

**Audited Financial Statements**

of

**ACI Formulations Limited**

**For the year ended 30 June 2019**

# Hoda Vasi Chowdhury & Co

## Chartered Accountants

### INDEPENDENT AUDITOR'S REPORT To the Shareholders of ACI Formulations Limited Report on the Audit of the Consolidated and Separate Financial Statements

#### Opinion

We have audited the consolidated financial statements of ACI Formulations Limited and its subsidiaries (the "Group") as well as the separate financial statements of ACI Formulations Limited (the "Company"), which comprise the consolidated and separate statements of financial position as at 30 June 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give true and fair view of the consolidated financial position of the Group and the separate financial position of the Company as at 30 June 2019, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the audit of financial statements are as under:

Key audit area	Our responses
<b>Carrying value (CV) of Property, plant and equipment (PPE) and its impairment</b>	
<p>PPE includes the Group's and the Company's long term assets, which flow economic benefits to the entities more than one year. PPE is measured at cost or revaluation less accumulated depreciation and accumulated impairment loss. The items of PPE excluding under construction assets were revalued by a professional valuer in 2015 on the basis of applicable methods including market value based method. The carrying value of PPE represents significant portion of total assets, which is amounting to Tk. 194.5 crore for the Company and Tk. 194.6 crore for the Group at the reporting date. In other words, for both the Company and the Group, approximately 31% of total assets are represented by PPE.</p> <p>The carrying value of PPE is the function of depreciation charges on cost/revaluated that involved estimation. Therefore, it has been considered as a significant area of auditor's judgment and requires special attention. It is a matter to consider that the carrying value of PPE may be higher than the recoverable amount and the impairment charges thereon may not have been recognised.</p>	<p>We have tested the design and operating effectiveness of key controls over PPE. Our audit procedures included, among others, considering the impairment risk of the assets.</p> <p>Followings are our audit procedures on the carrying value and impairment risk of PPE:</p> <ul style="list-style-type: none"> <li>• Reviewing basis of recognition, measurement and valuation of assets;</li> <li>• Observing procedures of assets acquisition, depreciation and disposal;</li> <li>• Checking ownership of the major assets;</li> <li>• Checking the Capital-Work-in-Progress (CWIP) and its transfer to PPE as well as capital expenditure commitment;</li> <li>• Performing due physical asset verification on sample basis at the year-end;</li> <li>• Checking estimated rates of depreciation being used and assessed its fairness;</li> <li>• Discussing with the management about the fair value of the assets and assessing independently whether the CV approximates the fair value at the reporting date;</li> <li>• Evaluating the Group's assumptions in relation to recoverable amounts of the major PPE to identify if there is any requirement of recognition of impairment; and</li> <li>• Finally, assessing the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul> <p>Our testing did not identify any issues with regard to CV of PPE and any indicators that would trigger impairment.</p>
<p><b>Refer to the note no. 8 and 8(a) to the financial statements.</b></p>	



**Inventory valuation**

At year end the Company reported inventory of Tk. 163 crore and the Group, as a whole, reported inventory of Tk. 164 crore held in depots, central warehouse and factories. Inventories are carried at the lower of cost and net realizable value.

The Group provides provision for obsolescence or slow-moving based on age analysis of inventories. This methodology relies upon assumptions made in determining appropriate provisioning amount to inventory balances. Therefore, it has been considered as key area of auditor's judgment and, thereby requiring special attention.

We obtained a detailed understanding and evaluated the design and implementation of controls that the Group has established in relation to inventory valuation.

We obtained assurance over the appropriateness of management's assumptions applied in calculating the value of inventory provisions.

Our substantive procedures in relation to the inventory comprise the followings:

- Evaluating the design and implementation of key inventory controls operating across the Group including Distribution Centres, Warehouses and Branches on sample basis;
- Attending inventory counts at the year-end and reconciling the results of counting to the inventory listings to test the completeness of data;
- Critically assessing the Group's inventory provisioning policy, with specific consideration given to aged inventory as well as stock turnover calculations, including the impact of seasonality;
- Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of inventories and comparing to the associated provision to assess whether inventory provisions are complete; and
- Reviewing the historical accuracy of inventory provision and the level of inventory write-offs during the year.

Our procedures above did not identify any issues with regard to inventory.

**Refer to the note no. 11 and 11(a) to the financial statements.**

<p><b>Short-term loan and Bank overdraft ("Loan")</b></p>	
<p>At reporting date, the position of Loan outstanding was Tk. 195.1 and Tk. 195.3 crore for the Company and the Group respectively. In other words, approximately 51% and 50% of total liabilities are represented by loans for the Company and Group respectively.</p> <p>Evidently, the Company is using loan to operate the business and also, to acquire non-current assets. Loan, therefore, has been considered as key audit area.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the loans.</p> <p>Our audit procedures included, among others, the followings:</p> <ul style="list-style-type: none"> <li>• Understanding and reviewing the nature or types of loans;</li> <li>• Reviewing the board meeting minutes on arrangements of the loans;</li> <li>• Obtaining the repayment schedules, loan statements and facility offer letters to review terms, debt covenants, interest rates and other conditions associated with the loans;</li> <li>• Recalculating the interest related to loans;</li> <li>• Checking the adjustments or repayments of loans through bank statements as per repayment schedule;</li> <li>• Observing whether there is any overdue payment relevant to loans; and</li> <li>• Finally, assessing the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul> <p>Our procedures above did not identify any issues with regard to loans.</p>
<p><b>Refer to the note no. 20, 21 and 21(a) to the financial statements.</b></p>	
<p><b>Revenue Recognition</b></p>	
<p>At year end the Company reported total revenue of Tk. 402 crore and the Group, as a whole, reported total revenue of Tk. 405 crore.</p> <p>Revenue is recognised when the performance obligation is satisfied by transferring the goods or services to a customer, either at a point in time or over time. Goods or services are "transferred" when the customer obtains control of it. It is a matter of concern that revenue may be misstated due to recognition of sales transaction before performance obligation being satisfied.</p> <p>Furthermore, revenue is measured at net of trade discounts, returns and allowances. Within a number of the Group's markets, the estimation</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the followings:</p> <ul style="list-style-type: none"> <li>• Segregation of duties in invoice creation and modification;</li> <li>• Approved price list and specified terms of trade in place;</li> <li>• Authorization of credit terms to customers;</li> <li>• Timing of revenue recognition; and</li> <li>• Calculation of discounts.</li> </ul> <p>Our substantive procedures in relation to the revenue recognition comprises the followings:</p> <ul style="list-style-type: none"> <li>• Observing and evaluating whether proper</li> </ul>



<p>of discount recognised based on sales made during the year is material and considered to be complex and judgmental. Therefore, there is a matter of consideration that revenue may be misstated as a result of faulty estimations over discounts.</p>	<p>segregation of duties put in place;</p> <ul style="list-style-type: none"> <li>• Examining samples of sales orders for evidence of proper credit approval by the appropriate personnel concerned and application controls for credit limits;</li> <li>• Comparing prices and terms on samples of sales invoices to the authorized price list and terms of trade and also, examining application controls for authorized prices and terms;</li> <li>• Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognised in the correct period;</li> <li>• Assessing the appropriateness of the Group's revenue recognition accounting policies, including those relating to discounts by comparison with applicable accounting standard;</li> <li>• Testing the effectiveness of the Group's controls over the calculation of discounts and appropriate timing of revenue recognition;</li> <li>• Critically assessing manual journals made to revenue to identify unusual or irregular items; and</li> <li>• Finally, assessing the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul> <p>Our testing did not identify any issues with regard to revenue.</p>
<p><b>Refer to the note no. 26 and 26(a) to the financial statements.</b></p>	
<p><b>Negative operating cash flows</b></p>	
<p>At year end the Company reported negative operating cash flows amounting to Tk. 27.5 crore and the Group, as a whole, reported negative operating cash flows amounting to Tk. 26.9 crore.</p> <p>The Company has been continuously generating negative operating cash flows for last three years. Furthermore, negative operating cash flow has significantly increased by 123% and 95% at the Company and the Group level respectively, for the accounting year</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the statement of cash flows.</p> <p>Our audit procedures included, among others, the followings:</p> <ul style="list-style-type: none"> <li>• Analyzing the cash operating cycle;</li> <li>• Analyzing the operating profitability of the Company and the Group;</li> <li>• Observing and evaluating whether proper</li> </ul>

ended 30 June 2019 compared to the last accounting year ended 30 June 2018. Therefore, it has been considered as key audit area.

- segregation of duties put in place;
- Testing the effectiveness of the Group's controls over the cash and bank receipts/payments process;
  - Reviewing the delegated list of authority for cash payments;
  - Observing the cheques authorization process and also, observing the procedure of postings to cash payments journal and payable accounts with approval;
  - Inspecting relevant documentation for evidence of approval by authorized personnel;
  - Reviewing reconciliation of funds transfers and cheques issued with postings to cash payments journal and payable accounts;
  - Observing supplier statements reconciled to payable accounts and monthly bank reconciliations of bank statements to ledger account;
  - Reviewing agreement of monthly cash payments journal to general ledger posting and payable accounts reconciled to general ledger control account;
  - Reviewing list of cash receipts reconciled with posting to customer accounts; and
  - Tracing cash receipts from listing to cash receipts journal for proper classification.

Our testing did not identify any issues with regard to negative operating cash flows.

**Refer to the operating activities of the Statement of cash flows and note no. 16.3 and 16.3(a) of the financial statements.**

#### **Other Matter**

The Group comprises the parent, ACI Formulations Limited, and its subsidiary namely Neem Laboratories (Pvt.) Ltd. The financial statements of subsidiary have been audited by Shiraz Khan Basak & Co., Chartered Accountants. The auditor of subsidiary has expressed an unmodified opinion on the financial statements on 30 June 2019.



### **Other Information**

Management is responsible for the other information. The other information comprises all of the information in the Annual Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRSs, the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group and the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules, 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Group and the Company so far as it appeared from our examination of these books;
- c) the consolidated and the separate statements of financial position and statements of profit or loss and other comprehensive income along with the annexed notes 1 to 38 dealt with by the report are in agreement with the books of account, and
- d) the expenditure incurred was for the purposes of the Group's and the Company's business.

Dhaka,

24 OCT 2019



Hoda Vasi Chowdhury & Co  
Chartered Accountants



**ACI Formulations Limited  
Statement of financial position**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
<b>Assets</b>			
Property, plant and equipment	8	1,944,656,528	1,793,502,725
Investments	9	39,742,772	37,096,077
<b>Non-current assets</b>		<b>1,984,399,300</b>	<b>1,830,598,802</b>
Inventories	11	1,625,582,683	1,610,648,618
Trade receivables	12	1,713,472,029	1,350,154,816
Other receivables	13	41,728,563	27,351,264
Inter-company receivables	14	22,983,074	516,615,689
Advances, deposits and prepayments	15	646,689,537	498,329,534
Cash and cash equivalents	16	297,708,034	262,039,838
<b>Current assets</b>		<b>4,348,163,920</b>	<b>4,265,139,758</b>
<b>Total assets</b>		<b>6,332,563,220</b>	<b>6,095,738,560</b>
<b>Equity</b>			
Share Capital	17	450,000,000	450,000,000
Revaluation reserve		1,136,392,931	1,136,392,931
Retained earnings		886,893,726	915,939,875
<b>Total equity</b>		<b>2,473,286,657</b>	<b>2,502,332,806</b>
<b>Liabilities</b>			
Employee benefits	18	43,494,776	39,179,275
Deferred tax liabilities	19	49,417,522	59,510,615
<b>Non-current liabilities</b>		<b>92,912,298</b>	<b>98,689,890</b>
Bank overdrafts	20	128,758,666	163,497,501
Loans and borrowings	21	1,822,161,341	2,738,695,818
Trade payables	22	89,050,954	126,995,956
Other payables	23	248,013,100	196,583,593
Inter-company payables	24	1,146,287,405	-
Provision for tax	25	332,092,799	268,942,996
<b>Current liabilities</b>		<b>3,766,364,265</b>	<b>3,494,715,864</b>
<b>Total liabilities</b>		<b>3,859,276,563</b>	<b>3,593,405,754</b>
<b>Total equity and liabilities</b>		<b>6,332,563,220</b>	<b>6,095,738,560</b>
<b>Net asset value (NAV) per share</b>		<b>54.96</b>	<b>55.61</b>

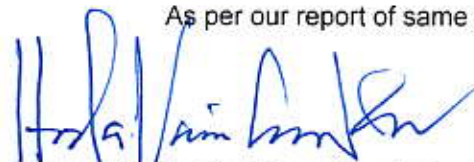
The annexed notes 1 to 38 form an integral part of these financial statements.

  
Managing Director

  
Director

  
Company Secretary

As per our report of same date



Hoda Vasi Chowdhury & Co  
Chartered Accountants

Dhaka,

24 OCT 2019

**ACI Formulations Limited**  
**Statement of profit or loss and other comprehensive income**

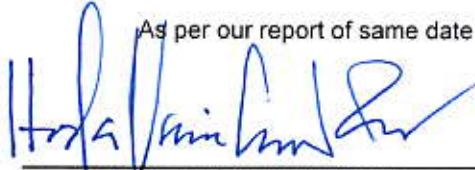
<i>In Taka</i>	Note	For the year ended 30 June 2019	For the year ended 30 June 2018
Revenue	26	4,025,285,890	4,127,465,958
Cost of sales	27	(2,814,616,591)	(3,100,967,609)
<b>Gross profit</b>		<b>1,210,669,299</b>	<b>1,026,498,349</b>
Other income	28	5,109,758	6,594,472
Administrative, selling and distribution expenses	29	(799,954,438)	(690,177,273)
<b>Operating profit</b>		<b>415,824,619</b>	<b>342,915,548</b>
Finance costs, net	30	(224,760,871)	(171,020,345)
<b>Profit before contribution to WPPF</b>		<b>191,063,748</b>	<b>171,895,203</b>
Contribution to WPPF		(9,553,187)	(8,594,760)
<b>Profit before tax</b>		<b>181,510,561</b>	<b>163,300,443</b>
Income tax expense	31		
Current tax		(63,149,803)	(40,544,336)
Deferred tax income/(expense)		10,093,093	(7,721,122)
		(53,056,710)	(48,265,458)
<b>Profit after tax</b>		<b>128,453,851</b>	<b>115,034,985</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>128,453,851</b>	<b>115,034,985</b>
<b>Earnings per share</b>	32.1		
Basic earnings per share		2.85	2.56

The annexed notes 1 to 38 form an integral part of these financial statements.

  
Managing Director

  
Director

  
Company Secretary

As per our report of same date  
  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

Dhaka, 24 OCT 2019



ACI Formulations Limited

Statement of changes in equity

In Taka	For the year ended 30 June 2019		
	Share capital	Revaluation reserve	Retained earnings Total
<b>Balance at 1 July 2018</b>	450,000,000	1,136,392,931	915,939,875 2,502,332,806
<b>Total comprehensive income</b>			
Profit after tax	-	-	128,453,851
Other comprehensive income, net of tax	-	-	-
<b>Total comprehensive income</b>	-	-	128,453,851
<b>Transactions with owners of the company</b>			
Contributions and distributions	-	-	(157,500,000)
Final dividend paid for the year 2017-18	-	-	(157,500,000)
<b>Total transactions with owners of the company</b>	-	-	(157,500,000)
<b>Transactions recognised directly in equity</b>			
Realisation of revaluation surplus	-	-	-
<b>Total transactions recognised directly in equity</b>	-	-	-
<b>Total transactions recognised directly in equity</b>			
<b>Balance at 30 June 2019</b>	450,000,000	1,136,392,931	886,893,726 2,473,286,657
<b>Balance at 1 July 2017</b>	450,000,000	1,136,392,931	868,404,890 2,454,797,821
<b>Total comprehensive income</b>			
Profit after tax	-	-	115,034,985
Other comprehensive income net of tax	-	-	-
<b>Total comprehensive income</b>	-	-	115,034,985
<b>Transactions with owners of the company</b>			
Contributions and distributions	-	-	(67,500,000)
Final dividend paid for the year 2016-17	-	-	(67,500,000)
<b>Total transactions with owners of the company</b>	-	-	(67,500,000)
<b>Transactions recognised directly in equity</b>			
Realisation of revaluation surplus	-	-	-
<b>Total transactions recognised directly in equity</b>	-	-	-
<b>Balance at 30 June 2018</b>	450,000,000	1,136,392,931	915,939,875 2,502,332,806

The annexed notes 1 to 38 form an integral part of these financial statements.

**ACI Formulations Limited**

**Statement of cash flows**

<i>In Taka</i>	Note	For the year ended 30 June 2019	For the year ended 30 June 2018
<b>Cash flows from operating activities</b>			
Cash receipts from customers and others		3,634,301,498	4,092,179,386
Cash paid to suppliers and employees		(3,488,739,647)	(3,916,293,729)
Cash (used in)/generated from operating activities		145,561,851	175,885,657
Paid to WPPF		(8,594,760)	(18,775,022)
Interest paid		(254,474,644)	(160,275,500)
Income tax paid		(157,369,784)	(120,057,281)
		(420,439,188)	(299,107,803)
<b>Net cash (used in)/from operating activities*</b>	16.3	(274,877,337)	(123,222,146)
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(218,972,841)	(63,755,936)
Sale proceed from property, plant and equipment		-	432,800
Investment		(2,646,695)	(30,028,790)
<b>Net cash (used in)/from investing activities</b>		(221,619,536)	(93,351,926)
<b>Cash flows from financing activities</b>			
Inter-company debts received/(paid)		1,639,920,020	(533,376,884)
Proceeds from loans and borrowings		(916,534,477)	862,820,412
Dividends paid		(156,649,902)	(67,198,737)
<b>Net cash (used in)/from financing activities</b>		566,735,641	262,244,791
<b>Net increase/(decrease) in cash and cash equivalents</b>		70,238,768	45,670,719
Opening cash and cash equivalents		98,542,337	52,510,777
Effect of foreign exchange rate changes		168,263	360,841
<b>Cash and cash equivalents at reporting date</b>		168,949,368	98,542,337
<b>Closing balance represents</b>			
Cash and cash equivalents	16	297,708,034	262,039,838
Bank overdraft	20	(128,758,666)	(163,497,501)
		168,949,368	98,542,337
<b>Net operating cash flows per share (NOCFPS)</b>		(6.11)	(2.74)

\* See Note 16.3 for reconciliation of net operating cash flow.

*The annexed notes 1 to 38 form an integral part of these financial statements.*



**ACI Formulations Limited**  
**Consolidated Statement of financial position**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
<b>Assets</b>			
Property, plant and equipment	8(a)	1,946,404,129	1,795,746,344
Investments	9(a)	35,794,438	33,147,743
Intangible assets	10	5,147,792	5,147,792
<b>Non-current assets</b>		<b>1,987,346,359</b>	<b>1,834,041,879</b>
Inventories	11(a)	1,641,860,723	1,629,233,566
Trade receivables	12(a)	1,718,346,712	1,360,567,380
Other receivables	13	41,673,512	26,004,265
Inter-company receivable	14(a)	3,658,384	490,417,631
Advances, deposits and prepayments	15(a)	649,979,459	500,830,409
Cash and cash equivalents	16(a)	298,654,227	262,105,286
<b>Current assets</b>		<b>4,354,173,017</b>	<b>4,269,158,537</b>
<b>Total assets</b>		<b>6,341,519,376</b>	<b>6,103,200,416</b>
<b>Equity</b>			
Share Capital	17	450,000,000	450,000,000
Revaluation reserve		1,136,392,931	1,136,392,931
Retained earnings		881,850,264	909,029,248
<b>Equity attributable to the owners of the Company</b>		<b>2,468,243,195</b>	<b>2,495,422,179</b>
<b>Non controlling interest</b>		<b>(127,415)</b>	<b>(165,520)</b>
<b>Total equity</b>		<b>2,468,115,780</b>	<b>2,495,256,659</b>
<b>Liabilities</b>			
Employee benefits	18	43,494,776	39,179,275
Deferred tax liabilities		49,120,473	58,526,713
<b>Non-current liabilities</b>		<b>92,615,249</b>	<b>97,705,988</b>
Bank overdrafts	20	128,758,666	163,497,501
Loans and borrowings	21(a)	1,825,021,499	2,746,378,692
Trade payables	22(a)	97,424,470	132,432,664
Other payables	23(a)	249,643,994	197,588,908
Inter-company payables	24	1,146,287,405	-
Provision for tax	25(a)	333,652,313	270,340,004
<b>Current liabilities</b>		<b>3,780,788,347</b>	<b>3,510,237,769</b>
<b>Total liabilities</b>		<b>3,873,403,596</b>	<b>3,607,943,757</b>
<b>Total equity and liabilities</b>		<b>6,341,519,376</b>	<b>6,103,200,416</b>
<b>Net Asset Value (NAV) per share</b>		<b>54.85</b>	<b>55.45</b>

The annexed notes 1 to 38 form an integral part of these financial statements.

  
Managing Director

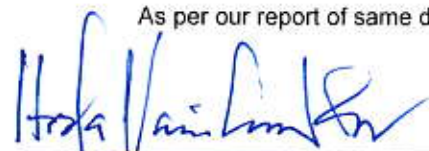
  
Director

  
Company Secretary

Dhaka,

24 OCT 2019

As per our report of same date

  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

**ACI Formulations Limited**

**Consolidated statement of profit or loss and other comprehensive income**

<i>In Taka</i>	Note	For the year ended 30 June 2019	For the year ended 30 June 2018
Revenue	26(a)	4,052,370,211	4,153,270,513
Cost of sales	27(a)	(2,837,236,215)	(3,122,157,333)
<b>Gross profit</b>		<b>1,215,133,996</b>	<b>1,031,113,180</b>
Other income	28	5,109,758	6,594,472
Administrative, selling and distribution expenses	29(a)	(801,352,931)	(691,303,121)
<b>Operating profit</b>		<b>418,890,823</b>	<b>346,404,531</b>
<b>Finance costs, net</b>	30(a)	<b>(225,072,447)</b>	<b>(171,540,849)</b>
<b>Profit before contribution to WPPF</b>		<b>193,818,376</b>	<b>174,863,682</b>
Contribution to WPPF		(9,553,187)	(8,594,760)
<b>Profit before tax</b>		<b>184,265,189</b>	<b>166,268,922</b>
<b>Income tax expense:</b>	31(a)		
Current tax		(63,312,309)	(41,662,554)
Deferred tax income/(expense)		9,406,241	(7,324,782)
		(53,906,068)	(48,987,336)
<b>Profit after tax</b>		<b>130,359,121</b>	<b>117,281,586</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>130,359,121</b>	<b>117,281,586</b>
<b>Profit attributable to:</b>			
Owners of the Company		130,321,016	117,236,654
Non-controlling interest		38,105	44,932
		130,359,121	117,281,586
<b>Earnings per share</b>	32.1(a)		
Basic earnings per share		2.90	2.61

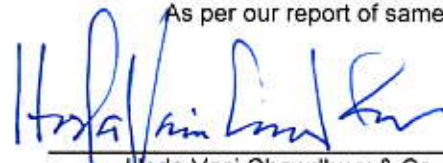
The annexed notes 1 to 38 form an integral part of these financial statements.

  
Managing Director

  
Director

  
Company Secretary

As per our report of same date

  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

Dhaka,

24 OCT 2019





**ACI Formulations Limited**  
**Consolidated statement of cash flows**

<i>In Taka</i>	Note	For the year ended 30 June 2019	For the year ended 30 June 2018
<b>Cash flows from operating activities</b>			
Cash receipts from customers		3,666,923,700	4,120,241,219
Cash paid to suppliers and employees		(3,514,802,843)	(3,958,204,168)
Cash (used in)/generated from operating activities		152,120,857	162,037,051
Payment for WPPF		(8,594,760)	(18,775,022)
Interest paid		(254,786,221)	(160,796,004)
Income tax paid		(157,913,752)	(120,205,040)
		(421,294,733)	(299,776,066)
<b>Net cash (used in)/from operating activities*</b>	16.3(a)	(269,173,876)	(137,739,015)
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(218,972,841)	(63,755,935)
Sale proceed from property, plant and equipment		-	432,800
Investment		(2,646,695)	(30,028,790)
<b>Net cash (used in)/from investing activities</b>		(221,619,536)	(93,351,925)
<b>Cash flows from financing activities</b>			
Inter-company debts received/(paid)		1,639,920,020	(533,376,884)
Proceeds from loans and borrowings		(921,357,193)	865,014,138
Dividends paid		(156,649,902)	(67,198,737)
<b>Net cash (used in)/from financing activities</b>		561,912,925	264,438,517
Net increase/(decrease) in cash and cash equivalents		71,119,513	33,347,577
Opening Cash and cash equivalents		98,607,785	64,899,367
Effect of foreign exchange rate changes		168,263	360,841
<b>Closing cash and cash equivalents at reporting date</b>		169,895,561	98,607,785
<b>Closing balance represents</b>			
Cash and cash equivalents	16(a)	298,654,227	262,105,286
Bank overdraft	20	(128,758,666)	(163,497,501)
		169,895,561	98,607,785
<b>Net Operating Cash Flows Per Share (NOCFPS)</b>		(5.98)	(3.06)

\* See Note 16.3(a) for reconciliation of net operating cash flow.

The annexed notes 1 to 38 form an integral part of these financial statements.

**ACI Formulations Limited**  
**Notes to the financial statements**  
as at and for the year ended 30 June 2019

**1 Reporting entity**

**1.1 Company profile**

ACI Formulations Limited (the "Company") is a company incorporated in Bangladesh. It was incorporated as a private limited company on 29 October 1995 and converted to a public limited company on 4 May 2005. The Company was listed with both Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) on 30 October 2008. The registered office of the Company is at 245 Tejgaon Industrial Area, Dhaka-1208, Bangladesh. The Company went into commercial operations on 1 July 1998. Advanced Chemical Industries Limited (ACI Limited) incorporated in Bangladesh is the immediate as well as ultimate parent of the Company. The consolidated financial statements of the Company as at and for the year ended 30 June 2019 comprise the Company's and its subsidiaries (together referred to as the "Group" and individually as "Group entities") interest in controlled entities.

**1.2 Nature of business**

The principal activities of the Company are manufacturing and marketing of a number of agrochemical and consumer products.

- Agrochemical products (Crop Care & Public Health) are directly marketed by the Company with the use of depot facilities of ACI Limited.
- Some products of S. C. Johnson & Son, Inc., are manufactured by the Company under contract which is distributed by ACI Limited.
- Paint products are manufactured and marketed by the Company under license from Akzo Nobel N.V., and distributed with logistics support from ACI Limited.

**1.3 Description of subsidiary**

The Company acquired 98% shares of Neem Laboratories (Pvt.) Ltd. The initial effective date of acquisition was 28 February 2014. Neem Laboratories (Pvt.) Ltd is engaged in manufacturing and marketing of herbal products in a small scale.

**2 Basis of accounting**

**2.1 Statement of compliance**

The separate financial statements as well as consolidated financial statements have been prepared in accordance with International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), (BASs & BFRSs for the year ended 30 June 2018), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

**2.2 Date of authorisation**

The audited consolidated financial statements as well as separate financial statements for the year ended 30 June 2019 were authorised by the Board of Directors on 24 October 2019 for publication.

**2.3 Basis of measurement**

The consolidated financial statements have been prepared on going concern basis under the historical cost basis except for certain assets, which are stated either at revalued amount or fair market value as explained in the accompanying notes.

**3 Functional and presentation currency**

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the functional and presentation currency of the Group. The amounts in these financial statements have been rounded off to the nearest Taka, unless otherwise indicated. In some instances the total may not match with the sum of individual balance due to rounding off.

**4 Use of judgments and estimates**

In preparing these separate and consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

**4.1 Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment for the year ended 30 June 2019 is included in the following notes:

Note - 8 & 8(a)	Property, plant and equipment
Note - 11 & 11(a)	Inventories
Note - 12 & 12(a)	Trade receivables
Note - 13	Other receivables
Note - 14 & 14(a)	Inter-company receivables
Note - 18	Employee benefits
Note - 19	Deferred tax liabilities
Note - 25 & 25(a)	Provision for tax
Note - 34	Commitment and contingencies



#### **4.2 Fair value**

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

#### **5 Reporting period**

The financial period of the Company covers one year from 1 July 2018 to 30 June 2019 and is being followed consistently.

#### **6 Significant accounting policies**

The Group has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the current and following pages:

- (a) Current versus non-current classification
- (b) Offsetting
- (c) Basis of consolidation
- (d) Revenue from contract with customers
- (e) Foreign currency transactions
- (f) Employee benefits
- (g) Finance income and finance costs
- (h) Income tax
- (i) Investment
- (j) Inventories
- (k) Property, plant and equipment
- (l) Intangible assets
- (m) Financial instruments
- (n) Share capital
- (o) Impairment
- (p) Operating leases
- (q) Provisions
- (r) Going concern
- (s) Contingencies
- (t) Statement of cash flows
- (u) Earnings per share (EPS)
- (v) Events after the reporting period
- (w) Dividends
- (x) Materiality and aggregation
- (y) Application of new standards

##### **(a) Current versus non-current classification**

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- i) expected to be realised in normal operating cycle, or
- ii) due to be realised within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) used or exchanged to settle a liability within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- i) expected to be settled in normal operating cycle, or
- ii) due to be settled within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.



**(b) Offsetting**

The Group reports separately both assets and liabilities, and income and expenses, unless required by an applicable accounting standard or offsetting reflects the substance of the transaction and such offsetting is permitted by applicable accounting standard.

Cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity and cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short are presented net in the statement of cash flows.

**(c) Basis of consolidation**

(i) *Subsidiaries*

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable are taken into account. The financial statements of subsidiaries have been included in the consolidated financial statements from the date that control commences until the date that it ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

(ii) *Non-controlling interests*

Non-controlling interest (NCI) is the equity interest in a subsidiary not attributable to ACI Formulations Limited. NCI is measured at subsidiaries' proportionate share of identifiable net assets.

(iii) *Loss of control*

When the Company loses control over a subsidiary, it derecognises the assets (including any goodwill) and liabilities of the subsidiary, any related NCI and other components of the equity at their carrying amount at the date when control is lost. Any resulting gain or loss is recognised in the profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) *Transactions eliminated on consolidation*

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

**(d) Revenue from contract with customers**

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers:

Type of product or service	Revenue recognition under IFRS 15	Revenue recognition under IAS 18
Sale of goods or services	Revenue is recognized when or as a performance obligation is satisfied by transferring a good or service to a customer, either at a point in time or over time. A good or service is 'transferred' when or as the customer obtains control of it. Customers obtain control of goods at point of delivery or over time.	Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of value added tax, trade discount, returns and allowances (if any). In case of cash delivery, revenue is recognised when delivery is made and cash is received by the Group.
	The entity assesses whether it transfers control over time by following prescribed criteria for satisfying performance obligation. If none of the criteria is met then the entity recognizes revenue at point of time at which it transfers control of the goods to the customer.	Revenue from rendering of services is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.
	Revenue is measured net of value added tax, trade discount, returns and allowances (if any). In case of cash delivery, revenue is recognised when delivery is made and cash is received by the Group.	When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue is recognised in the net amount of commission earned by the Group.

**(e) Foreign currency transactions**

The financial statements are prepared in BDT, which is the Company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of such transactions. Monetary assets and liabilities in foreign currencies at the date of financial position are translated into BDT at the exchange rate prevailing at that date, with foreign currency differences being recognised in the statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

**(f) Employee benefits**

(i) *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) *Defined contribution plans (provident fund)*

The Company operates a recognised provident fund scheme where employees contribute 8% of their basic salary with equal contribution by the Company. The provident fund is being considered as defined contribution plan being managed by a Board of Trustees.

The Company recognises contribution to defined contribution plan as an expense when an employee has rendered related services in exchange for such contribution. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) *Defined benefit plans (gratuity)*

The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its permanent eligible employees. The Employees' Gratuity Fund is being considered as defined benefit plan.

Defined benefit plan is a post-employment benefit plan under which amounts to be paid as retirement benefits are determined by reference to employees' earnings and/or year of services. The rate used to discount post employment benefit obligations is determined by reference to the rate stated in the actuarial report. Actuarial valuation of gratuity scheme has been made as on 30 June 2018 by independent actuarial valuer to assess the adequacy of the liabilities provided for the schemes.

(iv) *Workers' Profit Participation Fund (WPPF)*

The Company operates funds for workers as 'Workers' Profit Participation Fund' and 5% of the profit before charging such expense have been transferred to this fund as per section 234 of the Labour Act 2008 (amended in 2013).

**(g) Finance income and finance costs**

The Group's finance income and finance costs include:

- interest income;
- interest expense;

Interest income or expense is recognised using the effective interest method.

**(h) Income tax**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI (Other Comprehensive Income).

(i) *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income tax, if any. Current tax assets and liabilities are offset only if certain criteria are met. It is measured using tax rates enacted or substantively enacted at the reporting date. The applicable tax rates for the Company is currently 25%.

(ii) *Deferred tax*

Deferred tax asset or liability is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- taxable temporary differences arising on the initial recognition of goodwill.
- temporary difference related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improve.

**(i) Investment**

In separate financial statements of the Company, investment in subsidiaries has been carried at cost as per IAS 27: Separate Financial Statements. All other investments have been categorised in accordance with IFRS 9 (IAS 39 for the year ended 30 June 2018).

Investment in subsidiaries has been accounted for as per IFRS 10: Consolidated Financial Statements. The investment is eliminated in full against the equity of acquired subsidiary, which is measured at fair value at the date of acquisition as per IFRS 3: Business Combinations.



(j) **Inventories**

Inventories except materials in transit are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operation capacity.

Allowance for inventory is periodically recognised mainly on the basis of failure in quality control testing, net realisable value, non compliance testing, near to expiry etc. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Material in transit represents the cost incurred up to the date of the statement of financial position for the items that were not received till to the date of the statement of financial position. Inventory losses and abnormal losses are recognised as expenses.

(k) **Property, plant and equipment**

(i) *Recognition and measurement*

Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation and any accumulated impairment losses. The items of property, plant and equipment were revalued in the year 2004, 2010 and 2015 by a firm of professional valuers on the basis of applicable methods including market value method, premise on the accompanying narrative information and valuation methodology. Capital work-in-progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that were not ready for use at the end of 30 June 2019 and these are stated at cost.

Cost includes expenditure that is directly attributable to the acquisition of asset. The cost of self constructed asset includes the cost of material and direct labour, any other costs directly attributable to bringing the assets to the working condition for their intended use.

(ii) *Subsequent costs*

The cost of replacement or upgradation of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. All other repair and maintenance expense are charged to income statement as incurred.

(iii) *Depreciation*

All items of property, plant and equipment have been depreciated on straight line basis over the estimated useful life of each item of property, plant and equipment. Depreciation on additions is charged in full from the month of acquisition and no depreciation is charged in the month of disposal. Depreciation is charged at the rates varying from 2.5% to 20% depending on the estimated useful lives of assets. No depreciation is charged for land and capital work in progress, as land has unlimited useful life and CWIP has not yet been placed in service.

The revalued items of property, plant and equipment are depreciated based on their revalued amount at the date of revaluation over their remaining estimated useful lives.

The estimated useful lives of initially recognised property, plant and equipment are as follows:

<i>In Year</i>	<b>30 June 2019</b>	<b>30 June 2018</b>
Building	40	40
Plant and machinery	10	10
Equipment and machinery	5-10	5-10
Electrical and other office appliances	5-10	5-10
Furniture and fixture	10	10
Motor vehicles	5	5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. No revision in respect of items of property, plant and equipment was done for the year ended 30 June 2019.

(iv) *Capitalisation of borrowing costs*

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset as per IAS 23: Borrowing cost. The capitalisation rate is the weighted average of the borrowing costs of Group's borrowings for this purpose and the capitalisation of such borrowing costs ceases when the asset is ready for intended use.

(v) *Impairment*

The carrying amount of the non-financial assets, other than inventories and deferred tax assets (considered as disclosed separately under respective accounting standards), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

However, no such conditions that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.



(vi) *Retirement and disposals*

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset in profit or loss. When revalued assets are disposed of, the amounts included in the revaluation surplus are transferred to retained earnings.

(l) **Intangible assets**

Intangible assets consist of goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

(m) **Financial instruments**

Non-derivative financial instruments comprise of investments in shares and term deposit, trade receivable, inter-company receivable, other receivables, cash and cash equivalents, trade payables, inter-company payables, other payables, bank overdraft, share capital and interest-bearing borrowings.

(i) *Financial assets*

The Group initially recognises receivables and deposits issued on the date when they originate. All other financial assets are initially recognised on the trade date, when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

The Group's financial assets comprise trade receivable, intercompany receivable, other receivables, refundable deposits and cash and cash equivalents.

*Trade, inter-company and other receivables*

Trade, inter-company and other receivables are initially recognised at the transaction price. These assets are subsequently measured at amortised cost using the effective interest method less allowance for impairment loss of receivables using expected credit loss model.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and all call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

*Investment in term deposit*

The Group has the positive intent and ability to hold term deposit to collect contractual cash flows, and as such financial assets are classified as amortised cost (original classification under IAS 39 was held to maturity).

(ii) *Financial liabilities*

The Group initially recognises financial liabilities on the transaction date at which the Group becomes a party to the contractual provisions of the liability. The Group recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group's financial liabilities comprise trade and other payables and interest - bearing borrowings.

The Group recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

(iii) *Offsetting a financial asset and a financial liability*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(n) **Share capital**

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12: Income Taxes.

**(o) Impairment**

**(i) Financial assets**

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers; or
- observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets.

*Financial assets measured at amortised cost*

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated using expected credit loss model as prescribed in IFRS 9. Impairment loss is recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

**(ii) Non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological costs, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (Cash Generating Units).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

**(p) Operating leases**

All leases other than those that meet the definition of finance lease are treated as operating lease and are not recognised in the statement of financial position. Payments made under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease.

**(q) Provisions**

A provision is recognised if, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is probable that an outflow of resources embodying economic benefits are required to settle the obligation, the provision are reversed.

**(r) Going concern**

The Group has adequate resources to continue in operation for the foreseeable future. For this reason the management continues to adopt going concern basis in preparing the financial statements. The current resources of the Company provide sufficient funds to meet the present requirements of its existing business.

**(s) Contingencies**

**(i) Contingent liability**

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

The Group discloses contingent liability in the financial statements. A provision is recognised in the period in which the recognition criteria of provision is met.



(ii) *Contingent asset*

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Group does not recognise contingent asset. Only when the realisation of the related economic benefits are visually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

(t) **Statement of cash flows**

Cash flows from operating activities are presented under direct method as per IAS 7: Statement of cash flows.

(u) **Earnings per share (EPS)**

The Group presents basic earnings per share (EPS) for its ordinary shares. basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company / Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting profit or loss for the year attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. However, dilution of EPS is not applicable for these financial statements as there was no potential dilutive ordinary shares during the year ended 30 June 2019.

(v) **Events after the reporting period**

Events after the reporting period that provide additional information about the Group's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

(w) **Dividends**

Final dividend distribution to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders at the Annual General meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid.

(x) **Materiality and aggregation**

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

(y) **Application of new standards**

*i) Initial application of new standards*

The Group initially applied IFRS 15 and IFRS 9 from 1 July 2018. These two new standards do not have a material effect on the Group's financial statements.

*a) IFRS 15 Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services.

The Group has applied IFRS 15 from 1 July 2018. However, there was no material impact of adopting IFRS 15 on the Group's financial statements. Accordingly, comparative information is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

For additional information about the Group's accounting policies relating to revenue recognition, see Note - 6D.

*b) IFRS 9 Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. There was no material impact of adopting IFRS 9 on the Group's financial statement.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

For additional information about the Group's accounting policies relating to financial instruments, see Note - 6M.

*ii) Standard issued but not yet effective*

A new standard and amendments to standards in effect from previous periods are effective for annual periods beginning or after 1 January 2019, with early application permitted. However, the Group is yet to apply the following new standard in preparing these financial statements.

a) *IFRS 16 Leases*

IFRS 16 eliminates the current operating/financing lease dual accounting model for leases. Instead, there is a single, on-balance sheet accounting model, similar to current finance lease accounting. Issued in January 2016, the new IFRS will replace the existing guidance in IAS 17 Leases. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 Revenue from Contracts with Customers is also adopted. The Group is to adopt IFRS 16 on its financial statements from the next financial year.

**7 Operating segments**

(i) **Basis for segmentation**

The Group has the following four strategic business units, which are reportable segments. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports at least on quarterly basis.

<b>Reportable segments</b>	<b>Operations</b>
Crop Care and Public Health (CC & PH)	To manufacture and sell crop care and public health products
Mosquito coil (M. Coil)	To manufacture and sell mosquito coil products
Aerosol	To manufacture and sell aerosol and air freshener products
Paint	To manufacture and sell paint products



(ii) Information about reportable segments

Information related to each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

30 June 2019

In Taka	Reportable segments					Total reportable segments	Unallocated	Total
	CC & PH	M Coil	Aerosol	Paint	Paint			
External revenue	2,762,064,532	134,212,762	531,931,582	550,247,221	3,978,456,097	46,829,793	4,025,285,890	
Intra-segment revenue	-	-	-	-	-	27,084,321	27,084,321	
<b>Segment revenue</b>	<b>2,762,064,532</b>	<b>134,212,762</b>	<b>531,931,582</b>	<b>550,247,221</b>	<b>3,978,456,097</b>	<b>73,914,114</b>	<b>4,052,370,211</b>	
Cost of sales excluding depreciation	(1,733,029,995)	(102,615,202)	(470,514,350)	(417,226,415)	(2,723,385,962)	(63,369,924)	(2,786,755,886)	
Depreciation	(34,062,151)	(22,170,165)	(6,070,754)	(4,630,566)	(66,933,636)	(1,405,486)	(68,339,122)	
Other income	3,076,674	-	340,905	1,692,179	5,109,758	-	5,109,758	
Operating expenses excluding depreciation	(641,322,039)	(7,279,876)	(11,404,919)	(121,575,677)	(781,582,511)	(1,911,625)	(783,494,136)	
Finance costs	(190,944,323)	-	-	(33,816,548)	(224,760,871)	(311,577)	(225,072,448)	
<b>Segment profit/(loss) before tax</b>	<b>157,493,563</b>	<b>2,040,143</b>	<b>42,068,341</b>	<b>(24,044,316)</b>	<b>177,557,731</b>	<b>6,707,458</b>	<b>184,265,189</b>	
<b>Segment assets</b>	<b>3,395,284,952</b>	<b>789,134,746</b>	<b>774,443,479</b>	<b>505,506,544</b>	<b>5,484,369,721</b>	<b>877,149,655</b>	<b>6,341,519,376</b>	
<b>Segment liabilities</b>	<b>2,347,992,286</b>	<b>20,510,815</b>	<b>168,645,228</b>	<b>78,202,334</b>	<b>2,615,350,663</b>	<b>1,258,052,933</b>	<b>3,873,403,596</b>	

30 June 2018

In Taka	Reportable segments					Total reportable segments	Unallocated	Total
	CC & PH	M Coil	Aerosol	Paint	Paint			
External revenue	2,443,423,693	493,339,066	740,044,144	388,284,614	4,065,091,517	62,374,441	4,127,465,958	
Intra-segment revenue	-	-	-	-	-	25,804,555	25,804,555	
<b>Segment revenue</b>	<b>2,443,423,693</b>	<b>493,339,066</b>	<b>740,044,144</b>	<b>388,284,614</b>	<b>4,065,091,517</b>	<b>88,178,996</b>	<b>4,153,270,513</b>	
Cost of sales excluding depreciation	(1,548,731,260)	(448,672,834)	(693,827,073)	(303,498,615)	(2,994,729,782)	(79,882,085)	(3,074,611,867)	
Depreciation	(31,527,801)	(21,542,720)	(5,266,820)	(3,977,695)	(62,315,036)	(1,305,290)	(63,620,326)	
Other income	5,399,477	-	261,660	933,335	6,594,472	-	6,594,472	
Operating expenses excluding depreciation	(566,146,178)	(7,851,318)	(9,104,536)	(91,164,839)	(674,266,872)	(955,351)	(675,222,223)	
Finance costs	(151,972,566)	-	-	(19,047,779)	(171,020,345)	(520,504)	(171,540,849)	
<b>Segment profit/(loss) before tax</b>	<b>142,923,096</b>	<b>14,508,583</b>	<b>30,502,006</b>	<b>(27,047,430)</b>	<b>160,886,256</b>	<b>5,382,666</b>	<b>166,268,922</b>	
<b>Segment assets</b>	<b>3,113,953,743</b>	<b>819,496,863</b>	<b>610,415,503</b>	<b>400,986,835</b>	<b>4,944,852,944</b>	<b>1,158,347,472</b>	<b>6,103,200,416</b>	
<b>Segment liabilities</b>	<b>1,203,632,465</b>	<b>25,024,322</b>	<b>283,779,417</b>	<b>97,668,332</b>	<b>1,610,104,536</b>	<b>1,997,839,221</b>	<b>3,607,943,757</b>	

8 Property, plant and equipment

<i>In Taka</i>	Land	Building	Plant and machinery	Equipment and machinery	Electrical and other office appliances	Furniture and fixture	Motor vehicle	Under construction	Total
<b>Cost</b>									
<b>Balance at 1 July 2017</b>	230,289,163	185,798,139	222,860,630	14,610,850	7,379,197	13,223,457	53,402,854	16,719,948	744,284,238
Additions	3,676,022	-	4,342,985	1,462,002	524,777	1,719,702	14,569,538	36,930,166	63,225,192
Transfer	-	5,722,863	14,656,231	186,536	208,160	7,694,082	-	(28,465,872)	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2018</b>	233,965,185	191,521,002	241,859,846	16,259,388	8,110,134	22,637,241	67,972,392	25,184,242	807,509,430
<b>Balance at 1 July 2018</b>	233,965,185	191,521,002	241,859,846	16,259,388	8,110,134	22,637,241	67,972,392	25,184,242	807,509,430
Additions	-	-	5,670,829	6,933,593	960,837	428,904	9,969,764	194,462,244	218,424,171
Transfer	195,176,655	-	15,534,624	49,000	-	8,474,087	-	(219,234,366)	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2019</b>	429,141,840	191,521,002	263,065,299	23,241,981	9,070,971	31,538,232	77,942,156	412,120	1,025,933,601

<i>In Taka</i>	Land	Building	Plant and Machinery	Equipment and machinery	Electrical and other office appliances	Furniture and fixture	Motor vehicle	Under construction	Total
<b>Revaluation</b>									
<b>Balance at 1 July 2017</b>	1,087,030,581	36,307,824	4,895,230	448,847	1,291,621	113,471	8	-	1,130,087,582
Addition	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2018</b>	1,087,030,581	36,307,824	4,895,230	448,847	1,291,621	113,471	8	-	1,130,087,582
<b>Balance at 1 July 2018</b>	1,087,030,581	36,307,824	4,895,230	448,847	1,291,621	113,471	8	-	1,130,087,582
Addition	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2019</b>	1,087,030,581	36,307,824	4,895,230	448,847	1,291,621	113,471	8	-	1,130,087,582



In Taka	Land	Building	Plant and Machinery	Equipment and machinery	Electrical and other office appliances	Furniture and fixture	Motor vehicle	Under construction	Total
<b>Accumulated depreciation-Cost</b>									
Balance at 1 July 2017	-	8,873,004	44,926,132	3,667,319	1,526,252	4,017,663	15,230,107	-	78,240,477
Depreciation	-	6,010,996	33,720,666	3,114,069	1,287,022	2,769,872	13,308,154	-	60,210,779
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	(1)	(1)
Balance at 30 June 2018	-	14,884,000	78,646,798	6,781,388	2,813,274	6,787,535	28,538,260	-	138,451,255
Balance at 1 July 2018	-	14,884,000	78,646,798	6,781,388	2,813,274	6,787,535	28,538,260	-	138,451,255
Depreciation	-	6,491,181	34,728,388	3,664,552	1,129,506	3,690,491	15,362,628	-	65,066,746
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Balance at 30 June 2019	-	21,375,181	113,375,186	10,445,940	3,942,780	10,478,026	43,900,888	-	203,518,001

In Taka	Land	Building	Plant and Machinery	Equipment and machinery	Electrical and other office appliances	Furniture and fixture	Motor vehicle	Under construction	Total
<b>Accumulated depreciation- Revaluation</b>									
Balance at 1 July 2017	-	1,774,387	1,196,669	178,725	207,809	18,563	(2)	-	3,376,151
Depreciation	-	1,171,367	823,630	118,952	138,540	14,392	-	-	2,266,881
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Balance at 30 June 2018	-	2,945,754	2,020,299	297,677	346,349	32,955	(2)	-	5,643,032
Balance at 1 July 2018	-	2,945,754	2,020,299	297,677	346,349	32,955	(2)	-	5,643,032
Depreciation	-	1,171,367	823,630	55,692	138,541	14,392	-	-	2,203,622
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Balance at 30 June 2019	-	4,117,121	2,843,929	353,369	484,890	47,347	(2)	-	7,846,654

<b>Carrying amounts</b>									
As at 1 July 2017	1,317,319,744	211,458,572	181,633,059	11,213,663	6,936,757	9,300,702	38,172,757	16,719,948	1,792,756,192
At 30 June 2018	1,320,995,766	209,999,072	166,087,979	9,629,170	6,242,132	15,930,222	39,434,142	25,184,242	1,793,502,725
As at 30 June 2019	1,516,172,421	202,336,524	151,741,414	12,891,519	5,934,922	21,126,330	34,041,278	412,120	1,944,656,528

8(a) Consolidated property, plant and equipment

In Taka Cost	Land	Building	Plant and Machinery	Equipment and machinery	Electrical and other office appliances	Furniture and fixture	Motor vehicles	Under construction	Total
<b>Balance at 1 July 2017</b>	230,289,164	185,798,139	225,164,228	15,223,018	7,812,660	13,574,420	54,662,854	16,719,948	749,244,431
Additions	3,676,022	-	4,342,985	1,462,002	524,777	1,719,702	14,569,538	36,930,166	63,225,192
Transfer	-	5,722,863	14,656,231	186,536	206,160	7,694,082	-	(28,465,872)	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2018</b>	233,965,186	191,521,002	244,163,444	16,871,556	8,543,597	22,988,204	69,232,392	25,184,242	812,469,623
<b>Balance at 1 July 2018</b>	233,965,186	191,521,002	244,163,444	16,871,556	8,543,597	22,988,204	69,232,392	25,184,242	812,469,623
Additions	-	-	5,670,829	6,933,593	960,837	426,904	9,969,764	194,462,244	218,424,171
Transfer	195,176,655	-	15,534,624	49,000	-	8,474,087	-	(219,234,366)	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2019</b>	429,141,841	191,521,002	265,368,897	23,854,149	9,504,434	31,889,195	79,202,156	412,120	1,030,893,794

In Taka Revaluation	Land	Building	Plant and machinery	Equipment and machinery	Electrical and other office appliances	Furniture and fixture	Motor vehicles	Under construction	Total
<b>Balance at 1 July 2017</b>	1,087,030,581	36,307,824	4,895,230	448,847	1,291,621	113,471	8	-	1,130,087,582
Addition	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	(1)	-	(1)
<b>Balance at 30 June 2018</b>	1,087,030,581	36,307,824	4,895,230	448,847	1,291,621	113,471	7	-	1,130,087,581
<b>Balance at 1 July 2018</b>	1,087,030,581	36,307,824	4,895,230	448,847	1,291,621	113,471	7	-	1,130,087,581
Addition	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2019</b>	1,087,030,581	36,307,824	4,895,230	448,847	1,291,621	113,471	7	-	1,130,087,581



<i>In Taka</i>	Land	Building	Plant and Machinery	Equipment and machinery	Electrical and other office appliances	Furniture and fixture	Motor vehicle	Under construction	Total
<b>Accumulated depreciation- Cost</b>									
Balance at 1 July 2017	-	8,873,004	45,732,392	3,843,098	1,634,297	4,140,129	16,112,107	-	80,335,027
Depreciation Adjustment	-	6,010,996	33,951,025	3,187,762	1,317,892	2,804,967	13,560,159	-	60,832,801
Disposals	-	-	-	-	-	-	-	-	-
Balance at 30 June 2018	-	14,884,000	79,683,417	7,030,860	2,952,189	6,945,096	29,672,266	-	141,167,828
Balance at 1 July 2018	-	14,884,000	79,683,417	7,030,860	2,952,189	6,945,096	29,672,266	-	141,167,828
Depreciation Adjustment	-	6,491,181	34,958,748	3,738,245	1,160,376	3,725,587	15,488,627	-	65,562,764
Disposals	-	-	-	-	-	-	-	-	-
Balance at 30 June 2019	-	21,375,181	114,642,165	10,769,105	4,112,565	10,670,683	45,160,893	-	206,730,592
<b>Accumulated depreciation- Revaluation</b>									
Balance at 1 July 2017	-	1,774,387	1,196,669	178,725	207,809	18,563	(2)	-	3,376,151
Depreciation Adjustment	-	1,171,367	823,630	118,952	138,540	14,392	-	-	2,266,881
Disposals	-	-	-	-	-	-	-	-	-
Balance at 30 June 2018	-	2,945,754	2,020,299	297,677	346,349	32,955	(2)	-	5,643,032
Balance at 1 July 2018	-	2,945,754	2,020,299	297,677	346,349	32,955	(2)	-	5,643,032
Depreciation Adjustment	-	1,171,367	823,630	55,692	138,541	14,392	-	-	2,203,622
Disposals	-	-	-	-	-	-	-	-	-
Balance at 30 June 2019	-	4,117,121	2,843,929	353,369	484,890	47,347	(2)	-	7,846,654
<b>Carrying amounts</b>									
As at 1 July 2017	1,317,319,745	211,458,572	183,130,397	11,650,042	7,262,175	9,529,199	38,550,757	16,719,948	1,795,620,835
At 30 June 2018	1,320,995,767	208,999,072	167,354,958	9,991,866	6,536,880	16,123,624	39,560,135	25,184,242	1,795,746,344
As at 30 June 2019	1,516,172,422	202,336,524	152,778,033	13,180,522	6,198,600	21,284,636	34,041,272	412,120	1,946,404,129

**9 Investments**

<i>In Taka</i>	<i>Note</i>	30 June 2019	30 June 2018
Investment in subsidiary	9.1	3,948,334	3,948,334
Investment in FDR	9.2	35,719,438	33,072,743
Investment in shares of ACI Motors Limited		75,000	75,000
		<b>39,742,772</b>	<b>37,096,077</b>

**9.1 Investment in subsidiary**

	30 June 2019				30 June 2018	
	Number of shares	Face value per share	Called and paid up capital per share	Share-holding	Value	Value
		Taka	Taka	%	Taka	Taka
<b>Name of subsidiary</b>						
Neem Laboratories (Pvt.) Ltd	4900	100	100	98	3,948,334	3,948,334
Total investment in subsidiary					3,948,334	3,948,334

9.2 Investment in FDR includes Taka 2,022,500 which is kept as lien against service received from Titas Gas Transmission and Distribution Limited. Therefore, the Company has no intention to encash the said amount and recorded as long term investment.

**9(a) Consolidated investments**

<i>In Taka</i>	30 June 2019	30 June 2018
Investment in FDR	35,719,438	33,072,743
Investment in shares of ACI Motors Limited	75,000	75,000
	<b>35,794,438</b>	<b>33,147,743</b>

**10 Intangible assets**

<i>In Taka</i>	30 June 2019	30 June 2018
Goodwill on acquisition:		
Neem Laboratories (Pvt.) Ltd	5,147,792	5,147,792
	<b>5,147,792</b>	<b>5,147,792</b>

**11 Inventories**

<i>In Taka</i>	30 June 2019	30 June 2018
Raw and packing materials	823,197,299	643,307,254
Finished goods	724,125,316	824,787,142
Goods in transit	66,925,520	127,762,895
Other inventories (engineering stores and diesel)	25,972,297	27,321,256
Allowance for slow-moving inventory	(14,637,749)	(12,529,929)
	<b>1,625,582,683</b>	<b>1,610,648,618</b>

In view of innumerable items of inventories and diversified quantities, inventories are presented group-wise.

**11(a) Consolidated inventories**

<i>In Taka</i>	30 June 2019	30 June 2018
Raw and packing materials	837,460,655	656,813,680
Finished goods	726,307,088	825,485,605
Goods in transit	67,704,849	132,506,744
Other inventories (engineering stores and diesel)	25,972,297	27,321,256
Allowance for slow-moving inventory	(15,584,166)	(12,893,919)
	<b>1,641,860,723</b>	<b>1,629,233,566</b>

**12 Trade receivables**

<i>In Taka</i>	30 June 2019			30 June 2018
	Dues over 6 months	Dues below 6 months	Total	Total
Related party	-	-	-	-
Other than related parties	454,479,806	1,401,909,167	1,856,388,973	1,461,218,715
			1,856,388,973	1,461,218,715
Less: Allowance for impairment loss			(142,916,944)	(111,063,899)
			<b>1,713,472,029</b>	<b>1,350,154,816</b>

In view of innumerable number of debtors, it is not practicable to disclose the amount of receivable against each specific debtors.

**12(a) Consolidated trade receivables**

<i>In Taka</i>	30 June 2019			30 June 2018
	Dues over 6 months	Dues below 6 months	Total	Total
Related parties	-	-	-	-
Other than related parties	454,479,806	1,406,783,850	1,861,263,656	1,471,631,279
			1,861,263,656	1,471,631,279
Less: Allowance for impairment loss			(142,916,944)	(111,063,899)
			<b>1,718,346,712</b>	<b>1,360,567,380</b>



**13 Other receivables**

Other receivables represent receivable on accounts of promotional expense to be reimbursed by Akzo Nobel and interest income from FDR.

**14 Inter-company receivables**

<i>In Taka</i>	30 June 2019	30 June 2018
ACI Limited	-	465,478,723
Neem Laboratories (Pvt.) Ltd	22,983,074	51,136,966
	22,983,074	516,615,689

This arises due to working capital financing with ACI Limited and Neem Laboratories (Pvt.) Ltd.

**14(a) Consolidated inter-company receivables**

<i>In Taka</i>	30 June 2019	30 June 2018
ACI Limited	3,658,384	490,417,631
	3,658,384	490,417,631

**15 Advances, deposits and prepayments**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
<b>Advances:</b>			
Staffs		590,894	622,834
Supplier and others		40,985,242	37,334,415
VAT current account		9,541,496	22,876,978
Advance income tax	15.1	560,861,570	403,491,786
		611,979,202	464,326,013
<b>Deposits:</b>			
Security deposits		11,704,373	9,984,433
Bank guarantee margin		18,092,893	18,599,560
		29,797,266	28,583,993
<b>Prepayments:</b>			
Prepaid expenses		4,913,069	5,419,528
		4,913,069	5,419,528
		646,689,537	498,329,534

**15.1 Advance income tax**

<i>In Taka</i>	30 June 2019	30 June 2018
Opening balance	403,491,786	283,434,505
Additions	157,369,784	120,057,281
Closing balance	560,861,570	403,491,786

**15(a) Consolidated advances, deposits and prepayments**

<i>In Taka</i>	30 June 2019	30 June 2018
<b>Advances:</b>		
Staffs	590,894	622,834
Suppliers & others	41,892,636	38,157,308
VAT current account	10,408,055	23,170,306
Advance income tax	562,377,539	404,463,787
	615,269,124	466,414,235
<b>Deposits:</b>		
Security deposits	11,704,373	9,984,433
Bank guarantee margin	18,092,893	18,599,560
	29,797,266	28,583,993
<b>Prepayments:</b>		
Prepaid expenses	4,913,069	5,832,181
	4,913,069	5,832,181
	649,979,459	500,830,409

**16 Cash and cash equivalents**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Cash in hand		4,163,463	4,253,865
Collection in hand	16.1	118,215,885	157,098,527
Cash at bank	16.2	175,328,686	100,687,446
		297,708,034	262,039,838

**16.1** This represents cash in hand at depots which was collected against cash sales and payment instruments collected against credit sales at the end of the reporting period.

**16.2 Cash at bank**

<i>In Taka</i>	30 June 2019	30 June 2018
Standard Chartered Bank	24,536,934	18,839,170
The Hongkong and Shanghai Banking Corporation Limited (HSBC)	9,731,841	12,940,545
AB Bank Limited	58,125,349	32,689,873
Agrani Bank Limited	1,158,203	2,752,892
Janata Bank Limited	9,730,300	4,944,061
Sonali Bank Limited	5,043,841	4,879,643
Bank Asia Limited	1,640	2,790
BRAC Bank Limited	39,140,423	14,500,256
ONE Bank Limited	3,061,891	4,406,428
Commercial Bank of Ceylon PLC	42,197	5,352,044
The City Bank Limited	20,000	-
Prime Bank Limited	22,916,013	-
Pubali Bank Limited	157,013	238
Dutch Bangla Bank Limited	1,663,041	(620,494)
	<b>175,328,686</b>	<b>100,687,446</b>

**16.3 Reconciliation of net operating cash flow**

<i>In Taka</i>	30 June 2019	30 June 2018
Profit after tax	128,453,651	115,034,985
<i>Adjustment for:</i>		
- Depreciation and amortization	67,843,104	63,008,544
- Bad debts and inventory loss/(recovery)	34,884,757	(28,518,099)
- Net finance cost	224,760,871	171,020,345
- Tax expense	53,056,710	48,265,458
- Contribution to WPPF	9,553,187	8,594,760
<i>Changes in:</i>		
- Inventories	(17,041,885)	(225,077,013)
- Trade and other receivables	(409,547,560)	(17,782,217)
- Advances, deposit and prepayments	9,009,780	21,704,548
- Trade and other payables, employment benefits'	44,589,036	19,634,346
<b>Cash generating from operating activities</b>	<b>145,561,851</b>	<b>175,885,657</b>
Paid to WPPF	(8,594,760)	(18,775,022)
Interest paid	(254,474,644)	(160,275,500)
Income tax paid	(157,369,784)	(120,057,281)
<b>Net cash from operating activities</b>	<b>(274,877,337)</b>	<b>(123,222,146)</b>

**16(a) Consolidated cash and cash equivalents**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Cash in hand		4,249,368	4,339,770
Collection in hand		118,215,885	157,098,527
Cash at bank	16.2(a)	176,188,974	100,666,989
		<b>298,654,227</b>	<b>262,105,286</b>

**16.2(a) Consolidated cash at bank**

<i>In Taka</i>	30 June 2019	30 June 2018
Standard Chartered Bank	24,536,934	18,839,170
The Hongkong and Shanghai Banking Corporation Limited (HSBC)	9,731,841	12,940,545
AB Bank Limited	58,125,349	32,689,873
Agrani Bank Limited	1,158,203	2,752,892
Janata Bank Limited	9,730,300	4,944,061
Sonali Bank Limited	5,043,841	4,879,643
Bank Asia Limited	1,640	2,790
BRAC Bank Limited	39,140,423	14,500,256
ONE Bank Limited	3,061,891	4,406,428
Commercial Bank of Ceylon PLC	42,197	5,352,044
The City Bank Limited	20,000	-
Prime Bank	22,916,013	-
Pubali Bank Limited	157,013	238
Dutch Bangla Bank Limited	2,523,329	(640,951)
	<b>176,188,974</b>	<b>100,666,989</b>



**16.3(a) Reconciliation of consolidated net operating cash flow**

<i>In Taka</i>	30 June 2019	30 June 2018
Profit after tax	130,359,122	117,281,586
<i>Adjustment for:</i>		
- Depreciation and amortization	68,339,121	63,620,326
- Bad debts and inventory loss/(recovery)	35,467,184	(28,221,910)
- Net finance cost	225,072,448	171,540,849
- Tax expense	53,906,068	48,987,336
- Contribution to WPPF	9,553,187	8,594,760
<i>Changes in:</i>		
- Inventories	(15,317,404)	(243,580,980)
- Trade and other receivables	(403,954,626)	(14,186,113)
- Advances, deposit and prepayments	8,764,702	24,098,048
- Trade and other payables, employment benefits'	39,931,055	13,903,149
<b>Cash generating from operating activities</b>	<b>152,120,657</b>	<b>162,037,051</b>
Paid to WPPF	(8,594,760)	(18,775,022)
Interest paid	(254,786,221)	(160,796,004)
Income tax paid	(157,913,752)	(120,205,040)
<b>Net cash from operating activities</b>	<b>(269,173,876)</b>	<b>(137,739,015)</b>

**17 Share capital**

<i>In Taka</i>	30 June 2019	30 June 2018
Ordinary shares (6,600,000 shares of Tk 10 each)	66,000,000	66,000,000
Bonus shares (32,500,000 shares of Tk. 10 each)	325,000,000	325,000,000
Right shares (5,900,000 shares of Tk. 10 each)	59,000,000	59,000,000
<b>In issue at reporting date - fully paid</b>	<b>450,000,000</b>	<b>450,000,000</b>
Authorised - par value Tk. 10	500,000,000	500,000,000

**17.1 Shareholding position**

	Number of shares		Percentage of holding		Value (Taka)	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Directors and sponsors	29,708,205	29,708,205	66.02%	66.02%	297,082,050	297,082,050
Institutions	12,256,911	10,891,808	27.24%	24.20%	122,569,110	108,918,080
General shareholders	3,034,884	4,399,987	6.74%	9.78%	30,348,840	43,999,870
	<b>45,000,000</b>	<b>45,000,000</b>	<b>100.00%</b>	<b>100.00%</b>	<b>450,000,000</b>	<b>450,000,000</b>

**17.2 Share owning schedule**

Shareholder's range	Number of shareholders		Number of shares		Percentage of holding	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Less than 500	2,454	2,334	404,554	380,450	0.90%	0.85%
501 to 5000 shares	952	1,006	1,432,732	1,623,379	3.17%	3.61%
5001 to 10,000 shares	65	80	452,351	582,914	1.01%	1.30%
10,001 to 20,000 shares	29	40	440,263	577,544	0.98%	1.28%
20,001 to 30,000 shares	15	24	372,442	612,438	0.83%	1.36%
30,001 to 40,000 shares	8	11	275,691	398,931	0.61%	0.89%
40,001 to 50,000 shares	9	11	407,579	511,205	0.91%	1.14%
50,001 to 100,000 shares	12	13	894,418	1,055,218	1.99%	2.34%
100,001 to 1,000,000 shares	14	16	4,090,706	4,469,282	9.09%	9.93%
Over 1,000,000 shares	4	4	36,229,264	34,788,639	80.51%	77.31%
	<b>3,562</b>	<b>3,539</b>	<b>45,000,000</b>	<b>45,000,000</b>	<b>100.00%</b>	<b>100.00%</b>

**18 Employee benefits**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Defined benefit obligation	18.1	32,394,865	29,519,364
Other employee benefits		11,099,911	9,659,911
		<b>43,494,776</b>	<b>39,179,275</b>

**18.1 Defined benefit obligation**

<i>In Taka</i>	30 June 2019	30 June 2018
Opening balance	29,519,364	25,100,219
Service cost	5,438,826	5,989,331
Benefits paid	(2,563,325)	(1,570,186)
<b>Closing balance</b>	<b>32,394,865</b>	<b>29,519,364</b>

19 Deferred tax liabilities

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Opening balance		59,510,615	51,789,493
Deferred tax (income)/expense for the year	31	(10,093,093)	7,721,122
<b>Closing balance</b>		<b>49,417,522</b>	<b>59,510,615</b>

<i>In Taka</i>	Carrying amount on reporting date	Tax base	Taxable/(deductible) temporary difference
<b>At 30 June 2019</b>			
Land	1,516,172,421	-	1,516,172,421
Property, plant and equipment (other than land)	428,071,987	222,393,033	205,678,954
Allowance for slow-moving inventory	14,637,749	-	(14,637,749)
Allowance for doubtful debts	142,916,944	-	(142,916,944)
Defined benefit obligation	32,394,865	-	(32,394,865)
<b>Taxable/(Deductible) temporary differences</b>	<b>2,134,193,966</b>	<b>222,393,033</b>	<b>1,531,901,817</b>
Applicable tax rate for land			3%
Applicable tax rate for other than land			25%
<b>Deferred tax liabilities</b>			<b>49,417,522</b>
<b>At 30 June 2018</b>			
Land	1,320,995,766	-	1,320,995,766
Property, plant and equipment (other than land)	447,322,717	214,686,555	232,636,162
Allowance for slow-moving inventory	12,529,929	-	(12,529,929)
Allowance for doubtful debts	111,063,899	-	(111,063,899)
Defined benefit obligation	29,519,364	-	(29,519,364)
<b>Taxable/(Deductible) temporary differences</b>	<b>1,921,431,675</b>	<b>214,686,555</b>	<b>1,400,518,736</b>
Applicable tax rate for land			3%
Applicable tax rate for other than land			25.00%
<b>Deferred tax liabilities</b>			<b>59,510,615</b>

20 Bank overdrafts

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Standard Chartered Bank	20.1	9,910,418	43,607,230
The Hongkong and Shanghai Banking Corporation Limited (HSBC)	20.1	(2,462,871)	(1,394,870)
Prime Bank Limited	20.1	97,110,273	95,570,247
BRAC Bank Limited	20.1	4,915,476	8,831,767
Commercial Bank of Ceylon PLC	20.1	19,285,370	16,883,127
		<b>128,758,666</b>	<b>163,497,501</b>

20.1 Terms and repayment schedule

The terms and conditions of outstanding overdraft are as follows.

<i>In Taka</i>	Currency	Year of maturity	30 June 2019		30 June 2018	
			Loan limit	Loan outstanding	Loan limit	Loan outstanding
Standard Chartered Bank	BDT	2019	10,000,000	9,910,418	10,000,000	43,607,230
HSBC	BDT	2019	10,000,000	(2,462,871)	10,000,000	(1,394,870)
Prime Bank Limited	BDT	2019	100,000,000	97,110,273	100,000,000	95,570,247
BRAC Bank Limited	BDT	2019	10,000,000	4,915,476	10,000,000	8,831,767
Commercial Bank of Ceylon PLC	BDT	2019	20,000,000	19,285,370	20,000,000	16,883,127
			<b>150,000,000</b>	<b>128,758,666</b>	<b>150,000,000</b>	<b>163,497,501</b>

The Company is enjoying overdraft facilities from the banks for the purpose of meeting working capital requirements which is to be repaid to the banks on demand.

21 Loans and borrowings

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Standard Chartered Bank	21.1	1,984,088	-
The Hongkong and Shanghai Banking Corporation Limited (HSBC)	21.1	32,511,722	55,162,809
BRAC Bank Limited	21.1	466,614,410	471,909,577
The City Bank Limited	21.1	350,000,000	578,940,357
Prime Bank Limited	21.1	362,317,860	843,582,669
Commercial Bank of Ceylon PLC	21.1	608,733,261	789,100,406
		<b>1,822,161,341</b>	<b>2,738,695,818</b>

21(a) Consolidated Loans and borrowings

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Standard Chartered Bank	21.1	1,984,088	-
The Hongkong and Shanghai Banking Corporation Limited (HSBC)	21.1	32,511,722	55,162,809
BRAC Bank Limited	21.1	466,614,410	471,909,577
The City Bank Limited	21.1	350,000,000	578,940,357
Prime Bank Limited	21.1	362,317,860	843,582,669
Commercial Bank of Ceylon PLC	21.1	608,733,261	789,100,406
Dutch Bangla Bank Limited		2,860,158	7,682,874
		<b>1,825,021,499</b>	<b>2,746,378,692</b>



**21.1 Terms and repayment schedule**

The terms and conditions of combined outstanding loans are as follows.

In Taka	Note	Currency	Year of maturity	30 June 2019		30 June 2018	
				Loan limit	Loan outstanding	Loan limit	Loan outstanding
Standard Chartered Bank	21.1.1	BDT	2019	510,000,000	1,984,088	510,000,000	-
HSBC	21.1.2	BDT	2019	300,000,000	32,511,722	420,000,000	55,162,809
BRAC Bank Limited	21.1.3	BDT	2019	750,000,000	486,614,410	750,000,000	471,909,577
The City Bank Limited	21.1.4	BDT	2019	800,000,000	350,000,000	800,000,000	578,940,357
Prime Bank Limited	21.1.5	BDT	2019	800,000,000	362,317,860	800,000,000	843,582,669
Commercial Bank of Ceylon PLC	21.1.6	BDT	2019	800,000,000	608,733,261	800,000,000	789,100,406
				<b>3,960,000,000</b>	<b>1,822,161,341</b>	<b>4,080,000,000</b>	<b>2,738,695,818</b>

**21.1.1 Standard Chartered Bank**

The Company is enjoying trade finance facility under general banking facilities from Standard Chartered Bank (SCB) under the following terms and conditions against the facility offer letter dated 18 June 2017 and subsequent updates.

**21.1.1.1 Letter of Credit (L/C secured)/Loan Against Trust Receipt (LATR)**

Amount: Tk 510,000,000.  
 Purpose: To retire the documents under letters of credit issued by the Standard Chartered Bank.  
 Tenure: 360 days  
 Payment: On maturity, each trust receipt outstanding will be adjusted by debiting Company's bank account and quarterly interest will be charged into the same account.

**21.1.1.2 Acceptance**

Amount: Tk 510,000,000 (Inner limit of 21.1.1.1)  
 Purpose: To provide acceptance against usance or deferred/usance L/C issued. Acceptance can be utilised for machinery L/C as well.  
 Tenure: 360 days

**21.1.1.3 Shipping Guarantees**

Amount: Tk 200,000,000 (Inner limit of 21.1.1.1)  
 Purpose: To release of imported goods.  
 Tenure: 30 days

**21.1.1.4 Import loan**

Amount: Tk 50,000,000 (Inner limit of 21.1.1.1)  
 Purpose: For release of imported goods.  
 Tenure: 180 days

**21.1.1.5 Short term loan**

Amount: Tk 250,000,000 (Inner limit of 21.1.1.1)  
 Purpose: For the purpose of working capital.  
 Tenure: 90 days  
 Payment: On maturity of such loan.

**21.1.1.6 Bond & Guarantees**

Amount: Tk 20,000,000 (Inner limit of 21.1.1.1)  
 Purpose: Issuance of guarantees on behalf of the company.  
 Tenure: 365 days

**21.1.1.7 Securities against the facilities**

Securities against the facilities mentioned under notes 20 and 21.1.1 are as follows:

- Demand promissory note and letter of continuation for Tk 520,000,000 each.
- Registered hypothecation over stock and book debts of the Company on pari-pasu basis for Tk 540,000,000.
- First charge by way of registered mortgage over the tangible fixed assets of the Company both existing and future where Standard Chartered Bank's share being at least Tk 140,000,000.
- Corporate guarantee from Advanced Chemical Industries Limited supported by board resolution.

**21.1.2 The Hongkong and Shanghai Banking Corporation Limited (HSBC)**

The Company is enjoying following facilities from The Hongkong and Shanghai Banking Corporation Limited (HSBC) under the following terms and conditions against the facility offer letter dated 21 January 2019 and subsequent updates.

**21.1.2.1 Combined limit/ import line/ Import cash limit**

Amount: Tk 300,000,000.  
 Purpose: To retire sight documents by creating import loan and usance documents against borrowers acceptance and issue shipping guarantee. To finance imported raw materials/spares/small machinery on sight and deferred basis.  
 Tenure: 180 days for imports (loan) and deferred payment bills and 30 days for shipping guarantee.  
 Payment: On maturity of such loan.

**21.1.2.2 Guarantee**

Amount:	Tk 5,000,000.
Purpose:	To issues guarantees favouring various Government Bodies and utility companies etc. required in the normal course of business.
Tenure:	Open ended

**21.1.2.3 Securities against the facilities**

Securities against the facilities mentioned under notes 20 and 21.1.2 are as follows:

- Demand promissory note of Tk 597,549,000 with letter of revival and continuity.
- Letter of Set Off between different accounts maintained with the bank.
- Corporate guarantee to be executed by Advanced Chemical Industries Limited for Tk 510,000,000 supported by Board Resolution.
- First pari-pasu charge with other lenders over the borrower's stock of raw materials, work-in-progress and finished goods for Tk.430,000,000 registered with the Registrar of Joint Stock Companies and Firms (RJSC).
- First pari-pasu charge with other lenders over the borrower's book debts/receivables for Tk. 430,000,000 registered with the Registrar of Joint Stock Companies (RJSC) on pari-pasu basis with Standard Chartered Bank, where HSBC's share is 430,000,000.

**21.1.3 BRAC Bank Limited**

The Company is enjoying following facilities from BRAC Bank Limited under the following terms and conditions against the facility offer letter dated 30 September 2018

**21.1.3.1 Letters of Credit / Revolving Acceptance/Loan Against Trust Receipt (LATR)**

Amount:	Tk 500,000,000
Purpose:	To retire import documents for raw materials.
Tenure:	120 - 180 days
Payment:	On maturity of such loan.

**21.1.3.2 Bank guarantee**

Amount:	Tk 50,000,000 (Inner limit of 21.1.3.1)
Purpose:	To meet various contractual obligation.
Tenure:	1-5 Years

**21.1.3.3 Revolving loan**

Amount:	Tk 250,000,000
Purpose:	To make payment of customs duty and VAT and meet working capital requirements.
Tenure:	150 days
Payment:	On maturity of such loan.

**21.1.3.4 Securities against the facilities**

Securities against the facilities mentioned under notes 20 and 21.1.3 are as follows:

- Registered first charge over stock and book debts of the Company for Tk. 760,000,000.
- Corporate guarantee from Advanced Chemical Industries Limited.

**21.1.4 The City Bank Limited**

The Company is enjoying following facilities from The City Bank Limited under the following terms and conditions against the facility offer letter dated 02 April 2019.

**21.1.4.1 Letters of Credit / Revolving Acceptance/Loan Against Trust Receipt (LATR)/Short Term Loan**

Amount:	Tk 800,000,000
Purpose:	To retire sight L/C, deferred L/C, import of raw materials and finished goods.
Tenor:	90 - 360 days

**21.1.4.2 Letters of Credit - Local**

Amount:	Tk 300,000,000 (Inner limit of 21.1.4.1)
Purpose:	To procure raw material and finished goods from local source.
Tenor:	90 days from date of each disbursement.

**21.1.4.3 Securities against the facilities**

Securities against the facilities mentioned under notes and are as follows:

- 1st ranking PPSSA on all floating assets including stock, book debts of ACI Formulations Limited for BDT 800,000,000.
- Corporate guarantee from Advanced Chemical Industries Limited.

**21.1.5 Prime Bank Limited**

The Company is enjoying following facilities from Prime Bank Limited under the following terms and conditions against the facility offer letter dated 5 March 2018.

**21.1.5.1 Letters of credit (LC) / Loan against trust receipt (LTR):**

Amount:	Tk 800,000,000
Purpose:	For payment of imported raw materials / chemicals / accessories / capital machinery / spare parts and others (import of capital machinery shall not exceed Tk 80,000,000). Also for retirement of L/C documents or payment of accepted bills.
Tenure:	180 - 365 days
Payment:	On maturity of such loan.



**21.1.5.2 Time loan / Short term loan**

Amount:	Tk 500,000,000 (Inner limit of 21.1.5.1)
Purpose:	To procure raw materials / chemicals / accessories and others from local sources.
Tenure:	180 days
Payment:	On maturity of such loan.

**21.1.5.3 Bank guarantee**

Amount:	Tk 40,000,000 (Inner limit of 21.1.5.1)
Purpose:	To provide guarantee in favor of different authority as required by the Company.
Tenure:	Open ended

**21.1.5.4 Securities against the facilities**

Securities against the facilities mentioned under notes and 20.1.5 are as follows:

- Available charge on floating assets with Registrar of Joint Stock Companies (RJSC) and Firms along with NIGPA.
- Cross Corporate guarantee among Advance Chemicals Industries Limited, ACI Formulations Limited, ACI Salt Ltd, ACI Pure Flour Ltd, Premiaflex Plastics Ltd., & ACI Motors Ltd.

**21.1.5 Commercial Bank of Ceylon PLC**

The Company is enjoying following facilities from Commercial Bank of Ceylon PLC under the following terms and conditions against the facility offer letter dated 5 September 2017 and subsequent updates.

**21.1.6.1 Letters of Credit / Loan Against Trust Receipt (LATR)**

Amount:	Tk 700,000,000
Purpose:	To retire import documents for raw materials, packing materials, finished goods and spare parts
Tenure:	180 days
Payment:	On maturity of such loan.

**21.1.6.2 Short term loan**

Amount	Tk 100,000,000
Purpose	For granting payment of procurement of local raw materials and payment for duty and tax of imported raw materials.
Tenure	180 days
Payment:	On maturity of such loan.

**21.1.6.3 Securities against the facilities**

Securities for the facilities mentioned under notes 20 and 21.1.6 are as follows:

- Registered first hypothecation charge over stocks and book debts on pari-pasu basis with other lenders, CBC's share being Tk 820,000,000.

**22 Trade payables**

<i>In Taka</i>	30 June 2019	30 June 2018
Related party-Premiaflex Plastics Limited	4,135,063	10,818,922
Other than related parties	84,915,891	116,177,034
	<b>89,050,954</b>	<b>126,995,956</b>

**22(a) Consolidated trade payables**

<i>In Taka</i>	30 June 2019	30 June 2018
Related party-Premiaflex Plastics Limited	4,135,063	10,818,922
Other than related parties	93,289,407	121,613,742
	<b>97,424,470</b>	<b>132,432,664</b>

**23 Other payables**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Creditors for expenses	23.1	193,888,613	116,944,466
Interest payable		16,288,914	45,834,424
Security money payable		11,765,968	11,049,410
Unpaid dividend		11,810,167	10,960,069
Withholding tax and VAT		4,706,251	3,200,464
Provision for workers' profit participation fund		9,553,187	8,594,760
		<b>248,013,100</b>	<b>196,583,593</b>

**23.1** This includes accrued selling, manufacturing and other accrued expenses.

**23(a) Consolidated other payables**

<i>In Taka</i>	30 June 2019	30 June 2018
Creditors for expenses	195,338,739	117,767,558
Interest payable	16,288,914	45,834,424
Security money payable	11,765,968	11,049,410
Unpaid dividend	11,810,167	10,960,069
Withholding tax and VAT	4,887,019	3,362,687
Provision for workers' profit participation fund	9,553,187	8,594,760
	<b>249,643,994</b>	<b>197,588,908</b>

24 Inter-company payables

<i>In Taka</i>	30 June 2019	30 June 2018
ACI Limited	1,146,287,405	-
	1,146,287,405	-

This arises due to common cost sharing and working capital financing with ACI Limited .

25 Provision for tax

<i>In Taka</i>	30 June 2019	30 June 2018
Opening balance	268,942,996	228,398,660
Provision made during the year	63,149,603	40,544,336
<b>Closing balance</b>	<b>332,092,799</b>	<b>268,942,996</b>

25(a) Consolidated provision for tax

<i>In Taka</i>	30 June 2019	30 June 2018
Opening balance	270,340,004	228,677,450
Provision made during the year	63,312,309	41,662,554
<b>Closing balance</b>	<b>333,652,313</b>	<b>270,340,004</b>



26 Revenue

<i>In Taka</i>	<i>Note</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
Agrochemical products	26.1	2,762,064,532	2,443,423,693
Consumer products	26.2	1,263,221,358	1,684,042,265
		4,025,285,890	4,127,465,958

In view of innumerable items of sales and diversified quantities, it is not practicable to disclose the quantities against each items of sale.

26.1 Agrochemical products

<i>In Taka</i>		For the year ended 30 June 2019	For the year ended 30 June 2018
Local		2,739,550,275	2,422,736,206
Export		22,514,257	20,687,487
		2,762,064,532	2,443,423,693

26.2 Consumer products

<i>In Taka</i>	<i>Note</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
Coil	26.2.1	134,212,762	493,339,066
Aerosol	26.2.1	531,931,582	740,044,144
Vanish	26.2.1	46,829,793	62,374,441
Paint		550,247,221	388,284,614
		1,263,221,358	1,684,042,265

26.2.1 On 24 April 2015 ACI Limited entered into agreements with S. C. Johnson & Son, Inc. (a corporation incorporated under the laws of the state of Wisconsin, USA) whereby S. C. Johnson & Son, Inc. has purchased the brands of these products on mutually beneficial terms. As per contract, ACI Formulations Limited produces these products for S.C. Johnson & Son, Inc., which are marketed by ACI Limited through its own channel. ACI Formulations Limited will continue to be the manufacturer of these products for a period of 5 years from 24 April 2015.

26(a) Consolidated revenue

<i>In Taka</i>	<i>Note</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
Agrochemical products	26.1(a)	2,762,064,532	2,443,423,693
Consumer products	26.2(a)	1,290,305,679	1,709,846,820
		4,052,370,211	4,153,270,513

26.1(a) Agrochemical products

<i>In Taka</i>		For the year ended 30 June 2019	For the year ended 30 June 2018
Local		2,739,550,275	2,422,736,206
Export		22,514,257	20,687,487
		2,762,064,532	2,443,423,693

26.2(a) Consumer products

<i>In Taka</i>		For the year ended 30 June 2019	For the year ended 30 June 2018
Coil		134,212,762	493,339,066
Aerosol		531,931,582	740,044,144
Vanish		46,829,793	62,374,441
Paint		550,247,221	388,284,614
Herbal cosmetics		27,084,321	25,804,555
		1,290,305,679	1,709,846,820

27

Cost of sales

<i>In Taka</i>	Note	For the year ended 30 June 2019	For the year ended 30 June 2018
Opening stock of finished goods		824,787,142	660,208,455
Cost of goods manufactured	27.1.1	2,604,767,705	3,125,644,812
Finished goods purchased		137,322,002	147,947,385
Reimbursement for cost variance		(31,605,327)	(10,118,687)
Stock write off		3,470,385	2,072,786
Cost of finished goods available for sale		3,538,741,907	3,925,754,751
Closing stock of finished goods		(724,125,316)	(824,787,142)
		2,814,616,591	3,100,967,609

27.1

Cost of Sales for the year ended 30 June 2019

<i>In Taka</i>	Note	For the year ended 30 June 2019					Total	For the year ended 30 June 2018
		Crop Care & Public Health	Mosquito Coil	Aerosol	Vanish	Paint		
Stock of finished goods at 1 July		603,851,246	58,623,551	76,109,258	8,955,003	77,248,084	824,787,142	660,208,455
Cost of goods manufactured	27.1.1	1,595,330,355	213,223,625	443,216,663	42,695,982	310,301,080	2,604,767,705	3,125,644,812
Finished goods purchased		10,897,167	-	-	-	126,424,835	137,322,002	147,947,385
Reimbursement for cost variance		-	(42,550,865)	13,401,082	(2,455,544)	-	(31,605,327)	(10,118,687)
Stock write off		2,771,525	-	-	-	698,860	3,470,385	2,072,786
Cost of finished goods available for sale		2,212,850,293	229,296,311	532,727,003	49,195,441	514,672,859	3,538,741,907	3,925,754,751
Stock of finished goods at 30 June		(460,289,931)	(105,073,388)	(56,704,342)	(7,535,673)	(94,521,982)	(724,125,316)	(824,787,142)
		1,752,560,362	124,222,923	476,022,661	41,659,768	420,150,877	2,814,616,591	3,100,967,609

27.1.1

Cost of goods manufactured

<i>In Taka</i>	Note	For the year ended 30 June 2019					Total	For the year ended 30 June 2018
		Crop Care & Public Health	Mosquito Coil	Aerosol	Vanish	Paint		
Cost of materials consumed	27.1.1.1	1,517,822,293	138,051,308	422,113,669	37,490,747	286,101,841	2,401,579,858	2,868,408,710
Manufacturing overhead	29	77,631,159	88,116,835	21,177,110	6,505,480	24,768,901	218,199,485	259,710,027
Stock write off		(123,097)	(12,944,518)	(74,116)	(1,300,245)	(569,662)	(15,011,638)	(3,212,780)
Cost of production		1,595,330,355	213,223,625	443,216,663	42,695,982	310,301,080	2,604,767,705	3,124,905,957
Difference in work in process		-	-	-	-	-	-	-
Work in process at 1 July		-	-	-	-	-	-	738,855
Work in process at 30 June		-	-	-	-	-	-	-
		1,595,330,355	213,223,625	443,216,663	42,695,982	310,301,080	2,604,767,705	3,125,644,812



27.1.1.1 Cost of materials consumed

In Taka	For the year ended 30 June 2019					Total	For the year ended 30 June 2018
	Crop Care & Public Health	Mosquito Coil	Aerosol	Vanish	Paint		
<b>Raw and packing materials</b>							
Opening stock	324,858,595	161,731,661	89,598,762	19,353,036	47,765,199	643,307,253	647,622,209
Purchase	1,656,834,781	91,366,176	500,805,469	41,714,945	290,748,533	2,581,469,904	2,864,093,754
Closing Stock	(463,871,083)	(115,046,529)	(168,290,562)	(23,577,234)	(52,411,891)	(823,197,299)	(643,307,253)
	1,517,822,293	138,051,308	422,113,669	37,490,747	286,101,841	2,401,579,858	2,868,408,710
<b>27(a) Consolidated cost of sales</b>							
<i>In Taka</i>							
Opening stock						1,482,299,485	1,321,252,011
Purchase						2,729,147,796	3,031,697,921
Reimbursement for cost variance						(31,605,327)	(10,118,687)
Manufacturing overhead						221,162,004	261,625,573
Closing stock						(1,563,767,743)	(1,482,299,485)
						2,837,236,215	3,122,157,333

**28 Other income**

<i>In Taka</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
Crop Care & Public Health	3,076,674	5,399,477
Aerosol	340,905	261,660
Paint	1,692,179	933,335
	5,109,758	6,594,472

**29 Administrative, selling and distribution expenses**

<i>In Taka</i>	For the year ended 30 June 2019					For the year ended 30 June 2018
	Manufacturing expenses	Administrative expenses	Distribution expenses	Selling expenses	Total	Total
Salary and wages	128,507,520	126,047,653	38,826,412	212,043,441	505,425,026	491,050,353
Traveling and conveyance	203,074	3,484,300	22,030,243	73,022,047	98,739,664	108,098,419
Rent and rates	588,195	792,477	15,429,640	18,247,196	35,057,508	30,179,347
Repair and maintenance	16,601,246	5,675,551	1,060,262	328,014	23,665,073	31,627,566
Fuel and power	23,432,217	2,966,182	1,875,706	108,342	28,382,447	35,059,669
Postage, telephone and fax	541,378	133,641	-	7,130,245	7,805,264	10,916,744
Printing and stationery	649,164	1,128,912	4,909,252	872,002	7,559,330	7,223,891
Promotional expenses	-	-	-	126,465,615	126,465,615	129,709,263
Entertainment	1,529,141	3,711,251	1,677,680	5,626,421	12,544,493	8,830,037
Vehicle maintenance	899,681	1,618,918	6,370,785	8,430,173	17,319,557	24,173,108
Doubtful debts	-	-	-	32,776,937	32,776,937	(27,378,105)
Truck and handling	-	-	10,709,048	-	10,709,048	18,349,241
Legal and professional charge	-	2,767,134	-	36,304,357	39,071,491	10,083,079
Audit fees	-	630,000	-	-	630,000	630,000
Insurance	4,996,398	990	-	995,002	5,992,390	4,442,972
Directors' fees	-	9,750	-	-	9,750	11,250
Bank charges	-	2,662,489	-	1,085,687	3,748,176	3,152,156
Sundry expenses	224,357	-	-	-	224,357	205,868
Product development expenses	26,947	-	-	1,248,977	1,275,924	846,464
Training expenses	14,838	-	-	842,339	857,177	1,812,527
Depreciation	50,480,328	2,493,100	24,066	14,845,610	67,843,104	63,008,544
Lab chemical and apparatus	541,046	-	-	-	541,046	391,755
Meeting expenses	-	-	-	2,546,591	2,546,591	4,908,802
	229,235,530	154,122,348	102,913,094	542,918,996	1,029,189,968	957,332,950
Recovery of expenses for toll manufacturing service charges	(11,036,045)	-	-	-	(11,036,045)	(7,445,650)
	218,199,485	154,122,348	102,913,094	542,918,996	1,018,153,923	949,887,300
(A) Manufacturing expenses					218,199,485	259,710,027
(B) Administrative, selling and distribution expenses					799,954,438	690,177,273
					1,018,153,923	949,887,300

**29(a) Consolidated administrative, selling and distribution expenses**

<i>In Taka</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
Administrative expenses	155,520,841	128,122,548
Distribution expenses	102,913,094	96,212,226
Selling expenses	542,918,996	466,968,347
	801,352,931	691,303,121

**30 Finance costs, net**

<i>In Taka</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
<b>Interest expenses</b>		
Bank loan	142,544,969	182,963,319
Inter-company	89,509,934	4,835,410
	232,054,903	187,798,729
<b>Interest income</b>		
Bank	3,160,659	54,902
Inter-company	4,133,373	16,723,482
	7,294,032	16,778,384
	224,760,871	171,020,345



**30(a) Consolidated finance costs, net**

<i>In Taka</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
<b>Interest expenses</b>		
Bank loan	142,856,545	183,483,823
Inter-company	89,509,934	4,835,410
	232,366,479	188,319,233
<b>Interest income</b>		
Bank	3,160,659	54,902
Inter-company	4,133,373	16,723,482
	7,294,032	16,778,384
	225,072,447	171,540,849

**31 Income tax expense**

<i>In Taka</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
<b>Current tax expense</b>		
Charged during the year	25 63,149,803	40,544,336
	63,149,803	40,544,336
<b>Deferred tax expense/(income)</b>		
Change in deferred tax liabilities	19 (10,093,093)	7,721,122
	(10,093,093)	7,721,122
<b>Tax expense/(income)</b>	53,056,710	48,265,458

**31(a) Consolidated income tax expense**

<i>In Taka</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
<b>Current tax expense</b>		
Charged during the year	63,312,309	41,662,554
	63,312,309	41,662,554
<b>Deferred tax expense/(income)</b>		
Change in deferred tax assets	(9,406,241)	7,324,782
	(9,406,241)	7,324,782
<b>Tax expense/(income)</b>	53,906,068	48,987,336

**32 Earnings per share**

**32.1 Basic earnings per share**

The calculation of basic earnings per share based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding is as follows:

<i>In Taka/Number</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
Profit/(loss) attributable to the owners of the Company (Taka)	128,453,851	115,034,985
Weighted average number of ordinary shares (number)	45,000,000	45,000,000
<b>Earning per share (Taka)</b>	2.85	2.56

**32.1(a) Consolidated basic earnings per share**

The calculation of basic earnings per share based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding is as follows:

<i>In Taka/Number</i>	For the year ended 30 June 2019	For the year ended 30 June 2018
Profit/(loss) attributable to the owners of the Group (Taka)	130,321,016	117,236,654
Weighted average number of ordinary shares (number)	45,000,000	45,000,000
<b>Earning per share (Taka)</b>	2.90	2.61

**32.2 Diluted earnings per share**

No diluted EPS was required to be calculated for the year ended 30 June 2019 since there was no scope for dilution of shares.

**33 Financial risk management**

The Group has exposure to the following risks arising from financial instruments:

- Credit risk (see 33 (ii));
- Liquidity risk (see 33(iii)); and
- Market risk (see 33(iv)).

**(i) Risk management framework**

The Company's management has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

**(ii) Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Company's exposure to credit risk primarily relates to trade receivables and balance with banks including short and long term deposits.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The maximum exposure to credit risk is represented by the carrying amount of financial asset in the statement of financial position.

**(a) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

<i>In Taka</i>	<i>Note</i>	Carrying amount	
		30 June 2019	30 June 2018
Trade receivables	12(a)	1,861,263,656	1,471,631,279
Other receivables	13	41,673,512	26,004,265
Inter-company receivables	14(a)	3,658,384	490,417,631
Deposits	15(a)	29,797,266	28,583,993
Bank balances	16(a)	176,188,974	100,666,989
		2,112,581,792	2,117,304,157

At reporting date, the maximum exposure to credit risk for trade and other receivables by geographic regions was as follows:

<i>In Taka</i>	Carrying amount	
	30 June 2019	30 June 2018
Bangladesh	1,863,557,107	1,472,548,104
India	39,380,061	25,087,440
	1,902,937,168	1,497,635,544

**(b) Ageing of trade receivables**

The aging of trade receivables at reporting date was as follows:

<i>In Taka</i>	Carrying amount	
	30 June 2019	30 June 2018
Neither past due nor impaired	1,126,256,614	885,082,002
Past due 1 - 90 days	271,802,571	217,866,451
Past due 91 - 120 days	134,653,453	92,354,328
Past due 121 - 180 days	98,138,610	50,946,672
Past due 181 - 365 days	69,338,906	55,502,112
Past due 366 - 730 days	38,583,637	53,733,018
Past due 731 plus days	122,489,865	116,146,696
	<b>1,861,263,656</b>	<b>1,471,631,279</b>

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectable in full, based on historical payment behaviour and extensive analysis of the customer credit risk, including underlying customers' credit rating if they are applicable.

The movement in the allowance for impairment in respect of receivables during the year was as follows:

<i>In Taka</i>	<i>Note</i>	30 June 2019	30 June 2018
Opening balance	12(a)	111,063,899	136,971,225
Impairment loss recognised		32,776,937	16,006,533
Amounts written off/ write in		(923,892)	(41,913,859)
Closing balance		<b>142,916,944</b>	<b>111,063,899</b>



(iii)

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Group aims to maintain the level of its cash and cash equivalents and other investments at amounts in excess of expected cash outflows on financial liabilities. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

30 June 2019 In Taka	Note	Carrying amount	Contractual cash flows					
			Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
Employee benefits	18	43,494,776	43,494,776	-	-	-	-	43,494,776
Bank overdrafts	20	128,758,666	128,758,666	128,758,666	-	-	-	-
Loans and borrowings	21(a)	1,825,021,499	1,825,021,499	346,397,393	1,478,624,106	-	-	-
Trade payables	22(a)	97,424,470	97,424,470	97,424,470	-	-	-	-
Other payables	23(a)	249,643,994	249,643,994	31,924,332	217,719,662	-	-	-
Inter-company payables	24	1,146,287,405	1,146,287,405	-	1,146,287,405	-	-	-
		3,490,630,810	3,490,630,810	604,504,861	2,842,631,173	-	-	43,494,776
Derivative financial liabilities		-	-	-	-	-	-	-
		3,490,630,810	3,490,630,810	604,504,861	2,842,631,173	-	-	43,494,776
<b>30 June 2018</b>								
		Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
Employee benefits	18	39,179,275	39,179,275	-	-	-	-	39,179,275
Bank overdrafts	20	163,497,501	163,497,501	163,497,501	-	-	-	-
Loans and borrowings	21(a)	2,746,378,692	2,746,378,692	-	2,746,378,692	-	-	-
Trade payables	22(a)	132,432,664	132,432,664	132,432,664	-	-	-	-
Other payables	23(a)	197,588,908	197,588,908	60,177,180	137,411,728	-	-	-
Inter-company payables	24	-	-	-	-	-	-	-
		3,279,077,040	3,279,077,040	356,107,345	2,883,790,420	-	-	39,179,275
Derivative financial liabilities		-	-	-	-	-	-	-
		3,279,077,040	3,279,077,040	356,107,345	2,883,790,420	-	-	39,179,275

(iv) **Market risk**

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) **Currency risk**

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases are denominated and the respective functional currency of the Company. The functional currency of the Company is Bangladesh Taka (Taka/TK/BDT). The foreign currency in which these transactions are denominated is US Dollar (USD).

**Exposure to currency risk**

The summary quantitative data about the Company's exposure to currency risk as at balance sheet date was as follows.

<i>In USD</i>	30 June 2019	30 June 2018
Cash at bank	241,198	204,641
Loans and borrowings	(3,851,956)	(10,547,917)
	(3,610,758)	(10,343,276)

The following significant exchange rates have been applied during the year:

<i>In Taka</i>	30 June 2019		30 June 2018	
	Average rate	Year-end spot rate	Average rate	Year-end spot rate
USD	84.13	84.50	82.53	83.75

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of foreign currency against functional currency at 30 June would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignore any impact of forecast sales and purchase.

<i>Effect in Taka</i>	Profit/(loss)		Equity, net of tax increase/(decrease)	
	Strengthening	Weakening	Strengthening	Weakening
30 June 2019				
USD (5% movement)	15,187,749.41	(15,187,749)	15,187,749	(15,187,749)
30 June 2018				
USD (5% movement)	42,678,944	(42,678,944)	42,678,944	(42,678,944)

**b) Interest rate risk**

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The Company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

**Exposure to interest rate risk**

The interest rate profile of the Company's interest-bearing financial instruments as at balance sheet date is as follows.

<i>In Taka</i>	<i>Note</i>	<i>Nominal Amount</i>	
		30 June 2019	30 June 2018
<b>Fixed rate instruments</b>			
<i>Financial assets</i>			
Investment in FDR	9(a)	35,719,438	33,072,743
<i>Financial liabilities</i>			
Bank overdrafts	20	(128,758,666)	(163,497,501)
Loans and borrowings	21(a)	(1,499,531,220)	(1,862,990,643)
		(1,592,570,448)	(1,993,415,401)
<b>Variable rate instruments</b>			
<i>Financial assets</i>			
Loans to Advance Chemical Industries Limited		3,658,384	486,991,754
<i>Financial liabilities</i>			
Offshore loan		(325,490,279)	(883,388,049)
Loans from Advance Chemical Industries Limited		(1,146,287,405)	-
		(1,468,119,300)	(396,396,295)





**34 Commitments and contingencies**

**34.1 Commitments**

On the statement of financial position date, the Company is enjoying unfunded credit facilities from the following banks:

<i>In Taka</i>	30 June 2019	30 June 2018
<b>a) Revenue expenditure (Letters of credit)</b>		
Commercial Bank of Ceylon PLC	155,416,161	100,797,229
The City Bank Limited	847,312	14,428,976
BRAC Bank Limited	35,288,690	374,229,873
Prime Bank Limited	-	4,419,874
	<b>191,552,163</b>	<b>493,875,952</b>
<b>b) Capital expenditure</b>		
Approved and contracted for	18,468,390	145,404,227
	<b>18,468,390</b>	<b>145,404,227</b>

**34.2 Contingent liabilities**

<i>In Taka</i>	30 June 2019	30 June 2018
<b>Bank guarantee</b>		
HSBC	1,581,679	1,581,679
Pubali Bank Limited	20,300,000	-
BRAC Bank	24,562,358	37,544,393
	<b>46,444,037</b>	<b>39,126,072</b>
<b>Performance guarantee</b>		
Standard Chartered Bank	15,585,398	15,585,397
	<b>15,585,398</b>	<b>15,585,397</b>
	<b>62,029,435</b>	<b>54,711,469</b>

**35 Production capacity**

The production status (business wise) for the year ended 30 June 2019 are as follows:

Business Segment	Capacity	Unit	Actual	% of utilisation
Crop Care and Public Health	25,800	M Ton	10,905	42.27
Mosquito Coil	1,098,000	Carton	128,237	11.68
Aerosol	11,400,000	Can	5,632,517	49.41
Vanish	12,000,000	Can	1,191,494	9.93
Paint	3,000	M Ton	1,696	56.55

The production status (business wise) for the year ended 30 June 2018 were as follows:

Business Segment	Capacity	Unit	Actual	% of utilisation
Crop Care and Public Health	25,800	M Ton	13,652	52.91
Mosquito Coil	1,098,000	Carton	406,268	37.00
Aerosol	11,400,000	Can	9,166,362	80.41
Vanish	12,000,000	Can	1,849,570	15.41
Paint	3,000	M Ton	1,247	41.57

36 Related parties

a) Parent and ultimate controlling party

ACI Limited holds 53.48% shares in the Company. As a result, the ultimate controlling party of the Company is ACI Limited.

b) Transactions with key management personnel

(i) Loans to directors

During the year, no loan was given to the directors of the Company.

(ii) Key management personnel compensation

Key management personnel compensation comprised the followings:

In Taka	For the year ended 30 June 2019	For the year ended 30 June 2018
Salary	7,519,050	8,467,878
Benefits	5,554,048	5,858,836
	13,073,098	14,326,714

Company's key management personnel includes the Company's directors. Compensation includes salaries, non-cash benefits, and contributions to a post employment defined benefit plan.

c) Other related party transactions

Name of the parties	Relationship	Nature of transaction	Transaction value (Taka)		Outstanding balance at	
			30 June 2019	30 June 2018	30 June 2019	30 June 2018
ACI Limited	Holding company	Working capital financing	1,611,766,128	(522,173,869)	(1,146,287,405)	465,478,723
Neem Laboratories (Pvt) Ltd	Subsidiary company	Working capital financing	28,153,892	(11,203,015)	22,983,074	51,136,966
Premiatflex Plastics Limited	Sister concern	Purchase of products	73,236,746	81,610,298	-	-
		Payment against purchase	(69,101,683)	(71,428,376)	(4,135,063)	(10,181,922)



**37 Other disclosures**

**37.1 Number of employees**

At 30 June 2019, number of regular employees receiving remuneration of Tk. 36,000 or above per annum was 1,361 (30 June 2018: 1,785).

**37.2 Comparatives**

Previous year's figures have been rearranged, whenever considered necessary to conform to the current year's presentation.

More specifically, during the year amongst others effect of foreign exchange rate changes amounting to Tk. 168,263, has been presented under opening cash and cash equivalents in the Statement of cash flows in the financial statements of the Company. In the comparative this figure was presented on net-off basis with the interest paid figure in the operating activities section of the Statement of cash flows. Due to rearrangement of effect of foreign exchange rate changes, comparatives of the Company has been changed and consequently, comparatives of the consolidated financial statements of ACI Formulations Limited has been rearranged with the corresponding impact on the value of consolidated interest paid and effect of foreign exchange rate changes, as well as the amount of net cash (used in)/from operating activities and net increase/(decrease) in cash and cash equivalents. The rearrangement in the comparative reconciliation of net operating cash flow of the Company (Note - 16.3) and the Group (Note - 16.3(a)) has also been met. Thus, the net operating cash flows per share reported in the comparative has changed at both the Company and the Group level from Tk. (2.73) and Tk. (3.05) respectively to Tk. (2.74) and Tk. (3.06). Note that this rearrangement does not have any impact on the comparative closing cash and cash equivalents reported by the Company and the Group on 30 June 2018.

**37.3 Subsequent events**

The Board of Directors in their meeting held on 24 October 2019 have recommended cash dividend at 35% per share of Taka 10 each aggregating to Taka 157,500,000 for the year ended 30 June 2019 subject to approval of the shareholders' in the Annual General Meeting scheduled to be held on 23 December 2019. The financial statements for the year ended 30 June 2019 do not include the effect of the cash dividend which will be accounted for in the period when shareholders' right to receive payment is established.

There are no other events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.

**38 Name of auditors of the group companies**

<b>Name of the company</b>	<b>Status of the company</b>	<b>Name of auditors</b>
Neem Laboratories (Pvt.) Ltd	Subsidiary	Shiraz Khan Basak & Co.