

ACI Formulations Limited

1st Quarter Report 2017-2018

ACI Formulations Limited

Statement of financial position
Unaudited

Figures in "000"

<i>In Taka</i>	Note	As at 30 September 2017	As at 30 June 2017
Assets			
Property, plant and equipment	5	1,787,586	1,792,755
Investments	6	7,067	7,067
Non-current assets		1,794,653	1,799,822
Inventories	7	1,445,753	1,384,424
Trade receivables	8	1,334,122	1,326,720
Other receivables		11,035	7,096
Inter-company receivables	9	40,035	39,934
Advances, deposits and prepayments	10	438,554	399,977
Cash and cash equivalents		196,206	138,355
Current assets		3,465,705	3,296,506
Total assets		5,260,358	5,096,328
Equity			
Share capital		450,000	450,000
Reserves		1,136,393	1,136,393
Retained earnings		873,024	868,405
Total equity		2,459,417	2,454,798
Liabilities			
Employee benefits	11	31,054	30,560
Deferred tax liabilities		52,786	51,789
Non-current liabilities		83,840	82,349
Bank overdrafts		117,969	85,844
Loans and borrowings		2,088,595	1,875,875
Trade payables		68,929	56,095
Other payables	12	195,661	256,273
Inter-company payables	13	16,881	56,695
Provision for tax		229,067	228,399
Current liabilities		2,717,102	2,559,181
Total liabilities		2,800,941	2,641,530
Total equity and liabilities		5,260,358	5,096,328
Net asset value (NAV) per share		54.65	54.55


Chairman


Managing Director


Director


Chief Financial Officer


Company Secretary

ACI Formulations Limited

Statement of profit or loss and other comprehensive income
Unaudited

Figures in "000"

<i>In Taka</i>	Note	For the 1st quarter ended 30 September	
		2017	2016
Revenue	14	656,638	691,787
Cost of sales	15	(481,946)	(504,651)
Gross profit		174,692	187,136
Other income		1,510	817
Administrative, selling and distribution expenses	16	(145,439)	(128,541)
Operating profit		30,763	59,412
Finance costs, net		(24,148)	(14,438)
Profit before contribution to WPPF		6,615	44,974
Contribution to WPPF		(331)	(2,249)
Profit before tax		6,284	42,725
Tax expenses		(1,665)	(12,284)
Profit after tax		4,619	30,441
Other comprehensive income		-	-
Total comprehensive income		4,619	30,441
Earnings per share			
Basic earnings per share (BEPS)		0.10	0.68


Chairman


Managing Director


Director


Chief Financial Officer


Company Secretary

ACI Formulations Limited
Statement of changes in equity
Unaudited

Figures in "000"

<i>In Taka</i>	For the 1st quarter ended 30 September 2017			
	Attributable to owner of the Company			
	Share capital	Revaluation reserve	Retained earnings	Total
Balance at 1 July 2017	450,000	1,136,393	868,405	2,454,798
Total comprehensive income				
Profit for the period	-	-	4,619	4,619
Total comprehensive income	-	-	4,619	4,619
Transactions with owners of the company				
Contributions and distributions				
Issue of bonus shares	-	-	-	-
Dividends	-	-	-	-
Total transactions with owners of the company	-	-	-	-
Balance at 30 September 2017	450,000	1,136,393	873,024	2,459,417

<i>In Taka</i>	For the 1st quarter ended 30 September 2016			
	Attributable to owner of the Company			
	Share capital	Revaluation reserve	Retained earnings	Total
Balance at 1 July 2016	450,000	1,136,393	696,968	2,283,361
Total comprehensive income				
Profit for the period	-	-	30,441	30,441
Total comprehensive income	-	-	30,441	30,441
Transactions with owners of the company				
Contributions and distributions				
Issue of bonus shares	-	-	-	-
Dividends	-	-	-	-
Total transactions with owners of the company	-	-	-	-
Balance at 30 September 2016	450,000	1,136,393	727,409	2,313,802

ACI Formulations Limited

Statement of cash flows
Unaudited

Figures in "000"

<i>In Taka</i>	For the 1st quarter ended 30 September	
	2017	2016
Cash flows from operating activities		
Cash received from customers	662,360	599,367
Cash received from other income	1,510	817
	663,870	600,184
Cash received/(paid) from/(for):		
Purchase of inventory	(520,527)	(410,100)
Other receivables	(3,939)	(4,949)
Operating expenses	(220,378)	(167,701)
Other payables	4,231	(26,483)
Advances, deposits and prepayments	(16,557)	(6,120)
	(757,170)	(615,352)
Cash generated from operations	(93,300)	(15,167)
Finance costs	(23,567)	(18,159)
Income tax expense	(22,020)	(15,732)
	(45,587)	(33,891)
Net cash from operating activities	(138,887)	(49,058)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(8,185)	(3,649)
Net cash used in investing activities	(8,185)	(3,649)
Cash flows from financing activities		
Inter-company debts received/(paid)	(39,916)	(247,813)
Proceeds from loans and borrowings	212,719	371,279
Dividends paid	(5)	(65,658)
Net cash from financing activities	172,798	57,808
Net increase in cash and cash equivalents	25,726	5,101
Cash and cash equivalents as at 1 July	52,511	43,730
Cash and cash equivalents as at 30 September	78,237	48,831
Net operating cash flow per share (NOCFPS)	(3.09)	(1.09)

ACI Formulations Limited

Consolidated Statement of Financial Position
Unaudited

Figures in "000"

<i>In Taka</i>	Note	As at 30 September 2017	As at 30 June 2017
Assets			
Property, plant and equipment	5(a)	1,790,296	1,795,621
Investments	6(a)	3,119	3,119
Intangible assets		5,148	5,148
Non-current assets		1,798,563	1,803,888
Inventories	7(a)	1,460,779	1,397,199
Trade receivables	8(a)	1,348,639	1,339,390
Other receivables		10,662	7,088
Advances, deposits and prepayments	10(a)	442,454	404,723
Cash and cash equivalents		206,737	150,743
Current assets		3,469,271	3,299,143
Total assets		5,267,834	5,103,031
Equity			
Share capital		450,000	450,000
Reserves		1,136,393	1,136,393
Retained earnings		864,289	859,293
Equity attributable to the owners of the Company		2,450,682	2,445,686
Non controlling interest		(202)	(210)
Total equity		2,450,480	2,445,476
Liabilities			
Employee benefits	11	31,054	30,560
Deferred tax liabilities		52,179	51,202
Non-current liabilities		83,233	81,762
Bank overdrafts		117,970	85,844
Loans and borrowings		2,097,504	1,881,364
Trade payables		75,570	66,025
Other payables	12(a)	196,807	257,188
Inter-company payables	13	16,881	56,695
Provision for tax		229,390	228,677
Current liabilities		2,734,122	2,575,793
Total liabilities		2,817,354	2,657,555
Total equity and liabilities		5,267,834	5,103,031
Net asset value (NAV) per share		54.46	54.35



Chairman



Managing Director



Director



Chief Financial Officer



Company Secretary

ACI Formulations Limited

Consolidated statement of profit or loss and other comprehensive income
Unaudited

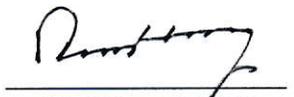
Figures in "000"

<i>In Taka</i>	Note	For the 1st quarter ended 30 September	
		2017	2016
Revenue	14(a)	664,018	694,969
Cost of sales	15(a)	(488,491)	(507,470)
Gross profit		175,527	187,499
Other income		1,510	817
Administrative, selling and distribution expenses	16(a)	(145,642)	(128,712)
Operating profit		31,395	59,604
Finance costs, net		(24,370)	(14,517)
Profit before contribution to WPPF		7,025	45,087
Contribution to WPPF		(331)	(2,249)
Profit before tax		6,694	42,838
Income tax expenses		(1,690)	(12,325)
Profit after tax		5,004	30,513
Other comprehensive income		-	-
Total comprehensive income		5,004	30,513
Total comprehensive income attributable to:			
Owners of the Company		4,996	30,512
Non controlling interest		8	1
		5,004	30,513
Earnings per share			
Basic earnings per share (BEPS)		0.11	0.68


Chairman


Managing Director


Director


Chief Financial Officer


Company Secretary

ACI Formulations Limited

Consolidated statement of changes in equity
Unaudited

Figures in "000"

<i>In Taka</i>	For the 1st quarter ended 30 September 2017					
	Attributable to owner of the Company			Total	Non-controlling interests	Total equity
	Share capital	Revaluation reserve	Retained earnings			
Balance as at 1 July 2017	450,000	1,136,393	859,293	2,445,686	(210)	2,445,476
Total comprehensive income						
Profit for the period	-	-	4,996	4,996	8	5,004
Total comprehensive income	-	-	4,996	4,996	8	5,004
Transactions with owners of the company						
Contributions and distributions						
Dividends paid	-	-	-	-	-	-
Total transactions with owners of the company	-	-	-	-	-	-
Balance as at 30 September 2017	450,000	1,136,393	864,289	2,450,682	(202)	2,450,480

<i>In Taka</i>	For the 1st quarter ended 30 September 2016					
	Attributable to owner of the Company			Total	Non-controlling interests	Total equity
	Share capital	Revaluation reserve	Retained earnings			
Balance as at 1 July 2016	450,000	1,136,393	686,155	2,272,548	(232)	2,272,316
Total comprehensive income						
Profit for the period	-	-	30,512	30,512	1	30,513
Total comprehensive income	-	-	30,512	30,512	1	30,513
Transactions with owners of the company						
Contributions and distributions						
Dividends paid	-	-	-	-	-	-
Total transactions with owners of the company	-	-	-	-	-	-
Balance as at 30 September 2016	450,000	1,136,393	716,667	2,303,060	(231)	2,302,829

ACI Formulations Limited
Consolidated statement of cash flows
Unaudited

Figures in "000"

<i>In Taka</i>	For the 1st quarter ended 30 September	
	2017	2016
Cash flows from operating activities		
Cash received from customers	667,893	600,843
Cash received from other income	1,510	817
	669,403	601,660
Cash received/(paid) from/(for):		
Purchase of inventory	(532,146)	(413,579)
Other receivables	(3,939)	(4,949)
Operating expenses	(220,195)	(167,024)
Other payables	4,231	(26,483)
Advances, deposits and prepayments	(15,711)	(5,873)
	(767,760)	(617,908)
Cash generated from operations	(98,357)	(16,248)
Finance costs	(23,790)	(18,238)
Income tax expense	(22,020)	(15,732)
	(45,810)	(33,970)
Net cash from operating activities	(144,167)	(50,218)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(8,185)	(3,719)
Net cash used in investing activities	(8,185)	(3,719)
Cash flows from financing activities		
Inter-company debts received/(paid)	(39,916)	(247,813)
Proceeds from loans and borrowings	216,140	372,108
Dividends paid	(5)	(65,658)
Net cash from financing activities	176,219	58,637
Net increase in cash and cash equivalents	23,867	4,700
Cash and cash equivalents as at 1 July	64,900	46,112
Cash and cash equivalents as at 30 September	88,767	50,812
Net operating cash flow per share (NOCFPS)	(3.20)	(1.12)

ACI Formulations Limited

Notes to the financial statements as at and for the 1st quarter ended on 30 September 2017 Unaudited

1. Company profile:

ACI Formulations Limited, a subsidiary of Advanced Chemical Industries Limited, domiciled in Bangladesh. The company's shares are listed with both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The Principal activities of the company are manufacturing and marketing of a number of agrochemical, consumer brand and paint products.

2. Subsidiaries of ACI Formulations Limited:

ACI Formulations Limited has one subsidiary namely Neem Laboratories (Pvt.) Ltd, engaged in manufacturing and marketing of herbal products . ACI Formulations Limited through its voting rights controls the operating and financing activities of this entity.

3. Consolidated Financial statements:

In addition to the separate financial statements, the consolidated financial statements of the company have been prepared and included in this interim financial report as per BFRS 10: Consolidated Financial Statements. In separate Financial Statements, investment in subsidiaries has been carried at cost as per BAS 27: Separate Financial Statements.

4. Selected explanatory notes:

These financial statements have been prepared in line with Accounting Policies as adopted in the preparation of financial statements for the year ended 30 June 2017. This interim financial report includes only those selected explanatory notes as were deemed appropriate for better understanding of unaudited financial statements.

	<u>Figures in '000'</u>	
	<u>30- Sep -17</u>	<u>30-June -17</u>
	<u>Taka</u>	<u>Taka</u>
5 Property, plant & equipment		
Opening balance	1,874,372	1,764,786
Addition during the period/year	9,456	109,586
Adjsutment/Disposal for the year/period	-	-
	<u>1,883,828</u>	<u>1,874,372</u>
Accumulated depreciation at the end of period/year	(96,242)	(81,617)
Adjsutment/Disposal for the year/period	-	-
Closing balance	<u><u>1,787,586</u></u>	<u><u>1,792,755</u></u>

	<u>30- Sep -17</u>	<u>30-June -17</u>
	<u>Taka</u>	<u>Taka</u>
5(a) Property, plant & equipment		
Opening balance	1,879,332	1,769,517
Addition during the period/year	9,456	109,815
	<u>1,888,788</u>	<u>1,879,332</u>
Accumulated depreciation at the end of period/year	(98,492)	(83,711)
Closing balance	<u><u>1,790,296</u></u>	<u><u>1,795,621</u></u>
6. Investments		
Investment in subsidiaries	3,948	3,948
Investment in FDR	3,044	3,044
Investment in shares of ACI Motors Limited	75	75
	<u>7,067</u>	<u>7,067</u>
6(a) Consolidated investments		
Investment in FDR	3,044	3,044
Investment in Shares- ACI Motors Limited	75	75
	<u>3,119</u>	<u>3,119</u>
7. Inventories		
Raw and packing materials	518,399	647,622
Work in process	-	739
Finished goods	810,035	660,208
Goods in transit	106,872	63,020
Other inventories	26,900	26,512
Allowances for slow moving inventory	(16,453)	(13,677)
	<u>1,445,753</u>	<u>1,384,424</u>
7(a). Consolidated inventories		
Raw and packing materials	532,183	659,313
Work in process	-	739
Finished goods	810,774	661,200
Stock in transit	107,443	63,180
Other inventories	26,900	26,512
Allowances for slow moving inventory	(16,521)	(13,745)
	<u>1,460,779</u>	<u>1,397,199</u>
8. Trade receivables:		
Other than related parties	1,457,969	1,463,691
	<u>1,457,969</u>	<u>1,463,691</u>
Allowances for doubtful debts	(123,847)	(136,971)
	<u>1,334,122</u>	<u>1,326,720</u>
Below six months	1,202,328	1,023,083
Over six months	255,641	440,608
Allowances for doubtful debts	(123,847)	(136,971)
	<u>1,334,122</u>	<u>1,326,720</u>

	<u>30- Sep -17</u> <u>Taka</u>	<u>30-June -17</u> <u>Taka</u>
8(a). Consolidated trade receivables		
Other than related parties	1,472,486	1,476,361
	<u>1,472,486</u>	<u>1,476,361</u>
Allowances for doubtful debts	(123,847)	(136,971)
	<u>1,348,639</u>	<u>1,339,390</u>
Below six months	1,216,845	1,035,753
Over six months	255,641	440,608
Allowances for doubtful debts	(123,847)	(136,971)
	<u>1,348,639</u>	<u>1,339,390</u>
9 . Inter-company receivables		
Neem Laboratories (Pvt.) Ltd.	40,035	39,934
	<u>40,035</u>	<u>39,934</u>
10. Advances, deposits & prepayments		
Advances:		
Staffs	2,900	3,203
Suppliers	59,045	39,041
VAT current account	6,095	8,827
Advance income tax (Note- 10.1)	305,455	283,434
	<u>373,495</u>	<u>334,505</u>
Deposits:		
Security deposits	12,443	12,408
Bank guarantee margin	50,777	50,777
	<u>63,220</u>	<u>63,185</u>
Prepayments:		
Prepaid expenses	1,839	2,287
	<u>1,839</u>	<u>2,287</u>
	<u>438,554</u>	<u>399,977</u>
10.1 Advance income tax		
Opening balance	283,434	281,452
Paid during the period/year	22,021	134,944
	<u>305,455</u>	<u>416,396</u>
Adjustment during the period/year	-	(132,962)
Closing balance	<u>305,455</u>	<u>283,434</u>

	<u>30- Sep -17</u> <u>Taka</u>	<u>30-June -17</u> <u>Taka</u>
10(a). Consolidated advances, deposits & prepayments		
Advances:		
Staff	2,900	3,203
Suppliers & others	59,743	39,738
VAT current account	6,823	10,401
Advance income tax	306,279	284,259
	<u>375,745</u>	<u>337,601</u>
Deposits:		
Security deposits	12,443	12,408
Bank guarantee margin	50,777	50,777
	<u>63,220</u>	<u>63,185</u>
Prepayments:		
Prepaid expenses	3,489	3,937
	<u>3,489</u>	<u>3,937</u>
	<u>442,454</u>	<u>404,723</u>
11. Employee benefits		
Net defined benefit obligation	25,494	25,100
Other employee benefits	5,560	5,460
	<u>31,054</u>	<u>30,560</u>
12. Other payables		
Creditor for expenses	112,826	178,575
Interest payable	35,309	34,729
Security money payable	10,899	11,299
Unpaid dividend	10,654	10,659
Withholding tax and VAT	6,867	2,236
Provision for workers' profit participation fund	19,106	18,775
	<u>195,661</u>	<u>256,273</u>
12(a). Consolidated other payables		
Creditor for expenses	113,791	179,402
Interest payable	35,309	34,729
Security money payable	10,899	11,299
Unpaid dividend	10,653	10,659
Withholding tax and VAT	7,049	2,324
Provision for workers' profit participation fund	19,106	18,775
	<u>196,807</u>	<u>257,188</u>
13. Inter-company payables		
ACI Limited	16,881	56,695
	<u>16,881</u>	<u>56,695</u>

		1st quarter ended on	
		30-Sep-17	30-Sep-16
		Taka	Taka
14.	Revenue		
	Crop Care & Public Health	347,705	374,807
	Mosquito Coil	100,994	139,766
	Aerosol	115,827	144,997
	Paint & others	92,112	32,217
		<u>656,638</u>	<u>691,787</u>
14(a).	Consolidated revenue		
	Crop Care & Public Health	347,705	374,807
	Mosquito Coil	100,994	139,766
	Aerosol	115,827	144,997
	Paint & others	99,492	35,399
		<u>664,018</u>	<u>694,969</u>
15.	Cost of sales		
	Opening stock	1,308,569	960,359
	Purchase	446,698	294,788
		<u>1,755,267</u>	<u>1,255,147</u>
	Closing stock	(1,328,434)	(801,942)
		<u>426,833</u>	<u>453,205</u>
	Manufacturing expenses	55,113	51,446
		<u>481,946</u>	<u>504,651</u>
15(a).	Consolidated cost of sales		
	Opening stock	1,321,252	969,922
	Purchase	454,739	295,974
		<u>1,775,991</u>	<u>1,265,896</u>
	Closing stock	(1,342,957)	(810,110)
		<u>433,034</u>	<u>455,786</u>
	Manufacturing expenses	55,457	51,684
		<u>488,491</u>	<u>507,470</u>
16.	Administrative, selling and distribution expenses		
	Administrative expenses	24,598	23,207
	Distribution expenses	23,202	12,001
	Selling expenses	97,639	93,334
		<u>145,439</u>	<u>128,541</u>
16(a).	Consolidated administrative, selling and distribution expenses		
	Administrative expenses	24,801	23,378
	Distribution expenses	23,202	12,001
	Selling expenses	97,639	93,334
		<u>145,642</u>	<u>128,712</u>

17. Segment reporting

The Company has three reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Company's CEO reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Company's reportable segments:

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.

Figures in '000'

Particulars	CC & PH		M Coil		Aerosol		Unallocated		Total	
	1st Quarter ended on		1st Quarter ended on		1st Quarter ended on		1st Quarter ended on		1st Quarter ended on	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Segment revenue:										
External revenues	347,705	374,807	100,994	139,766	115,827	144,997	99,492	35,399	664,018	694,969
Inter-segment revenues	-	-	-	-	-	-	-	-	-	-
Total revenue	347,705	374,807	100,994	139,766	115,827	144,997	99,492	35,399	664,018	694,969
Financing costs	(20,517)	(13,448)	-	-	-	-	(3,853)	(1,069)	(24,370)	(14,517)
Depreciation	(7,468)	(6,537)	(5,050)	(4,479)	(1,117)	(1,100)	(1,146)	(680)	(14,781)	(12,796)
Cost of sales excluding depreciation	(216,835)	(205,665)	(87,900)	(127,815)	(106,520)	(135,882)	(66,050)	(27,888)	(477,305)	(497,250)
Operating expenses excluding depreciation	(111,367)	(106,837)	(1,758)	(2,119)	(1,651)	(2,170)	(27,270)	(15,004)	(142,046)	(126,130)
Other income /(expense)	1,078	786	-	-	49	31	383	-	1,510	817
Profit before tax	(7,034)	40,951	5,972	5,085	6,259	5,582	1,498	(8,780)	6,694	42,838
Reportable segment assets	2,707,105	2,499,785	933,963	739,932	611,787	485,348	1,014,979	767,544	5,267,834	4,492,609
Reportable segment liabilities	691,510	897,543	92,678	119,282	171,864	170,794	1,861,302	1,002,161	2,817,354	2,189,780

18. Figures have been rounded off to the nearest '000'. Taka and previous period's figures have been rearranged to conform to current period's presentation.