

APEX SPINNING & KNITTING MILLS LIMITED

Rupayan Golden Age (5th & 6th Floor), 99 Gulshan Avenue, Gulshan, Dhaka-1212.

Un-audited Nine Months (Q3) Financial Statements for the period ended on 31st March 2019

**STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 31ST MARCH, 2019**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31ST MARCH, 2019**

	Value in Taka '000'		
	As at 31.03.2019	As at 30.06.2018	Growth %
ASSETS			
Non-Current Assets:	336,974	358,027	(5.88)
Property, Plant and Equipment	231,858	250,992	(7.62)
Investment	30,782	36,976	(16.75)
Investment in Financial Assets	64,275	60,000	7.13
Security Deposits	10,059	10,059	-
Current Assets:	1,020,437	1,103,917	(7.56)
Inventories	193,047	196,249	(1.63)
Trade Receivables	449,367	592,920	(24.21)
Advances, Deposits & Pre- Payments	72,790	51,056	42.57
Other Receivables	34,678	18,932	83.17
Cash & Cash Equivalents	270,555	244,760	10.54
TOTAL ASSETS	1,357,411	1,461,944	(7.15)
EQUITY AND LIABILITIES			
Shareholders' Equity:	456,251	460,486	(0.92)
Share Capital	84,000	84,000	-
Share Premium	15,000	15,000	-
Reserve and Surplus	339,036	337,696	0.40
Fair Valuation Surplus of Investments	18,215	23,790	(23.43)
Non-Current Liabilities:	3,919	5,054	(22.46)
Deferred Tax Liability	3,919	5,054	(22.46)
Current Liabilities:	897,241	996,404	(9.95)
Working Capital Loan (Secured)	27,426	57,911	(52.64)
Short Term Loan	52,230	90,058	(42.00)
Trade Payables	699,049	761,042	(8.15)
Other Payables	118,536	87,393	35.63
Total Liabilities	901,160	1,001,458	(10.02)
TOTAL EQUITY AND LIABILITIES	1,357,411	1,461,944	(7.15)
Net Asset Value Per Share	54.32	54.82	

**STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31ST MARCH, 2019**

	Value in Taka '000'		
	01.07.2018 to 31.03.2019	01.07.2017 to 31.03.2018	Growth %
CASH FLOWS FROM OPERATING ACTIVITIES:			
Collection from revenue	2,723,019	2,615,434	4.11
Income from STD	4	4	-
Foreign exchange gain/(loss) from operations	333	220	51.36
Bank Charges & Commission	(60,828)	(63,243)	(3.82)
Income tax paid	(20,057)	(23,434)	(14.41)
Payment for costs and expenses	(2,519,176)	(2,385,543)	5.60
Net cash generated from/(used in) operating activities (a)	123,295	143,438	(14.04)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Property, Plant and Equipment acquired	(11,460)	(1,113)	929.88
Investment in FDRs	(4,275)	(60,000)	(92.88)
Income from FDRs	4,750	1,762	169.58
Income from Dividend	1,428	1,428	-
Net cash generated from/(used in) investing activities (b)	(9,557)	(57,923)	(83.50)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Working Capital Loan received/(repaid)	(30,485)	(2,831)	976.83
Term loan received/(repaid)	(37,828)	(28,073)	34.75
Dividend Paid during the period	(15,517)	(15,625)	(0.69)
Interest and financial charges paid	(3,948)	(3,758)	5.06
Net cash generated from/(used in) financing activities (c)	(87,778)	(50,287)	74.55
Net increase/(decrease) in cash and cash equivalents(a+b+c)	25,960	35,228	(26.31)
Cash & cash equivalents on opening	244,760	356,749	(31.39)
Foreign exchange gain/(loss) from translation	(165)	(107)	54.21
Cash & cash equivalents on closing	270,554	391,870	(30.96)
Net Operating Cash Flows Per Share	14.68	17.08	

**Please refer to note # 26 for Reconciliation of cash flows from operating activities under direct method and indirect method as per requirement of BSEC.

	Value in Taka '000'		
	01.07.2018 to 31.03.2019	01.07.2017 to 31.03.2018	Growth %
REVENUE	2,579,099	2,665,219	(3.23)
Cost of Goods Sold	(2,364,712)	(2,445,025)	(3.28)
GROSS PROFIT	214,387	220,194	(2.64)
Other Operating Income	973	463	110.15
Administrative & Selling Overhead	(183,430)	(183,918)	(0.27)
OPERATING PROFIT/(LOSS)	31,930	36,739	(13.09)
Finance Income	5,239	3,987	31.40
Financial Expenses	(3,948)	(3,758)	5.06
PROFIT BEFORE TAX	33,221	36,968	(10.14)
TAX EXPENSES:	(15,081)	(18,542)	(18.67)
Current Tax	(15,596)	(18,846)	(17.25)
Deferred Tax (Expenses)/Income	515	304	69.41
NET PROFIT AFTER TAX	18,140	18,426	(1.55)
OTHER COMPREHENSIVE INCOME:	(5,575)	9,999	(155.76)
Fair Valuation Surplus / (Deficit) of Investments	(6,194)	11,109	(155.76)
Deferred Tax (Exp.)/Income on share valuation Deficit	619	(1,110)	(155.77)
TOTAL COMPREHENSIVE INCOME	12,565	28,425	(55.80)
Basic Earnings Per Share (EPS)	2.16	2.19	(1.55)

**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31ST MARCH, 2019**

Particulars	Value in Taka '000'						
	Share Capital	Share Premium	Tax Holiday Reserve	Retained Earnings	Fair Valuation Surplus	Capital Gain	Total
As at 30 June, 2018	84,000	15,000	129,701	205,243	23,790	2,752	460,486
Net Profit for the nine months ended on 31st March 2019	-	-	-	18,140	-	-	18,140
Final dividend for the period 2017-18	-	-	-	(16,800)	-	-	(16,800)
Fair Valuation Surplus/(deficit) of Investment	-	-	-	-	(5,575)	-	(5,575)
As at 31st March 2019	84,000	15,000	129,701	206,583	18,215	2,752	456,251

**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31ST MARCH, 2018**

Particulars	Value in Taka '000'						
	Share Capital	Share Premium	Tax Holiday Reserve	Retained Earnings	Fair Valuation Surplus	Capital Gain	Total
As at 30 June, 2017	84,000	15,000	129,701	197,618	14,218	2,752	443,289
Net Profit for the nine months ended on 31st March 2018	-	-	-	18,426	-	-	18,426
Final dividend for the period 2016-17	-	-	-	(16,800)	-	-	(16,800)
Fair Valuation Surplus/(deficit) of Investment	-	-	-	-	9,999	-	9,999
As at 31st March 2018	84,000	15,000	129,701	199,244	24,217	2,752	454,914

Explanatory Notes:

- (1) These financial statements have been prepared under the historical cost convention and going concern basis.
- (2) No interim dividend paid during the interim period ended on 31st March 2019.
- (3) No diluted EPS is required to be calculated as there was no dilution during this period.
- (4) Last year's 3rd quarter figures have been re-arranged where considered necessary to confirm to current 3rd quarter presentation.
- (5) Figures were rounded-off to the nearest thousand Taka.

Note: The details with selected notes of the published nine months financial statements can be available in the web-site of the Company . The address of the web-site is www.apexknitting.com

Sd/-
Zafar Ahmed
Chairman

Sd/-
Zahur Ahmed PhD
Managing Director

Sd/-
Shahriar Ahmed
Director

Sd/-
Kamruzzaman FCA
Chief Financial Officer

Sd/-
Masudur Rahman ACA
Company Secretary

SELECTIVE NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED ON MARCH 31, 2019

Value in Taka '000'			Value in Taka '000'	
	As at 31.03.2019	As at 30.06.2018	As at 31.03.2019	As at 30.06.2018
1. Property, Plant and Equipment (WDV):	<u>231,858</u>	<u>250,992</u>		
During the period, fixed assets have been increased by Tk. 11,460/- in Construction, machinery, Equipments, Furniture & Deep Tubewell but depreciation charged during the period is Tk. 30,594/-. Depreciation has been charged on additions made during the period from the month in which that assets are ready to use as per BAS 16.				
2. Investment:	<u>30,782</u>	<u>36,976</u>		
During the period, investment has been changed due to fair valuation of share.				
3. Investment in Financial Assets:	<u>64,275</u>	<u>60,000</u>		
FDR's were purchased from EBL for more than one year (i.e. 380 days.)				
4. Security Deposits:	<u>10,059</u>	<u>10,059</u>		
Security deposits are made to statutory bodies and hence secured.				
5. Trade Receivables:	<u>449,367</u>	<u>592,920</u>		
Trade receivables have been decreased due to realize as per schedule time.				
6. Advances, Deposits & Pre-payments:				
Advance Income Tax	69,952	49,895		
Advance against expenses	2,838	1,161		
	<u>72,790</u>	<u>51,056</u>		
The Increase of 42.57% due to increase of advance income tax & advance against expenses.				
7. Other Receivables:				
Cash Incentive Receivable	33,684	16,994		
FDRs Interest Receivable	656	1,938		
Dividend Receivable	338	-		
	<u>34,678</u>	<u>18,932</u>		
The growth of 83.17% in Other receivables mainly for cash incentive receivable . Cash incentive receivable which will be received from bank time to time depending on their availability of fund from Bangladesh Bank.				
8. Cash and Cash Equivalents:				
Cash in hand	20	20		
Cash at Bank				
CD Account with Eastern Bank Ltd., Dhaka	10	10		
CD Account with DBL, Dhaka	27	28		
CD Account with SCB,Dhaka	188	186		
CD Account with Mutual Trust Bank, Chandora	51	56		
CD Account with Mutual Trust Bank, Dilkusha, Dhaka	84	85		
CD Account with AB Bank, Dhaka	39	39		
CD Account with DBBL, Dhaka	5,054	4,495		
CD Account with EBL-Dividend, Dhaka	0	0		
Foreign Currency Account with EBL, Dhaka-USD	6,789	6,363		
Foreign Currency Account with HSBC, Dhaka-USD	396	393		
CD Account with HSBC-Dividend, Dhaka	-	-		
STD Account with SCB,Dhaka	735	736		
STD Account with EBL, Principal Branch, Dhaka	207	209		
STD Account with HSBC, Dhaka	1	1		
CC Account with EBL, Dhaka	23	24		
Margin Account with EBL-USD	256,930	232,113		
	<u>270,535</u>	<u>244,740</u>		
	<u>270,555</u>	<u>244,760</u>		
The increase of cash & cash equivalents is mainly for retaining margin balance for payment of BTB liability in schedule time.				
9. Deferred Tax Liability:				
a) Book Value of Depreciable Assets	231,858	250,992		
Tax Base of Depreciable Assets	219,331	236,368		
Net Taxable Temporary Difference	12,527	14,624		
Effective Tax Rate	12%	12%		
Closing Deferred tax (Assets)/Liabilities arising from assets	1,503	1,755		
Opening Deferred Tax Balance	1,755	2,169		
Deferred Tax Income/(Expense)	<u>252</u>	<u>414</u>		
b) Unrealised Interest on FDRs	656	1,938		
Effective Tax Rate	25%	25%		
Closing Deferred tax (Assets)/Liabilities arising from Unrealised FDRs Interest	164	484		
Opening Deferred Tax Balance	484	89		
Deferred Tax Income/(Expense)	<u>320</u>	<u>(395)</u>		
c) Unrealised Foreign Exchange Gain/(Loss) from translation	639	684		
Effective Tax Rate	25%	25%		
Closing Deferred tax (Assets)/Liabilities arising from Exchange Gain/(Loss)	160	171		
Opening Deferred Tax Balance	171	-		
Deferred Tax Income/(Expense)	<u>11</u>	<u>(171)</u>		
d) Dividend Receivable	338	-		
Effective Tax Rate	20%	20%		
Closing Deferred tax (Assets)/Liabilities arising from Dividend Receivable	68	-		
Opening Deferred Tax Balance	-	-		
Deferred Tax Income/(Expense)	<u>(68)</u>	<u>-</u>		
Deferred Tax Income/(Expense) (a+b+c+d)	<u>515</u>	<u>(151)</u>		
e) Deferred Tax (Assets)/Liabilities arising from Other				
Comprehensive Income- surplus from fair value of share :	20,239	26,434		
Tax for (Losses)/gains on available for sale investments @ 10%	2,024	2,643		
Closing Deferred tax (Assets)/Liability arising from Fair Valuation Surplus of Investment	2,024	2,643		
Opening Deferred Tax Balance	2,643	1,580		
Deferred Tax Income/(Expense)	619	(1,063)		
Deferred Tax Closing Liability (a+b+c+d+e)	<u>3,919</u>	<u>5,054</u>		
10. Working Capital Loan (secured):				
Eastern Bank Ltd, Principal Br. Dhaka	21,916	55,719		
HSBC, Dhaka	5,510	2,192		
	<u>27,426</u>	<u>57,911</u>		
The working capital loan decreased due to repayment of the outstanding balance of the loan and prompt export proceeds realization .				
11. Short Term Loan :				
Time loan-EBL	13,288	19,924		
Import loan-EBL	38,942	70,134		
	<u>52,230</u>	<u>90,058</u>		
The decrease of short term loan due to repayment of loans on due date as per schedule.				
12. Trade Payables:	<u>699,049</u>	<u>761,042</u>		
The decrease of trade payables due to payment of BTB Liability as per schedule.				
13. Other Payables:	<u>118,536</u>	<u>87,393</u>		
The increase of 35.63% in other payables mainly for provision of income tax, provision for salaries, wages & overtime and unclaimed dividend including the dividend payable for 2017-18 which has not been presented to bank by the shareholders during this period.				
	July'18 to Mar' 2019	July'17 to Mar' 2018		
14. Revenue:	<u>2,579,099</u>	<u>2,665,219</u>		
Revenue has been decreased by 3.23% as compared to the revenue of same period of 2017-18 due to decrease of per unit price of quantity export during this period.				
15. Cost of Goods Sold:				
Opening Stock of Finished Goods	32,999	17,027		
Add: Cost of Production (note # 15.a)	2,352,075	2,466,392		
Less: Closing Stock of Finished Goods	(20,362)	(38,394)		
	<u>2,364,712</u>	<u>2,445,025</u>		
15.a. Cost of Production:				
Opening Raw Materials & WIP	163,250	177,603		
Add: Raw Materials purchase during the period	1,488,301	1,544,615		
Add: Factory Overhead (Note # 15.a.a)	873,209	897,589		
Less: Closing Raw Materials & WIP	(172,685)	(153,415)		
	<u>2,352,075</u>	<u>2,466,392</u>		
15.a.a Factory Overhead:				
Carriage	5,226	4,776		
Electricity	929	982		
Gas, Fuel & Lubricant	57,148	47,911		
Insurance	5,769	6,110		
Repairs & Maintenance	29,175	39,980		
Telephone Charges	15	15		
Wages & Salaries	720,432	737,927		
Bank Charges & Commission	6,225	6,070		
Central Fund - RMG Sector	801	770		
Depreciation	29,626	34,880		
Fire Fighting Exp.	248	103		
Vehicle Maintenance	5,006	4,379		
Testing Bill	11,715	12,297		
Uniform & Liveries	211	219		
ETP Chemical	682	1,170		
	<u>873,209</u>	<u>897,589</u>		

Sd/-
Zafar Ahmed
Chairman

Sd/-
Zahur Ahmed PhD
Managing Director

Sd/-
Shahriar Ahmed
Director

Sd/-
Kamruzzaman FCA
Chief Financial Officer

Sd/-
Masudur Rahman ACA
Company Secretary

SELECTIVE NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED ON MARCH 31, 2019

	Value in Taka '000'	
	July'18 to	July'17 to
	Mar' 2019	Mar' 2018
16. Other Operating Income:		
Foreign Exchange Gain/(Loss):	973	463
Foreign exchange gain/(loss) from operations	333	220
Foreign exchange gain/(loss) from translation	639	244

	Value in Taka '000'	
	July'18 to	July'17 to
	Mar' 2019	Mar' 2018
17. Administrative & Selling Overhead:		
AGM Expenses	149	132
Bank Charges & Commission	5,328	4,700
Board Meeting Fees	18	15
Depreciation	968	1,095
Directors Remuneration	2,700	2,700
Entertainment	2,048	1,782
Export Processing & Handling Expenses	7,894	6,104
F.C. Charges	49,275	52,473
Freight & Forwarding Expenses	25,571	17,997
Insurance Premium	375	955
Legal & Professional Fees	289	300
Newspapers & Periodicals	8	8
Postage & Stamp	53	47
Power & Fuel	481	501
Printing & Stationery	5,701	4,648
Publicity & Advertisement	149	143
Renewal & Fees	5,510	4,492
Rent & Rates	4,140	4,566
Repairs & Maintenance	4,292	4,144
Salaries & Allowances	55,256	65,128
Sales Promotional Expenses	3,602	3,434
Subscription & Donation	206	557
T. A & Conveyance	1,148	990
Telephone, Fax and Radio Link	415	426
Transportation	6,485	5,518
Vehicles Maintenance	1,374	1,062
	183,430	183,918

18. Finance Income:		
Dividend Income	1,766	1,766
Interest earned on STD Account	4	4
Interest earned on FDRs Account	3,469	2,216
	5,239	3,987

The increase of 31.40% is mainly for increase interest rate of time deposits.

19. Financial Expenses:		
Interest on Time Loan	3,826	3,622
Interest on Overdraft	122	136
	3,948	3,758

The increase of financial expenses due to more utilization of time loan for the period.

20. Current Tax:	15,596	18,846
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This represents the deduction of TDS on export proceeds, tax on exchange gain/(Loss) from operation, cash incentive realization, dividend income and tax on Interest Income .
The decrease of 17.24% is mainly for reducing TDS rate on export proceeds.

21. Deferred Tax (Expenses)/Income:	515	304
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The provision for deferred tax (expense)/income is made to pay/adjust future income tax liability/asset due to accumulated temporary differences of interest income receivable Foreign exchange translation gain /(loss), dividend receivable & WDV of fixed assets.

22. Fair Valuation Surplus/(deficit) of Investments:	(6,194)	11,109
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Fair valuation surplus/(deficit) of investments represents the difference of market value of the listed Company's share on the closing date and the last audited Balance Sheet price.

	Value in Taka '000'	
	July'18 to	July'17 to
	Mar' 2019	Mar' 2018
23. Net Operating Cash Flows Per Share:	14.68	17.08

Net operating cash flows was Tk. 14.68 per share for the 3rd quarter ended on 31st March 2019 but it was Tk. 17.08 for the same period of last year, this is mainly for more payment of costs and expenses. This scenario is changeable time to time depending on different issues.

24. Disclosure Regarding Rearrangement:	
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Other Operating Income & Finance Income have been shown separately in Statement of Profit or Loss & Other Comprehensive Income and Statement of Cash Flows for the last period to conform current period's presentation.

25. Related Party Transactions:	
25. (a) Intercompany Transactions:	

Apex Spinning & Knitting Mills Limited has few transactions with Apex Yarn Dyeing Limited and Matex Bangladesh Limited . These transactions are considered as related party transactions as per BAS 24 "Related Party Disclosures" . The transactions are occurred during the period with an arms length price as per normal business policy for buying & selling of dyes & chemical and yarn dyeing.

25. (b) Key management personal compensation:	
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Refer to Note # 17, we have provided Directors' Remuneration, Board Meeting Fees and Salaries and Allowances.

The Company is paying Remuneration to the Directors who are rendering full time service to the Company and in addition to that there is nothing paid to them. The Company operates a contributory provident fund which is administrates by the Board of Trustee. The Company has also a Group Insurance Scheme. The Company pays its monthly contribution for the Key Management (Senior Employees) to the Provident Fund Trust and the Company has no further liability. Group insurance premium is paid to the Insurance Company once in a year and if there is any claim that will be entertained by the Insurance Company for the Key Management (Senior Employees) and the Company has no further liability. In addition to that there is nothing paid to them except salaries and allowances.

26. Reconciliation of Net Profit with Cash Flows from Operating Activities:	
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Reconciliation of net income or net profit with cash flows from operating activities making adjustment for non-cash items, for non-operating items and for the net changes in operating accruals has been disclosed as per BSEC notification BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June,2018.

	July'18 to Mar' 2019	July'17 to Mar' 2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	33,221	36,969
Add: Depreciation during the period	30,593	35,975
Less: Unadjusted foreign exchange gain/(loss) from translation	165	107
Less: Finance Income adjustment	(5,235)	(3,983)
Add: Interest & Other Financial Charges adjustment	3,948	3,758
(Increase)/Decrease in Inventories	3,202	2,821
(Increase)/Decrease in Trade Receivables	143,553	(50,307)
(Increase)/Decrease in Other Receivables	(16,689)	(12,995)
(Increase)/Decrease in Advances, Deposits & Prepayments	(1,677)	(2,161)
Income Tax Paid during the period	(20,057)	(23,434)
Increase/(Decrease) in Trade Payables	(61,992)	111,127
Increase/(Decrease) in Other Payables	14,263	45,560
Net cash generated from/(used in) operating activities	123,295	143,438

RECONCILIATION		
Net cash generated from/(used in) operating activities-Indirect Method	123,295	143,438
Net cash generated from/(used in) operating activities-Direct Method	123,295	143,438
Differences	(0)	(0)

Sd/-
Zafar Ahmed
Chairman

Sd/-
Zahur Ahmed PhD
Managing Director

Sd/-
Shahriar Ahmed
Director

Sd/-
Kamruzzaman FCA
Chief Financial Officer

Sd/-
Masudur Rahman ACA
Company Secretary