



UN-AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER (Q2) ENDED 31 DECEMBER 2018

In compliance with the Listing Regulations 2015 of the Stock exchanges, we are pleased to publish the un-audited Consolidated Financial Statements for the Second Quarter ended 31 December 2018 of Advanced Chemical Industries Limited along with requisite comparative financial indicators, as adopted by the Board of Directors in its 186th meeting held on Monday, 28 January 2019 at 3:45 pm at ACI Centre. The detail financial statements have duly been dispatched to the Bangladesh Securities and Exchange Commission as well as Stock Exchanges.

Consolidated statement of financial position (Un-audited)

	Figures in '000' Taka	
	As at 31 December 2018	As at 30 June 2018
Assets		
Property, plant and equipment	24,455,115	23,017,049
Equity-accounted investees	1,192,576	1,143,315
Other investments	864,986	735,340
Intangible assets	110,093	118,238
Non-current assets	26,622,770	25,013,941
Inventories	12,378,451	11,792,578
Trade receivables	13,403,959	10,963,330
Other receivables	675,975	1,099,973
Inter-company receivables	57,576	10,908
Advances, deposits and prepayments	5,120,998	4,433,434
Cash and cash equivalents	1,777,370	2,131,550
Current assets	33,414,329	30,431,774
Total assets	60,037,098	55,445,715
Equity		
Share capital	498,895	482,024
Share premium	402,310	402,310
Reserves	4,855,988	4,744,428
Retained earnings	4,855,686	5,451,050
Equity attributable to the owners of the company	10,612,879	11,079,813
Non-controlling interest	(184,020)	(59,419)
Total equity	10,428,859	11,020,394
Liabilities		
Employee benefits	1,082,397	994,108
Long term borrowings	7,899,541	7,972,367
Deferred tax liabilities	334,880	378,991
Non-current liabilities	9,316,819	9,345,466
Bank overdraft	4,150,653	4,159,154
Loans and borrowings	24,502,378	21,933,605
Trade payables	3,364,770	2,252,947
Other payables	4,768,206	3,924,142
Current tax liability	3,505,414	2,810,007
Current liabilities	40,291,421	35,079,855
Total liabilities	49,608,240	44,425,321
Total equity and liabilities	60,037,098	55,445,715
Net asset value (NAV) per share	212.73	222.09

Consolidated statement of profit or loss (Un-audited)

	Figures in '000' Taka			
	For the half year from July to December 2018		For the 2nd Quarter from October to December 2017	
Revenue	30,838,075	28,333,311	16,206,210	15,685,187
Cost of sales	(21,678,561)	(20,027,913)	(11,467,924)	(11,119,268)
Gross profit	9,159,513	8,305,398	4,738,285	4,565,920
Administrative, selling and distribution expenses	(7,103,474)	(6,422,676)	(3,583,414)	(3,323,110)
Other income/(loss)	74,092	48,121	(32,131)	(4,601)
Operating profit	2,130,132	1,930,843	1,122,741	1,238,208
Share of profit of equity accounted investees	49,261	61,859	27,291	12,004
Net finance costs	(1,474,950)	(935,138)	(767,135)	(502,150)
Profit before contribution to WPPF	704,443	1,057,564	382,898	748,063
Contribution to WPPF	(91,548)	(91,665)	(53,676)	(62,605)
Profit before tax	612,895	965,900	329,222	685,459
Income tax expense	(638,557)	(579,006)	(383,655)	(384,104)
Profit after tax	(25,663)	386,894	(54,434)	301,355
Profit attributable to:				
Equity holders of the company	22,118	384,975	(38,770)	271,355
Non-controlling interests	(47,816)	1,919	(15,663)	30,000
Profit after tax	(25,663)	386,894	(54,434)	301,355
Earnings per share				
Basic earnings per share (EPS)	0.44	7.72	(0.78)	5.44

Consolidated statement of profit or loss and other comprehensive income (Un-audited)

	Figures in '000' Taka			
	For the half year from July to December 2018		For the 2nd Quarter from October to December 2017	
Profit after tax	(25,663)	386,894	(54,434)	301,355
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Change in fair value of available-for-sale financial assets	123,917	231,113	(17,513)	93,437
Income tax on other comprehensive income	(12,392)	(23,111)	1,751	(9,344)
Other comprehensive income, net of tax	111,525	208,002	(15,761)	84,093
Total comprehensive income	85,862	594,895	(70,195)	385,448
Total comprehensive income attributable to:				
Equity holders of the Company				
Profit after tax	22,118	384,975	(38,770)	271,355
Other comprehensive income	111,560	208,011	(15,726)	84,093
	133,678	592,986	(54,497)	355,448
Non-controlling interest				
Profit after tax	(47,816)	1,919	(15,663)	30,000
Other comprehensive income	(35)	(9)	(35)	-
	(47,816)	1,910	(15,698)	30,000
Total comprehensive income	85,862	594,895	(70,195)	385,448

Consolidated statement of cash flows (Un-audited)

	Figures in '000' Taka	
	For the half year from July to December 2018	July to December 2017
Cash flows from operating activities		
Cash receipts from customers and others	28,834,094	25,891,525
Cash paid to suppliers and employees	(28,068,425)	(26,947,638)
Cash generated from operating activities	765,669	(1,056,112)
Paid to WPPF	(41,336)	(68,150)
Finance costs paid	(1,472,417)	(940,010)
Income tax paid	(477,286)	(439,135)
	(1,991,039)	(1,447,296)
Net cash from/(used in) operating activities	(1,225,370)	(2,503,408)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(572,687)	(926,824)
Payments for capital work in progress	(1,293,352)	(753,633)
Sale proceeds from property, plant and equipment	770	231
Sale proceeds of Brands	540,300	403,900
Dividend received	2,856	3,364
Subsidiary amount included upon control established	11,525	21,038
Investment	557	211
Net cash used in investing activities	(1,310,031)	(1,251,713)
Cash flows from financing activities		
Inter-company debts received/(paid)	46,668	40,837
Dividend paid	(739)	(416)
Paid as dividend to non-controlling interest	1,190	-
Short-term bank loan received/(paid)	2,215,652	1,721,782
Long-term bank loan received/(paid)	(72,826)	1,171,943
Net cash from financing activities	2,189,945	2,934,145
Net increase/(decrease) in cash and cash equivalents	(345,456)	(820,975)
Cash and cash equivalents at 1 July	(2,027,603)	(184,983)
Effect of movements in exchange rates on cash held	(224)	1,111
Cash and cash equivalents at 31 December	(2,373,283)	(1,004,847)
Closing balance represents		
Cash and cash equivalents	1,777,370	2,518,333
Bank overdraft	(4,150,653)	(3,523,180)
	(2,373,283)	(1,004,847)
Net operating cash flows per share (NOCFPS)	(24.56)	(50.18)

Consolidated statement of changes in equity (Un-audited)

	Figures in '000' Taka									
	For the half year from July 2018 to December 2018									
	Attributable to owner of the Company								Non-controlling Interests	Total equity
	Share capital	Share premium	Capital reserve	Available for sale reserve	Revaluation reserve	Retained earnings	Total			
Balance at 1 July 2018	482,024	402,310	1,671	464,823	4,277,934	5,451,050	11,079,813	(59,419)	11,020,394	
Total comprehensive income										
Profit after tax	-	-	-	-	-	22,118	22,118	(47,816)	(25,663)	
Other comprehensive income-net of tax	-	-	-	111,560	-	-	111,560	(35)	111,525	
Total comprehensive income	-	-	-	111,560	-	22,118	133,678	(47,816)	85,862	
Transaction with owners of the Company										
Share premium	-	-	-	-	-	-	-	-	-	
Stock dividend for 2017-18	16,871	-	-	-	-	(16,871)	-	-	-	
Cash dividend for 2017-18	-	-	-	-	-	(554,328)	(554,328)	(73,269)	(627,597)	
Adjustment for control established in Subsidiary	-	-	-	-	-	(46,283)	(46,283)	(3,517)	(49,800)	
Total transactions with owners of the Company	16,871	-	-	-	-	(617,482)	(600,611)	(76,786)	(677,397)	
Balance at 31 December 2018	498,895	402,310	1,671	576,383	4,277,934	4,855,686	10,612,879	(184,020)	10,428,859	
	For the half year from July 2017 to December 2017									
	Attributable to owner of the Company								Non-controlling Interests	Total equity
Share capital	Share premium	Capital reserve	Available for sale reserve	Revaluation surplus	Retained earnings	Total				
Balance at 1 July 2017	438,204	402,310	1,671	300,304	4,277,934	5,153,138	10,573,562	65,498	10,639,060	
Total comprehensive income										
Profit after tax	-	-	-	-	-	384,975	384,975	1,919	386,894	
Other comprehensive income-net of tax	-	-	-	208,011	-	-	208,011	(9)	208,002	
Total comprehensive income	-	-	-	208,011	-	384,975	592,986	1,910	594,895	
Transaction with owners of the Company										
Share premium	-	-	-	-	-	-	-	-	-	
Stock dividend for 2016-17	43,820	-	-	-	-	(43,820)	-	-	-	
Final cash dividend for 2016-17	-	-	-	-	-	(175,282)	(175,282)	(31,401)	(206,683)	
Adjustment for control established in Subsidiary	-	-	-	-	-	(29,905)	(29,905)	(2,272)	(32,177)	
Total transactions with owners of the company	43,820	-	-	-	-	(249,007)	(205,187)	(33,673)	(238,860)	
Balance at 31 December 2017	482,024	402,310	1,671	508,315	4,277,934	5,289,106	10,961,361	33,735	10,995,095	

Explanatory Notes to the Financial Statements as at and for the Second Quarter (Q2) ended 31 December 2018 for reasons of Significant Deviations

As a stand-alone Company and a Group, ACI has a decent growth in Revenue both in Separate (6%) and Consolidated (9%) Financial Statements over the same period of last year (SPLY) which is reflected from the Separate and Consolidated Statement of Profit or Loss. Resultant Operating Profit both for Company and Group were quite higher in the reported financial period over the SPLY. However, as a Group, the Company has registered a significant de-growth in Consolidated Profit After Tax (PAT) during the reported financial period over the SPLY despite a decent growth in the Separate PAT.

The major reasons for de-growth of the Consolidated PAT considering it as the significant deviation from the same period of previous year are as follows:

Issue – 1: Currency devaluation:

Currency devaluation impacted heavily during the reported financial period and affected almost all the businesses of the Group due to higher dependency on import of raw materials, packing materials and finished goods.

Issue – 2: Interest rate increase:

Interest rate has started to pick-up significantly from the second quarter of FY 2017-18 resulting into a huge impact on the profitability of the Group since then to date.

Issue – 3: Decrease in share of profit from JVs and associates:

Profit share from joint ventures has decreased by 20% of the SPLY.

Issue – 4: Purchase rate variance due to international price hike:

During the reported financial period, we had to face the price hike of raw materials, packing materials and finished goods due to unfavorable price fluctuations in the global market in different sectors.

Issue – 5: High income tax expenses:

During the period under consideration, income tax expenses were significantly higher comparing to SPLY due to the adverse & pervasive impact of treatment of minimum tax as the final tax resulting in significantly higher effective tax rate for the Group.

Chairman

Managing Director

Director

Chief Financial Officer

Company Secretary