

ACI Formulations Limited

**2nd Quarter ended Report 2017- 2018
for the six months period ended on 31 December 2017**

ACI Formulations Limited

Statement of financial position
Unaudited

Figures in "000"

<i>In Taka</i>	Note	As at 31 December 2017	As at 30 June 2017
Assets			
Property, plant and equipment	5	1,781,695	1,792,755
Investments	6	7,067	7,067
Non-current assets		1,788,762	1,799,822
Inventories	7	1,506,242	1,384,424
Trade receivables	8	1,692,307	1,326,720
Other receivables		11,267	7,096
Inter-company receivables	9	192,454	39,934
Advances, deposits and prepayments	10	452,430	399,977
Cash and cash equivalents		235,311	138,355
Current assets		4,090,011	3,296,506
Total assets		5,878,773	5,096,328
Equity			
Share capital		450,000	450,000
Revaluation reserve		1,136,393	1,136,393
Retained earnings		902,345	868,405
Total equity		2,488,738	2,454,798
Liabilities			
Employee benefits	11	31,517	30,560
Deferred tax liabilities		50,065	51,789
Non-current liabilities		81,582	82,349
Bank overdrafts		110,097	85,844
Loans and borrowings		2,632,823	1,875,875
Trade payables		88,093	56,095
Other payables	12	213,236	256,273
Inter-company payables	13	-	56,695
Provision for tax		264,205	228,399
Current liabilities		3,308,454	2,559,181
Total liabilities		3,390,035	2,641,530
Total equity and liabilities		5,878,773	5,096,328
Net asset value (NAV) per share		55.31	54.55


Chairman


Managing Director


Director


Chief Financial Officer


Company Secretary (c.c.)

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

Figures in "000" Taka

	Note	For the half year from		For the 2nd quarter from	
		July to December 2017	July to December 2016	October to December 2017	October to December 2016
Revenue	14	1,944,160	1,897,038	1,287,522	1,205,251
Cost of sales	15	(1,380,049)	(1,308,504)	(898,103)	(803,852)
Gross profit		564,111	588,534	389,419	401,399
Other income		2,718	2,154	1,208	1,337
Administrative, selling and distribution expenses	16	(363,130)	(298,959)	(217,691)	(170,418)
Operating profit		203,699	291,729	172,936	232,318
Finance costs		(61,044)	(41,690)	(36,896)	(27,252)
Profit before contribution to WPPF		142,655	250,039	136,040	205,066
Contribution to WPPF		(7,133)	(12,502)	(6,802)	(10,253)
Profit before tax		135,522	237,537	129,238	194,813
Tax expenses		(34,082)	(65,455)	(32,417)	(53,171)
Profit after tax		101,440	172,082	96,821	141,642
Earnings per share					
Basic earnings per share		2.25	3.82	2.15	3.15


 Chairman


 Managing Director


 Director


 Chief Financial Officer


 Company Secretary (c.c.)

ACI Formulations Limited
Statement of changes in equity
Unaudited

Figures in "000"

<i>In Taka</i>	For the half year from July to December 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		-	101,440	101,440
Total comprehensive income	-	-	101,440	101,440
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 December 2017	450,000	1,136,393	902,345	2,488,738

<i>In Taka</i>	For the half year from July to December 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			172,082	172,082
Total comprehensive income			172,082	172,082
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 December 2016	450,000	1,136,393	779,050	2,365,443

ACI Formulations Limited
Statement of cash flows
Unaudited

Figures in "000" Taka

	For the half year from	
	July to December 2017	July to December 2016
Cash flows from operating activities		
Cash received from customers	1,555,284	1,381,178
Cash received from other income	2,718	2,154
	1,558,002	1,383,332
Cash received/(paid) from/(for):		
Purchase of inventory	(1,449,071)	(1,415,296)
Other receivables	(4,170)	(12,244)
Operating expenses	(395,487)	(293,009)
Other payables	18,817	(24,194)
Payment for WPPF	(18,775)	(6,666)
Advances, deposits and prepayments	1,953	(14,861)
	(1,846,733)	(1,766,270)
Cash (used in)/generated from operations	(288,731)	(382,938)
Finance costs	(79,483)	(35,799)
Income tax expense	(54,407)	(55,820)
	(133,890)	(91,619)
Net cash (used in)/ generated from operating activities	(422,621)	(474,557)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(16,817)	(38,733)
Net cash (used in)/ generated from investing activities	(16,817)	(38,733)
Cash flows from financing activities		
Inter-company debts received/(paid)	(209,216)	(139,439)
Proceeds from loans and borrowings	756,948	866,883
Dividends paid	(35,591)	(138,033)
Net cash (used in)/ generated from financing activities	512,141	589,411
Net increase in cash and cash equivalents	72,703	76,121
Cash and cash equivalents as at 1 July	52,511	43,730
Cash and cash equivalents as at 31 December*	125,214	119,851
*Closing balance represents		
Cash and cash equivalent	235,311	162,391
Bank overdraft	(110,097)	(42,540)
	125,214	119,851
Net operating cash flow per share (NOCFPS)	(9.39)	(10.55)

ACI Formulations Limited

Consolidated Statement of Financial Position
Unaudited

Figures in "000"

<i>In Taka</i>	Note	As at 31 December 2017	As at 30 June 2017
Assets			
Property, plant and equipment	5(a)	1,784,248	1,795,621
Investments	6(a)	3,119	3,119
Intangible assets		5,148	5,148
Non-current assets		1,792,515	1,803,888
Inventories	7(a)	1,524,449	1,397,199
Trade receivables	8(a)	1,711,907	1,339,390
Other receivables		9,857	7,088
Inter - company receivable	9(a)	152,269	-
Advances, deposits and prepayments	10(a)	455,914	404,723
Cash and cash equivalents		243,121	150,743
Current assets		4,097,517	3,299,143
Total assets		5,890,032	5,103,031
Equity			
Share capital		450,000	450,000
Revaluation reserve		1,136,393	1,136,393
Retained earnings		893,779	859,293
Equity attributable to the owners of the Company		2,480,172	2,445,686
Non controlling interest		(199)	(210)
Total equity		2,479,973	2,445,476
Liabilities			
Employee benefits	11	31,517	30,560
Deferred tax liabilities		49,335	51,202
Non-current liabilities		80,852	81,762
Bank overdrafts		110,097	85,844
Loans and borrowings		2,638,891	1,881,364
Trade payables		101,544	66,025
Other payables	12(a)	213,910	257,188
Inter-company payables	13	-	56,695
Provision for tax		264,766	228,677
Current liabilities		3,329,208	2,575,793
Total liabilities		3,410,059	2,657,555
Total equity and liabilities		5,890,032	5,103,031
Net asset value (NAV) per share		55.11	54.35


Chairman


Managing Director


Director


Chief Financial Officer


Company Secretary (c.c.)

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

Figures in "000" Taka

	Note	For the half year from		For the 2nd quarter from	
		July to December 2017	July to December 2016	October to December 2017	October to December 2016
Revenue	14(a)	1,958,390	1,909,709	1,294,372	1,214,740
Cost of sales	15(a)	(1,392,484)	(1,319,720)	(903,993)	(812,250)
Gross profit		565,906	589,989	390,379	402,490
Other income		2,718	2,154	1,208	1,337
Administrative, selling and distribution expenses	16(a)	(363,805)	(299,363)	(218,163)	(170,651)
Operating profit		204,819	292,780	173,424	233,176
Finance costs		(61,468)	(42,008)	(37,098)	(27,491)
Profit before contribution to WPPF		143,351	250,772	136,326	205,685
Contribution to WPPF		(7,133)	(12,502)	(6,802)	(10,253)
Profit before tax		136,218	238,270	129,524	195,432
Income tax expenses		(34,221)	(65,717)	(32,531)	(53,392)
Profit after tax		101,997	172,553	96,993	142,040
Total comprehensive income attributable to:					
Owners of the Company		101,986	172,544	96,990	142,032
Non controlling interest		11	9	4	8
		101,997	172,553	96,994	142,040
Earnings per share					
Basic earnings per share		2.27	3.83	2.16	3.16


Chairman


Managing Director


Director


Chief Financial Officer


Company Secretary (c.c.)

ACI Formulations Limited

Consolidated statement of changes in equity
Unaudited

Figures in "000"

<i>In Taka</i>	For the half year from July to December 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	-	-	101,986	101,986	11	101,997
Total comprehensive income	-	-	101,986	101,986	11	101,997
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 December 2017	450,000	1,136,393	893,779	2,480,172	(199)	2,479,973

<i>In Taka</i>	For the half year from July to December 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	-	-	172,544	172,544	9	172,553
Total comprehensive income	-	-	172,544	172,544	9	172,553
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 December 2016	450,000	1,136,393	768,699	2,355,092	(223)	2,354,869

ACI Formulations Limited
Consolidated statement of cash flows
Unaudited

Figures in "000" Taka

	For the half year from	
	July to December 2017	July to December 2016
Cash flows from operating activities		
Cash received from customers	1,562,585	1,385,484
Cash received from other income	2,718	2,154
	1,565,303	1,387,638
Cash received/(paid) from/(for):		
Purchase of inventory	(1,461,764)	(1,424,509)
Other receivables	(4,171)	(12,244)
Operating expenses	(396,093)	(282,051)
Other payables	18,817	(24,194)
Payment for WPPF	(18,775)	(6,665)
Advances, deposits and prepayments	3,218	(12,594)
	(1,858,768)	(1,762,257)
Cash (used in)/generated from operations	(293,465)	(374,619)
Finance costs	(79,906)	(36,117)
Income tax expense	(54,407)	(55,820)
	(134,313)	(91,937)
Net cash (used in)/ generated from operating activities	(427,778)	(466,556)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(16,817)	(38,961)
Net cash (used in)/ generated from investing activities	(16,817)	(38,961)
Cash flows from financing activities		
Inter-company debts received/(paid)	(209,216)	(139,439)
Proceeds from loans and borrowings	757,527	863,666
Dividends paid	(35,591)	(138,033)
Net cash (used in)/ generated from financing activities	512,720	586,194
Net increase in cash and cash equivalents	68,125	80,677
Cash and cash equivalents as at 1 July	64,899	46,112
Cash and cash equivalents as at 31 December*	133,024	126,789
*Closing balance represents		
Cash and cash equivalent	243,121	169,329
Bank overdraft	(110,097)	(42,540)
	133,024	126,789
Net operating cash flow per share (NOCFPS)	(9.51)	(10.37)

ACI Formulations Limited

Notes to the financial statements as at and for the half year ended on 31 December 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>31- Dec -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	17,231	109,586
Adjsutment/Disposal for the year/period	-	-
	<u>1,891,603</u>	<u>1,874,372</u>
Accumulated depreciation at the end of period/year	(109,908)	(81,617)
Adjsutment/Disposal for the year/period	-	-
Closing balance	<u>1,781,695</u>	<u>1,792,755</u>

	<u>31- Dec -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	17,231	109,815
	<u>1,896,563</u>	<u>1,879,332</u>
Accumulated depreciation at the end of period/year	(112,315)	(83,711)
Closing balance	<u><u>1,784,248</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	686,913	647,622
Work in process	-	739
Finished goods	766,330	660,208
Goods in transit	41,551	63,020
Other inventories	26,874	26,512
Allowances for slow moving inventory	(15,426)	(13,677)
	<u>1,506,242</u>	<u>1,384,424</u>
7(a). Consolidated inventories		
Raw and packing materials	702,974	659,313
Work in process	-	739
Finished goods	768,179	661,200
Stock in transit	42,212	63,180
Other inventories	26,874	26,512
Allowances for slow moving inventory	(15,790)	(13,745)
	<u>1,524,449</u>	<u>1,397,199</u>
8. Trade receivables:		
Other than related parties	1,827,428	1,463,691
	<u>1,827,428</u>	<u>1,463,691</u>
Allowances for doubtful debts	(135,121)	(136,971)
	<u>1,692,307</u>	<u>1,326,720</u>
Below six months	1,480,640	1,023,083
Over six months	346,788	440,608
Allowances for doubtful debts	(135,121)	(136,971)
	<u>1,692,307</u>	<u>1,326,720</u>

	<u>31- Dec -17</u> <u>Taka</u>	<u>30-June -17</u> <u>Taka</u>
8(a). Consolidated trade receivables		
Other than related parties	1,847,028	1,476,361
	<u>1,847,028</u>	<u>1,476,361</u>
Allowances for doubtful debts	(135,121)	(136,971)
	<u>1,711,907</u>	<u>1,339,390</u>
Below six months	1,500,240	1,035,753
Over six months	346,788	440,608
Allowances for doubtful debts	(135,121)	(136,971)
	<u>1,711,907</u>	<u>1,339,390</u>
9. Inter-company receivables		
ACI Limited	152,269	-
Neem Laboratories (Pvt.) Ltd.	40,185	39,934
	<u>192,454</u>	<u>39,934</u>
9(a). Consolidated inter-company receivables		
ACI Limited	152,269	-
	<u>152,269</u>	<u>-</u>
10. Advances, deposits & prepayments		
Advances:		
Staff	2,181	3,203
Suppliers and others	46,603	39,041
VAT current account	715	8,827
Advance income tax (Note- 10.1)	337,842	283,434
	<u>387,341</u>	<u>334,505</u>
Deposits:		
Security deposits	9,555	12,408
Bank guarantee margin	46,492	50,777
	<u>56,047</u>	<u>63,185</u>
Prepayments:		
Prepaid expenses	9,042	2,287
	<u>9,042</u>	<u>2,287</u>
	<u>452,430</u>	<u>399,977</u>
10.1 Advance income tax		
Opening balance	283,434	281,452
Paid during the period/year	54,408	134,944
	<u>337,842</u>	<u>416,396</u>
Adjustment during the period/year	-	(132,962)
Closing balance	<u>337,842</u>	<u>283,434</u>

	<u>31- Dec -17</u> <u>Taka</u>	<u>30-June -17</u> <u>Taka</u>
10(a). Consolidated advances, deposits & prepayments		
Advances:		
Staff	2,181	3,203
Suppliers and others	47,046	39,738
VAT current account	924	10,401
Advance income tax	338,666	284,259
	<u>388,817</u>	<u>337,601</u>
Deposits:		
Security deposits	9,555	12,408
Bank guarantee margin	46,492	50,777
	<u>56,047</u>	<u>63,185</u>
Prepayments:		
Prepaid expenses	11,050	3,937
	<u>11,050</u>	<u>3,937</u>
	<u>455,914</u>	<u>404,723</u>
11. Employee benefits		
Net defined benefit obligation	25,957	25,100
Other employee benefits	5,560	5,460
	<u>31,517</u>	<u>30,560</u>
12. Other payables		
Creditors for expenses	114,894	178,575
Interest payable	16,290	34,729
Security money payable	12,399	11,299
Unpaid dividend	42,568	10,659
Withholding tax and VAT	19,953	2,236
Provision for workers' profit participation fund	7,132	18,775
	<u>213,236</u>	<u>256,273</u>
12(a). Consolidated other payables		
Creditors for expenses	115,335	179,402
Interest payable	16,290	34,729
Security money payable	12,399	11,299
Unpaid dividend	42,568	10,659
Withholding tax and VAT	20,185	2,324
Provision for workers' profit participation fund	7,133	18,775
	<u>213,910</u>	<u>257,188</u>
13. Inter-company payables		
ACI Limited	-	56,695
	<u>-</u>	<u>56,695</u>

		for the half year ended on	
		31-Dec-17	31-Dec-16
		<u>Taka</u>	<u>Taka</u>
14.	Revenue		
	Crop Care & Public Health	1,212,869	1,169,863
	Mosquito Coil	184,363	298,011
	Aerosol	341,033	313,568
	Paint & others	205,895	115,596
		<u>1,944,160</u>	<u>1,897,038</u>
14(a).	Consolidated revenue		
	Crop Care & Public Health	1,212,869	1,169,863
	Mosquito Coil	184,363	298,011
	Aerosol	341,033	313,568
	Paint & others	220,125	128,267
		<u>1,958,390</u>	<u>1,909,709</u>
15.	Cost of sales		
	Opening stock	1,308,569	960,359
	Purchase	1,395,574	1,284,436
		<u>2,704,143</u>	<u>2,244,795</u>
	Closing stock	(1,453,243)	(1,055,182)
		<u>1,250,900</u>	<u>1,189,613</u>
	Manufacturing expenses	129,149	118,891
		<u>1,380,049</u>	<u>1,308,504</u>
15(a).	Consolidated cost of sales		
	Opening stock	1,321,252	969,922
	Purchase	1,412,063	1,295,502
		<u>2,733,315</u>	<u>2,265,424</u>
	Closing stock	(1,471,154)	(1,065,194)
		<u>1,262,161</u>	<u>1,200,230</u>
	Manufacturing expenses	130,323	119,490
		<u>1,392,484</u>	<u>1,319,720</u>
16.	Administrative, selling and distribution expenses		
	Administrative expenses	54,667	52,735
	Distribution expenses	47,737	34,205
	Selling expenses	260,726	212,019
		<u>363,130</u>	<u>298,959</u>
16(a).	Consolidated administrative, selling and distribution expenses		
	Administrative expenses	55,342	53,139
	Distribution expenses	47,737	34,205
	Selling expenses	260,726	212,019
		<u>363,805</u>	<u>299,363</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	
	Half year ended on		Half year ended on		Half year ended on		Half year ended on		Half year ended on	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Segment revenue:										
External revenues	1,212,869	1,169,863	184,363	298,011	341,033	313,568	205,895	115,597	1,944,160	1,897,039
Inter-segment revenues	-	-	-	-	-	-	14,230	12,670	14,230	12,670
Total revenue	1,212,869	1,169,863	184,363	298,011	341,033	313,568	220,125	128,267	1,958,390	1,909,709
Financing costs	(53,386)	(38,880)	-	-	-	-	(8,082)	(3,128)	(61,468)	(42,008)
Depreciation	(15,165)	(13,786)	(9,606)	(8,955)	(2,239)	(2,198)	(2,595)	(1,572)	(29,605)	(26,511)
Cost of sales excluding depreciation	(733,411)	(633,613)	(162,219)	(274,211)	(318,885)	(295,471)	(155,755)	(96,563)	(1,370,270)	(1,299,858)
Operating expenses excluding depreciation	(290,593)	(247,497)	(2,176)	(5,007)	(3,073)	(4,955)	(60,571)	(34,613)	(356,413)	(292,072)
Other income / (expense)	2,074	1,895	-	3	118	256	526	-	2,718	2,154
Profit before tax	116,259	226,083	9,845	9,349	16,106	10,640	(6,001)	(7,802)	136,218	238,270
Reportable segment assets	3,156,322	2,794,009	881,834	837,670	660,609	508,123	1,191,267	963,229	5,890,032	5,103,031
Reportable segment liabilities	1,166,755	796,571	45,714	134,139	191,766	247,500	2,005,824	1,479,345	3,410,059	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.