

APEX SPINNING & KNITTING MILLS LIMITED

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

In compliance with the Notification No:SEC/CMRRCD/2008-183/Admin/03-34 dated September 27, 2009 of the Bangladesh Securities and Exchange Commission, in addition to Rule 13 of the Securities & Exchange Rules 1987, we are pleased to forward herewith the un-audited Half Yearly (Q2) Financial Statements for the period ended on 30th September 2014 of the Company.

STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT 30TH SEPTEMBER, 2014

| | Value in Taka '000' | | |
|--------------------------------------|---------------------|---------------------|-------------|
| | As on 30.09.2014 | As on 31.03.2014 | Growth % |
| | | | |
| ASSETS | | | |
| Non-Current Assets: | 296,041 | 295,082 | |
| Property, Plant and Equipment | 277,010 | 273,062 | 1 |
| Investment | 19,031 | 22,020 | (14) |
| Current Assets: | 780,856 | 841,181 | |
| Inventories | 204,111 | 195,969 | 4 |
| Trade Debtors | 263,115 | 336,933 | (22) |
| Advances, Deposits & Pre- Payments | 48,026 | 43,695 | 10 |
| Other Receivables | 9,770 | 9,589 | 2 |
| Cash & Cash Equivalents | 255,834 | 254,995 | 0 |
| TOTAL ASSETS | 1,076,897 | 1,136,263 | |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Equity: | 406,792 | 417,912 | |
| Share Capital | 84,000 | 84,000 | 0 |
| Share Premium | 15,000 | 15,000 | 0 |
| Reserve and Surplus | 299,304 | 307,435 | (3) |
| Fair Valuation Surplus of Investment | 8,488 | 11,477 | (26) |
| Non-Current Liabilities: | 1,129 | 1,218 | |
| Deferred Tax Liability | 1,129 | 1,218 | (7) |
| Current Liabilities: | 668,976 | 717,133 | |
| Working Capital Loan (Secured) | (4,674) | 3,652 | (228) |
| Short Term Loan | 26,620 | 78,460 | (66) |
| Trade Creditors | 584,938 | 574,250 | 2 |
| Sundry Creditors | 62,092 | 60,771 | 2 |
| Total Liabilities | 670,105 | 718,351 | (7) |
| TOTAL EQUITY AND LIABILITIES | 1,076,897 | 1,136,263 | |
| Net Asset Value Per Share | 48.43 | 49.75 | |

STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2014

| | Value in Taka '000' | | |
|--|--------------------------------|--------------------------------|-------------|
| | 01.04.2014 to 30.09.2014 | 01.04.2013 to 30.09.2013 | Growth % |
| | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Collection from turnover | 1,410,083 | 1,276,136 | 10 |
| Other Income | 2,210 | 3,682 | (40) |
| Interest and financial charges paid | (38,666) | (10,702) | 261 |
| Income tax paid | (7,101) | (12,068) | (41) |
| Payment for costs and expenses | (1,277,921) | (1,143,951) | 12 |
| Net cash generated from operating activities (a) | 88,605 | 113,097 | (22) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Property, Plant and Equipment acquired | (27,589) | (4,727) | 484 |
| Net cash used in investing activities (b) | (27,589) | (4,727) | 484 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Working Capital Loan received/(repaid) | (8,327) | (37,902) | (78) |
| Term loan received/(repaid) | (51,840) | (52,840) | (2) |
| Dividend Paid | (10) | (46) | (77) |
| Net cash generated from financing activities (c) | (60,177) | (90,788) | (34) |
| Net increase/(decrease) in cash and cash equivalents(a+b+c) | 839 | 17,582 | (95) |
| Cash & cash equivalents on opening | 254,995 | 300,258 | (15) |
| Cash & cash equivalents on closing | 255,834 | 317,840 | (20) |
| Net Operating Cash Flow Per Share | 10.55 | 13.46 | |

STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2014

| | Value in Taka '000' | | | Value in Taka '000' | | |
|---|--------------------------------|--------------------------------|-------------|--------------------------------|--------------------------------|-------------|
| | 01.04.2014 to 30.09.2014 | 01.04.2013 to 30.09.2013 | Growth % | 01.07.2014 to 30.09.2014 | 01.07.2013 to 30.09.2013 | Growth % |
| | | | | | | |
| TURNOVER | 1,336,265 | 1,159,773 | 15 | 695,002 | 528,934 | 31 |
| Cost of Goods Sold | 1,221,435 | 1,050,217 | 16 | 634,943 | 473,546 | 34 |
| GROSS PROFIT | 114,830 | 109,556 | 5 | 60,059 | 55,388 | 8 |
| OPERATING EXPENSES: | | | | | | |
| Administrative & Selling Overhead | 97,437 | 90,936 | 7 | 51,689 | 45,511 | 14 |
| Financial Expenses | 3,591 | 3,095 | 16 | 1,930 | 1,529 | 26 |
| | 101,028 | 94,031 | 7 | 53,619 | 47,040 | 14 |
| OPERATING PROFIT | 13,802 | 15,525 | (11) | 6,440 | 8,348 | (23) |
| Other Income | 2,549 | 3,682 | (31) | 1,198 | 2,120 | (43) |
| PROFIT BEFORE PPF & WF | 16,351 | 19,207 | (15) | 7,638 | 10,468 | (27) |
| Provision for Contribution to PPF & WF | 818 | 960 | (15) | 382 | 523 | (27) |
| PROFIT BEFORE TAX | 15,533 | 18,246 | (15) | 7,256 | 9,945 | (27) |
| Tax Expenses: | 6,864 | 11,385 | (40) | 3,680 | 7,702 | (52) |
| Current Tax | 6,953 | 11,385 | | 3,713 | 7,702 | (52) |
| Deferred Tax Expenses/(Income) | (89) | - | | (33) | - | |
| NET PROFIT AFTER TAX | 8,669 | 6,862 | 26 | 3,576 | 2,243 | 59 |
| Other comprehensive income | | | | | | |
| Fair Valuation Surplus/(deficit) of Investment | (2,989) | - | | (2,989) | - | |
| TOTAL COMPREHENSIVE INCOME | 5,680 | 6,862 | (17) | 587 | 2,243 | (74) |
| EPS with fair valuation surplus/deficit | 0.68 | - | | 0.07 | - | |
| EPS without fair valuation surplus/deficit | 1.03 | 0.82 | 26 | 0.43 | 0.27 | 59 |

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2014

| Particulars | Value in Taka '000' | | | | | | |
|--|---------------------|---------------|---------------------|-------------------|------------------------|--------------|----------|
| | Share Capital | Share Premium | Tax Holiday Reserve | Retained Earnings | Fair Valuation Surplus | Capital Gain | Total |
| As at 1st April 2014 | 84,000 | 15,000 | 129,701 | 174,982 | 11,477 | 2,752 | 417,912 |
| Net Profit for the six months ended on 30th September 2014 | - | - | - | 8,669 | - | - | 8,669 |
| Final dividend for the year 2013-14 | - | - | - | (16,800) | - | - | (16,800) |
| Fair Valuation Surplus/(deficit) of Investment | - | - | - | - | (2,989) | - | (2,989) |
| As at 30th September 2014 | 84,000 | 15,000 | 129,701 | 166,851 | 8,488 | 2,752 | 406,792 |

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2013

| Particulars | Value in Taka '000' | | | | | | |
|--|---------------------|---------------|---------------------|-------------------|------------------------|--------------|----------|
| | Share Capital | Share Premium | Tax Holiday Reserve | Retained Earnings | Fair Valuation Surplus | Capital Gain | Total |
| As at 1st April 2013 | 84,000 | 15,000 | 129,701 | 180,735 | 2,104 | 2,752 | 414,292 |
| Net Profit for the six months ended on 30th September 2013 | - | - | - | 6,862 | - | - | 6,862 |
| Final dividend for the year 2012-13 | - | - | - | (15,120) | - | - | (15,120) |
| As at 30th September 2013 | 84,000 | 15,000 | 129,701 | 172,477 | 2,104 | 2,752 | 406,034 |

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 30th September 2014.
- (3) No diluted EPS is required to be calculated as there was no dilution during this period.
- (4) Fair Valuation surplus/(deficit) of investment & deferred tax calculation have not been calculated in the 2nd quarter of last year
- (5) Last year's 2nd quarter figures have been re-arranged where considered necessary to confirm to current 2nd quarter presentation.
- (6) Figures were rounded-off to the nearest thousand Taka.

Note: The details of the published half yearly financial statements can be available in the web-site of the Company. The address of the web-site is www.apexknitting.com

Sd/-
Zahur Ahmed Phd
Managing Director

Sd/-
Shahriar Ahmed
Director

Sd/-
Kamruzzaman, FCA
Chief Financial Officer

SELECTIVE NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED ON SEPTEMBER 30, 2014

Value in Taka '000'

| | As on 30.09.2014 | As on 31.03.2014 |
|---|---------------------|---------------------|
| 1. Property, Plant and Equipment (WDV): | <u>277,010</u> | <u>273,062</u> |

During the period, fixed assets have been increased by Tk. 27,588,829/- mainly for new Effluent treatment plant by Tk. 25,646,696/- but depreciation charged during the period is Tk. 23,641,704/-. Depreciation has been charged on additions made during the period from the month in which that assets are put into commercial operations as per BAS 16.

| | | |
|-------------------|----------------|----------------|
| 2. Trade Debtors: | <u>263,115</u> | <u>336,933</u> |
|-------------------|----------------|----------------|

During the period, trade debtors have been decreased due to prompt realization

| 3. Advance, Deposits & Pre-payments: | | |
|--------------------------------------|---------------------|---------------------|
| | As on 30.09.2014 | As on 31.03.2014 |
| Advance Income Tax | 38,815 | 31,714 |
| Staff Advance | 6 | 44 |
| Securities & Deposits | 6,058 | 7,260 |
| Advance against expenses | 3,147 | 4,677 |
| | <u>48,026</u> | <u>43,695</u> |

The growth of 9.91% mainly due to deduction of tax at source on export proceeds which is realised more than that of last half year.

| 4. Other Receivable: | | |
|---------------------------|---------------------|---------------------|
| | As on 30.09.2014 | As on 31.03.2014 |
| Cash Incentive Receivable | 9,431 | 9,589 |
| Dividend Receivable | 339 | - |
| | <u>9,770</u> | <u>9,589</u> |

The growth of 1.90% in Other receivables due to mainly increase in Dividend receivable. Cash incentive receivable from the Bank which will be received from bank time to time depending on their availability of fund from Bangladesh Bank.

| 5. Cash and Bank Balances | | |
|---------------------------|----|----|
| | 20 | 20 |
| Cash in hand | 20 | 20 |

| | | |
|---|----------------|----------------|
| CD Account with EBL, Dhaka | 15 | 16 |
| CD Account with DBL, Dhaka | 29 | 29 |
| CD Account with S.C. B-Dhaka | 163 | 163 |
| CD Account with MTB, Chandora | 75 | 76 |
| CD Account with MTB, Dhaka | 88 | 88 |
| CD Account with AB Bank, Dhaka | 44 | 45 |
| CD Account with DBBL, Dhaka | 170 | 171 |
| CD Account with HSBC (Dividend) | 1.36 | 0 |
| CD Account with EBL (Dividend) | 0 | 0 |
| FCY Account with EBL, Dhaka-USD | 3,587 | 4,335 |
| FCY Account with HSBC, Dhaka-USD | 542 | 369 |
| STD Account with S.C. B, Dhaka | 739 | 739 |
| STD Account with EBL | 202 | 198 |
| STD Account with HSBC, Dhaka | 1 | 1 |
| Cash Credit A/C With EBL, Dhaka | 30 | 30 |
| Margin Account with EBL-USD | 200,504 | 200,788 |
| Margin Account with HSBC-USD | - | - |
| Fixed Deposits Accounts with EBL, Dhaka | 49,623 | 47,937 |
| | <u>255,814</u> | <u>254,975</u> |
| | <u>255,834</u> | <u>254,995</u> |

| 6. Working Capital Loan: | | |
|---------------------------------------|---------------------|---------------------|
| | As on 30.09.2014 | As on 31.03.2014 |
| Eastern Bank Ltd, Principal Br. Dhaka | (4,718) | 4,913 |
| HSBC, Dhaka | 44 | (1,261) |
| | <u>(4,674)</u> | <u>3,652</u> |

The working capital loan decreased to 227.94% due to repayment of the outstanding balance of the loan and positive fund raised from export proceeds realization.

| 7. Short Term Loan : | | |
|----------------------|---------------------|---------------------|
| | As on 30.09.2014 | As on 31.03.2014 |
| Time loan-EBL | 5,460 | 7,168 |
| Import loan-EBL | 21,160 | 71,292 |
| | <u>26,620</u> | <u>78,460</u> |

The decrease of short term loan due to repayment of loans on due date as per schedule.

| | April to Sep' 2014 | April to Sep' 2013 |
|--------------|-----------------------|-----------------------|
| 8. Turnover: | <u>1,336,265</u> | <u>1,159,773</u> |

Turnover has been increased by 15.22% as compared to the turnover of same period of 2013-2014 due to increase of quantity sold during this period.

| 9. Cost of Goods Sold: | | |
|---------------------------------------|---------------------|---------------------|
| | As on 30.09.2014 | As on 31.03.2014 |
| Opening Stock of Finished Goods | 2,494 | 3,511 |
| Add: Cost of Production (note # 9.a) | 1,242,688 | 1,058,026 |
| Less: Closing Stock of Finished Goods | (23,747) | (11,320) |
| | <u>1,221,435</u> | <u>1,050,217</u> |

Sd/-
Zahur Ahmed PhD
Managing Director

| | April to Sep' 2014 | April to Sep' 2013 |
|---|-----------------------|-----------------------|
| 9.a. Cost of Production: | | |
| Opening Raw Materials & WIP | 193,475 | 181,585 |
| Add: Raw Materials purchase during the year | 807,852 | 744,544 |
| Add: Factory Overhead (Note # 9.a.a) | 421,725 | 332,791 |
| Less: Closing Raw Materials & WIP | (180,364) | (200,894) |
| | <u>1,242,688</u> | <u>1,058,026</u> |

| 9.a.a Factory Overhead: | | |
|-------------------------|---------------------|---------------------|
| | As on 30.09.2014 | As on 31.03.2014 |
| Wages & Salaries | 346,094 | 259,379 |
| Telephone Charges | 33 | 35 |
| Carriage | 2,980 | 1,621 |
| Electricity | 689 | 1,277 |
| Gas, Fuel & Lubricant | 18,821 | 19,993 |
| Insurance | 5,324 | 4,579 |
| Repairs & Maintenance | 21,963 | 18,263 |
| Vehicle Maintenance | 1,330 | 1,432 |
| Tent Rent | 200 | 180 |
| Uniform & Liveries | 3 | 13 |
| Fire fighting Expenses | 156 | 537 |
| Testing Bill | 1,149 | 397 |
| Depreciation | 22,628 | 25,085 |
| VAT Expenses | 355 | - |
| | <u>421,725</u> | <u>332,791</u> |

| 10. Administration & Selling Overhead: | | |
|--|---------------------|---------------------|
| | As on 30.09.2014 | As on 31.03.2014 |
| Bank Charges & Commission | 6,907 | 7,607 |
| Board Meeting Fees | 4 | 4 |
| Depreciation | 1,014 | 1,119 |
| Directors Remuneration | 1,800 | 1,800 |
| Entertainment | 820 | 744 |
| Export Processing & Handling Expenses | 1,771 | 1,220 |
| F.C. Charges | 28,168 | 25,599 |
| Freight & Forwarding Expenses | 7,509 | 8,626 |
| Insurance Premium | 508 | 494 |
| Legal & Professional Fees | 370 | 123 |
| Newspapers & Periodicals | 10 | 38 |
| Courier, Postage & Stamp | 14 | 34 |
| Printing & Stationery | 2,727 | 1,776 |
| Publicity & Advertisement | 183 | 182 |
| Renewal & Fees | 2,144 | 195 |
| Rent & Rates | 3,166 | 1,857 |
| Repairs & Maintenance | 1,199 | 3,166 |
| Salary & Allowances | 32,812 | 28,248 |
| Sales Promotional Expenses | 1,799 | 3,401 |
| Subscription & Donation | 14 | 201 |
| T. A & Conveyance | 635 | 554 |
| Telephone, Fax and Radio Link | 334 | 437 |
| Transportation | 2,510 | 2,260 |
| Vehicles Maintenance | 1,019 | 1,251 |
| | <u>97,437</u> | <u>90,936</u> |

| 11. Financial Expenses: | | |
|-------------------------|---------------------|---------------------|
| | As on 30.09.2014 | As on 31.03.2014 |
| Interest on Term Loan | 2,658 | 1,936 |
| Interest on Overdraft | 933 | 1,159 |
| | <u>3,591</u> | <u>3,095</u> |

The increase of financial expenses due to the efficient fund management of the company.

| 12. Other Income: | | |
|--------------------------------|---------------------|---------------------|
| | As on 30.09.2014 | As on 31.03.2014 |
| Interest earned on STD Account | 17 | 19 |
| Interest earned on FDR Account | 1,874 | 2,532 |
| Dividend Income | 339 | 305 |
| Foreign Exchange Gain/(Loss) | 319 | 826 |
| | <u>2,549</u> | <u>3,682</u> |

The decrease of 30.77% is mainly for decrease of lower bank interest rate on time deposits.

| 13. Provision for Tax: | | |
|------------------------|---------------------|---------------------|
| | As on 30.09.2014 | As on 31.03.2014 |
| | <u>6,953</u> | <u>11,385</u> |

The decreased 38.93% for provision for tax is mainly for reduction of TDS on export proceeds from .80% to .30% as compare to last period with effect from 22th April, 2014.

| 14. Related Party Transactions: | | |
|---|---------------------|---------------------|
| | As on 30.09.2014 | As on 31.03.2014 |
| 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 Transaction". The transactions are occurred during the period with an arm length transaction as per other normal buying & selling of dyes & chemical and yarn dyeing cost. | | |

Sd/-
Shahriar Ahmed
Director

Sd/-
Kamruzzaman FCA
Chief Financial Officer