

ACI Formulations Limited

**3rd Quarter ended Report 2017- 2018
for the nine months period ended on 31 March 2018**

ACI Formulations Limited

Statement of financial position
Unaudited

Figures in "000"

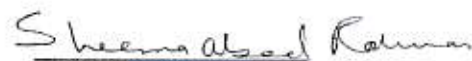
<i>In Taka</i>	Note	As at 31 March 2018	As at 30 June 2017
Assets			
Property, plant and equipment	5	1,791,560	1,792,755
Investments	6	37,067	7,067
Non-current assets		1,828,627	1,799,822
Inventories	7	1,422,853	1,384,424
Trade receivables	8	1,947,725	1,326,720
Other receivables		13,911	7,096
Inter-company receivables	9	208,425	39,934
Advances, deposits and prepayments	10	451,818	399,977
Cash and cash equivalents		216,781	138,355
Current assets		4,261,513	3,296,506
Total assets		6,090,141	5,096,328
Equity			
Share capital		450,000	450,000
Revaluation reserve		1,136,393	1,136,393
Retained earnings		921,681	868,405
Total equity		2,508,074	2,454,798
Liabilities			
Employee benefits	11	32,514	30,560
Deferred tax liabilities		52,422	51,789
Non-current liabilities		84,936	82,349
Bank overdrafts		198,310	85,844
Loans and borrowings		2,754,451	1,875,875
Trade payables		90,307	56,095
Other payables	12	184,129	256,273
Inter-company payables	13	-	56,695
Provision for tax		269,934	228,399
Current liabilities		3,497,131	2,559,181
Total liabilities		3,582,067	2,641,530
Total equity and liabilities		6,090,141	5,096,328
Net asset value (NAV) per share		55.73	54.55


Chairman


Managing Director


Director

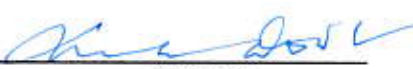

Chief Financial Officer


Company Secretary

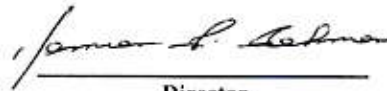
ACI Formulations Limited
Statement of profit or loss and other comprehensive income
Unaudited

Figures in "000" Taka

	Note	For the 3rd quarter ended from		For the 3rd quarter from	
		July 2017 to March 2018	July 2016 to March 2017	January to March 2018	January to March 2017
Revenue	14	3,309,771	2,962,199	1,365,611	1,065,160
Cost of sales	15	(2,436,715)	(2,078,044)	(1,056,666)	(769,541)
Gross profit		873,056	884,155	308,945	295,619
Other income		3,428	3,435	710	1,281
Administrative, selling and distribution expenses	16	(592,395)	(450,418)	(229,265)	(151,459)
Operating profit		284,089	437,172	80,390	145,441
Finance costs		(112,569)	(83,538)	(51,525)	(41,848)
Profit before contribution to WPPF		171,520	353,634	28,865	103,593
Contribution to WPPF		(8,576)	(17,682)	(1,443)	(5,180)
Profit before tax		162,944	335,952	27,422	98,413
Tax expenses		(42,168)	(89,637)	(8,086)	(24,181)
Profit after tax		120,776	246,315	19,336	74,232
Earnings per share					
Basic earnings per share (BEPS)		2.68	5.47	0.43	1.65


 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 3rd quarter ended from July 2017 to March 2018			
	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	-	-	120,776	120,776
Total comprehensive income	-	-	120,776	120,776
Transactions with owners of the company				
Contributions and distributions	-	-	-	-
Final dividend for 2016-17	-	-	(67,500)	(67,500)
Total transactions with owners of the company	-	-	(67,500)	(67,500)
Balance at 31 March 2018	450,000	1,136,393	921,681	2,508,074

<i>In Taka</i>	For the 3rd quarter ended from July 2016 to March 2017			
	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	-	-	246,315	246,315
Total comprehensive income	-	-	246,315	246,315
Transactions with owners of the company				
Contributions and distributions	-	-	-	-
Interim dividend	-	-	(90,000)	(90,000)
Total transactions with owners of the company	-	-	(90,000)	(90,000)
Balance at 31 March 2017	450,000	1,136,393	853,283	2,439,676

ACI Formulations Limited
Statement of cash flows
Unaudited

Figures in "000" Taka

	For the 3rd quarter ended from	
	July 2017 to March 2018	July 2016 to March 2017
Cash flows from operating activities		
Cash received from customers	2,663,354	2,363,272
Cash received from other income	3,428	3,435
	2,666,782	2,366,707
Cash received/(paid) from/(for):		
Purchase of inventory	(2,409,896)	(2,286,237)
Other receivables	(6,815)	(6,301)
Operating expenses	(620,710)	(484,738)
Other payables	15,905	(15,216)
Payment for WPPF	(18,775)	(6,665)
Advances, deposits and prepayments	32,101	(20,963)
	(3,008,190)	(2,820,120)
Cash (used in)/generated from operations	(341,408)	(453,413)
Finance costs	(124,289)	(53,068)
Income tax expense	(83,941)	(98,345)
	(208,231)	(151,413)
Net cash (used in)/ generated from operating activities	(549,639)	(604,826)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(40,611)	(84,742)
Investment in FDR	(30,000)	-
Net cash (used in)/ generated from investing activities	(70,611)	(84,742)
Cash flows from financing activities		
Inter-company debts received/(paid)	(225,186)	(113,580)
Proceeds from loans and borrowings	878,576	948,338
Dividends paid	(67,179)	(155,109)
Net cash (used in)/ generated from financing activities	586,212	679,649
Net increase in cash and cash equivalents	(34,039)	(9,919)
Cash and cash equivalents as at 1 July	52,511	43,730
Cash and cash equivalents as at 31 March*	18,472	33,811
*Closing balance represents		
Cash and cash equivalent	216,781	142,969
Bank overdraft	(198,310)	(109,158)
	18,472	33,811
Net operating cash flow per share (NOCFPS)	(12.21)	(13.44)

ACI Formulations Limited

Consolidated Statement of Financial Position
Unaudited

Figures in "000"


<i>In Taka</i>	Note	As at 31 March 2018	As at 30 June 2017
Assets			
Property, plant and equipment	5(a)	1,793,904	1,795,621
Investments	6(a)	33,119	3,119
Intangible assets		5,148	5,148
Non-current assets		1,832,171	1,803,888
Inventories	7(a)	1,443,642	1,397,199
Trade receivables	8(a)	1,971,567	1,339,390
Other receivables		13,532	7,088
Inter - company receivable	9(a)	156,453	-
Advances, deposits and prepayments	10(a)	454,645	404,723
Cash and cash equivalents		233,893	150,743
Current assets		4,273,732	3,299,143
Total assets		6,105,903	5,103,031
Equity			
Share capital		450,000	450,000
Revaluation reserve		1,136,393	1,136,393
Retained earnings		915,112	859,293
Equity attributable to the owners of the Company		2,501,505	2,445,686
Non controlling interest		(158)	(210)
Total equity		2,501,347	2,445,476
Liabilities			
Employee benefits	11	32,514	30,560
Deferred tax liabilities		51,652	51,202
Non-current liabilities		84,166	81,762
Bank overdrafts		198,310	85,844
Loans and borrowings		2,754,938	1,881,364
Trade payables		110,526	66,025
Other payables	12(a)	184,984	257,188
Inter-company payables	13	-	56,695
Provision for tax		271,633	228,677
Current liabilities		3,520,391	2,575,793
Total liabilities		3,604,557	2,657,555
Total equity and liabilities		6,105,903	5,103,031
Net asset value (NAV) per share		55.59	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" Taka

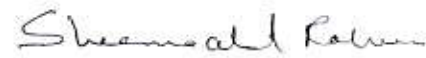
	Note	For the 3rd quarter ended from		For the 3rd quarter from	
		July 2017 to March 2018	July 2016 to March 2017	January to March 2018	January to March 2017
Revenue	14(a)	3,333,354	2,981,302	1,374,964	1,071,592
Cost of sales	15(a)	(2,454,668)	(2,094,199)	(1,062,184)	(774,478)
Gross profit		878,686	887,103	312,780	297,114
Other income		3,428	3,435	710	1,280
Administrative, selling and distribution expenses	16(a)	(593,362)	(451,047)	(229,557)	(151,684)
Operating profit		288,752	439,491	83,933	146,710
Finance costs		(113,399)	(84,042)	(51,931)	(42,034)
Profit before contribution to WPPF		175,353	355,449	32,002	104,676
Contribution to WPPF		(8,576)	(17,682)	(1,443)	(5,180)
Profit before tax		166,777	337,767	30,559	99,496
Income tax expenses		(43,406)	(90,283)	(9,185)	(24,566)
Profit after tax		123,371	247,484	21,374	74,930
Total comprehensive income attributable to:					
Owners of the Company		123,319	247,461	21,333	74,916
Non controlling interest		52	23	41	14
		123,371	247,484	21,374	74,930
Earnings per share					
Basic earnings per share (BEPS)		2.74	5.50	0.47	1.66


 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 3rd quarter ended from July 2017 to March 2018					
	Attributable to owner of the Company				Non-controlling interests	Total equity
	Share capital	Revaluation reserve	Retained earnings	Total		
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	-	-	123,319	123,319	52	123,371
Total comprehensive income	-	-	123,319	123,319	52	123,371
Transactions with owners of the company						
Contributions and distributions						
Final dividend for 2016-17	-	-	(67,500)	(67,500)	-	(67,500)
Total transactions with owners of the company	-	-	(67,500)	(67,500)	-	(67,500)
Balance as at 31 March 2018	450,000	1,136,393	915,112	2,501,505	(158)	2,501,347

<i>In Taka</i>	For the 3rd quarter ended from July 2016 to March 2017					
	Attributable to owner of the Company				Non-controlling interests	Total equity
	Share capital	Revaluation reserve	Retained earnings	Total		
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	-	-	247,461	247,461	23	247,484
Total comprehensive income	-	-	247,461	247,461	23	247,484
Transactions with owners of the company						
Contributions and distributions						
Interim dividend	-	-	(90,000)	(90,000)	-	(90,000)
Total transactions with owners of the company	-	-	(90,000)	(90,000)	-	(90,000)
Balance as at 31 March 2017	450,000	1,136,393	843,616	2,430,009	(209)	2,429,800

ACI Formulations Limited
Consolidated statement of cash flows
Unaudited

Figures in "000" Taka

	For the 3rd quarter ended from	
	July 2017 to March 2018	July 2016 to March 2017
Cash flows from operating activities		
Cash received from customers	2,675,765	2,377,434
Cash received from other income	3,428	3,435
	2,679,193	2,380,869
Cash received/(paid) from/(for):		
Purchase of inventory	(2,413,164)	(2,308,812)
Other receivables	(6,815)	(6,301)
Operating expenses	(621,216)	(469,165)
Other payables	15,905	(15,216)
Payment for WPPF	(18,775)	(6,665)
Advances, deposits and prepayments	34,020	(19,243)
	(3,010,046)	(2,825,402)
Cash (used in)/generated from operations	(330,853)	(444,533)
Finance costs	(125,120)	(53,571)
Income tax expense	(83,941)	(98,345)
	(209,061)	(151,916)
Net cash (used in)/ generated from operating activities	(539,914)	(596,449)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(40,611)	(84,971)
Investment in FDR	(30,000)	-
Net cash (used in)/ generated from investing activities	(70,611)	(84,971)
Cash flows from financing activities		
Inter-company debts received/(paid)	(225,186)	(113,580)
Proceeds from loans and borrowings	873,574	953,518
Dividends paid	(67,179)	(155,109)
Net cash (used in)/ generated from financing activities	581,209	684,829
Net increase in cash and cash equivalents	(29,316)	3,409
Cash and cash equivalents as at 1 July	64,899	46,112
Cash and cash equivalents as at 31 March*	35,583	49,521
*Closing balance represents		
Cash and cash equivalent	233,893	158,679
Bank overdraft	(198,310)	(109,158)
	35,583	49,521
Net operating cash flow per share (NOCFPS)	(12.00)	(13.25)

ACI Formulations Limited

Notes to the financial statements as at and for the 3rd quarter ended on 31 March 2018 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. Subsidiary 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.

5 Property, plant & equipment

	<u>Figures in '000'</u>	
	<u>31- March -18</u>	<u>30-June -17</u>
	<u>Taka</u>	<u>Taka</u>
Opening balance	1,874,372	1,764,786
Addition during the period/year	43,704	109,586
	<u>1,918,076</u>	<u>1,874,372</u>
Accumulated depreciation at the end of period/year	<u>(126,516)</u>	<u>(81,617)</u>
Closing balance	<u>1,791,560</u>	<u>1,792,755</u>

	<u>31- March -18</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	43,704	109,815
	<u>1,923,036</u>	<u>1,879,332</u>
Accumulated depreciation at the end of period/year	(129,132)	(83,711)
Closing balance	<u><u>1,793,904</u></u>	<u><u>1,795,621</u></u>
6. Investments		
Investment in susidiary	3,948	3,948
Investment in FDR	33,044	3,044
Investment in shares of ACI Motors Limited	75	75
	<u>37,067</u>	<u>7,067</u>
6(a) Consolidated investments		
Investment in FDR	33,044	3,044
Investment in Shares- ACI Motors Limited	75	75
	<u>33,119</u>	<u>3,119</u>
7. Inventories		
Raw and packing materials	614,429	647,622
Work in process	-	739
Finished goods	656,207	660,208
Goods in transit	143,251	63,020
Other inventories	25,055	26,512
Allowances for slow moving inventory	(16,089)	(13,677)
	<u>1,422,853</u>	<u>1,384,424</u>
7(a). Consolidated inventories		
Raw and packing materials	633,025	659,313
Work in process	-	739
Finished goods	657,926	661,200
Stock in transit	144,089	63,180
Other inventories	25,055	26,512
Allowances for slow moving inventory	(16,453)	(13,745)
	<u>1,443,642</u>	<u>1,397,199</u>
8. Trade receivables:		
Other than related parties	2,084,971	1,463,691
	<u>2,084,971</u>	<u>1,463,691</u>
Allowances for doubtful debts	(137,246)	(136,971)
	<u>1,947,725</u>	<u>1,326,720</u>
Below six months	1,215,388	1,023,083
Over six months	869,583	440,608
Allowances for doubtful debts	(137,246)	(136,971)
	<u>1,947,725</u>	<u>1,326,720</u>

	<u>31- March -18</u> <u>Taka</u>	<u>30-June -17</u> <u>Taka</u>
8(a). Consolidated trade receivables		
Other than related parties	2,108,813	1,476,361
	<u>2,108,813</u>	<u>1,476,361</u>
Allowances for doubtful debts	(137,246)	(136,971)
	<u>1,971,567</u>	<u>1,339,390</u>
Below six months	1,239,230	1,035,753
Over six months	869,583	440,608
Allowances for doubtful debts	(137,246)	(136,971)
	<u>1,971,567</u>	<u>1,339,390</u>
9. Inter-company receivables		
ACI Limited	156,453	-
Neem Laboratories (Pvt.) Ltd.	51,972	39,934
	<u>208,425</u>	<u>39,934</u>
9(a). Consolidated inter-company receivables		
ACI Limited	156,453	-
	<u>156,453</u>	<u>-</u>
10. Advances, deposits & prepayments		
Advances:		
Staff	2,100	3,203
Suppliers and others	45,031	39,041
VAT current account	1,043	8,827
Advance income tax (Note- 10.1)	367,376	283,434
	<u>415,550</u>	<u>334,505</u>
Deposits:		
Security deposits	10,402	12,408
Bank guarantee margin	18,404	50,777
	<u>28,805</u>	<u>63,185</u>
Prepayments:		
Prepaid expenses	7,462	2,287
	<u>7,462</u>	<u>2,287</u>
	<u>451,818</u>	<u>399,977</u>
10.1 Advance income tax		
Opening balance	283,434	281,452
Paid during the period/year	83,942	134,944
	<u>367,376</u>	<u>416,396</u>
Adjustment during the period/year	-	(132,962)
Closing balance	<u>367,376</u>	<u>283,434</u>

	<u>31- March -18</u> <u>Taka</u>	<u>30-June -17</u> <u>Taka</u>
10(a). Consolidated advances, deposits & prepayments		
Advances:		
Staff	2,100	3,203
Suppliers and others	45,029	39,738
VAT current account	1,398	10,401
Advance income tax	368,200	284,259
	<u>416,727</u>	<u>337,601</u>
Deposits:		
Security deposits	10,402	12,408
Bank guarantee margin	18,404	50,777
	<u>28,805</u>	<u>63,185</u>
Prepayments:		
Prepaid expenses	9,113	3,937
	<u>9,113</u>	<u>3,937</u>
	<u>454,645</u>	<u>404,723</u>
11. Employee benefits		
Net defined benefit obligation	26,955	25,100
Other employee benefits	5,560	5,460
	<u>32,514</u>	<u>30,560</u>
12. Other payables		
Creditors for expenses	112,125	178,575
Interest payable	23,008	34,729
Security money payable	13,299	11,299
Unpaid dividend	10,980	10,659
Withholding tax and VAT	16,141	2,236
Provision for workers' profit participation fund	8,576	18,775
	<u>184,129</u>	<u>256,273</u>
12(a). Consolidated other payables		
Creditors for expenses	112,792	179,402
Interest payable	23,008	34,729
Security money payable	13,299	11,299
Unpaid dividend	10,980	10,659
Withholding tax and VAT	16,328	2,324
Provision for workers' profit participation fund	8,576	18,775
	<u>184,984</u>	<u>257,188</u>
13. Inter-company payables		
ACI Limited	-	56,695
	<u>-</u>	<u>56,695</u>

		for the 3rd quarter ended from	
		July 2017 to	July 2016 to
		March 2018	March 2017
		Taka	Taka
14.	Revenue		
	Crop Care & Public Health	1,975,118	1,768,184
	Mosquito Coil	409,322	504,357
	Aerosol	580,935	507,595
	Paint & others	344,395	182,063
		<u>3,309,771</u>	<u>2,962,199</u>
14(a).	Consolidated revenue		
	Crop Care & Public Health	1,975,118	1,768,184
	Mosquito Coil	409,322	504,357
	Aerosol	580,935	507,595
	Paint & others	367,979	201,166
		<u>3,333,354</u>	<u>2,981,302</u>
15.	Cost of sales		
	Opening stock	1,308,569	960,359
	Purchase	2,205,555	2,062,741
		<u>3,514,124</u>	<u>3,023,100</u>
	Closing stock	(1,270,636)	(1,159,287)
		<u>2,243,487</u>	<u>1,863,813</u>
	Manufacturing expenses	193,228	214,231
		<u>2,436,715</u>	<u>2,078,044</u>
15(a).	Consolidated cost of sales		
	Opening stock	1,321,252	969,922
	Purchase	2,229,349	2,079,348
		<u>3,550,601</u>	<u>3,049,270</u>
	Closing stock	(1,290,952)	(1,171,048)
		<u>2,259,650</u>	<u>1,878,222</u>
	Manufacturing expenses	195,018	215,977
		<u>2,454,668</u>	<u>2,094,199</u>
16.	Administrative, selling and distribution expenses		
	Administrative expenses	88,737	81,407
	Distribution expenses	76,321	57,815
	Selling expenses	427,336	311,196
		<u>592,395</u>	<u>450,418</u>
16(a).	Consolidated administrative, selling and distribution expenses		
	Administrative expenses	89,705	82,036
	Distribution expenses	76,321	57,815
	Selling expenses	427,336	311,196
		<u>593,362</u>	<u>451,047</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	
	3rd Quarter ended on 31-Mar-18	31-Mar-17	3rd Quarter ended on 31-Mar-18	31-Mar-17	3rd Quarter ended on 31-Mar-18	31-Mar-17	3rd Quarter ended on 31-Mar-18	31-Mar-17	3rd Quarter ended on 31-Mar-18	31-Mar-17
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Segment revenue:										
External revenues	1,975,118	1,768,184	409,322	504,357	580,935	507,595	344,395	182,064	3,309,771	2,962,200
Inter-segment revenues	-	-	-	-	-	-	23,583	19,102	23,583	19,102
Total revenue	1,975,118	1,768,184	409,322	504,357	580,935	507,595	367,979	201,166	3,333,354	2,981,302
Financing costs	(99,785)	(77,855)	-	-	-	-	(13,615)	(6,187)	(113,399)	(84,042)
Depreciation	(22,914)	(20,502)	(11,934)	(13,316)	(3,511)	(3,249)	(3,969)	(3,670)	(42,328)	(40,737)
Cost of sales excluding depreciation	(1,226,829)	(955,694)	(377,626)	(468,441)	(549,054)	(480,907)	(270,122)	(158,067)	(2,423,630)	(2,063,109)
Operating expenses excluding depreciation	(475,300)	(370,324)	(4,199)	(7,174)	(5,424)	(7,088)	(97,149)	(56,816)	(582,072)	(441,402)
Other income/(expense)	2,632	2,768	-	3	162	102	633	562	3,428	3,435
Profit before tax	145,277	329,248	14,786	14,658	21,954	15,630	(15,240)	(21,769)	186,777	337,767
Reportable segment assets	3,278,713	2,794,009	942,093	837,670	664,637	508,123	1,220,460	963,229	6,105,903	5,103,031
Reportable segment liabilities	1,211,649	796,571	56,358	134,139	253,925	247,500	2,082,624	1,479,345	3,604,557	2,657,555

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.