2018 to procure raw hides and skins after Korbani.

21	**Deferred Tax Expenses / (Income)**		
	Deferred Tax (Assets) / Liabilities closing	13,613,653	(4,482,685)
	Deferred Tax (Assets) / Liabilities opening	10,941,523	(2,136,844)
		2,672,130	**(2,345,841)**
22	**Earnings Per Share**	**1.27**	**1.52**

Earnings Per Share decreased by 16% due mainly to increase in Operating expenses by 20%, increase in financial expenses by 47% and increase in Income Tax expenses by 112% compared to same period previous year.

23	**Net Operating Cash Flows Per Share (NOCFPS) Tk.**	**(5.85)**	**9.32**

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

a) Collections from turnover and bills receivables decreased by 5% compared to the same period previous year.

b) Payments for purchase of leather, chemicals, spare parts, creditors and other expenses increased by 21%.

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.