

ACI Formulations Limited

1st Quarter Report 2016-2017

ACI Formulations Limited

Statement of financial position
Unaudited

Figures in "000"

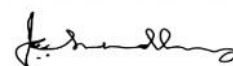
<i>In Taka</i>	Note	As at 30 September 2016	As at 30 June 2016
Assets			
Property, plant and equipment	5	1,730,763	1,739,760
Investments	6	14,934	14,934
Non-current assets		1,745,697	1,754,694
Inventories	7	945,688	994,888
Trade receivables	8	1,278,507	1,187,990
Other receivables		15,034	10,086
Inter-company receivables	9	23,381	23,557
Advances, deposits and prepayments	10	412,155	390,304
Cash and cash equivalents		73,202	112,512
Current assets		2,747,968	2,719,337
Total assets		4,493,665	4,474,031
Equity			
Share capital		450,000	450,000
Reserves		1,136,393	1,136,393
Retained earnings		727,409	696,968
Total equity		2,313,802	2,283,361
Liabilities			
Employee benefits	11	29,606	29,272
Deferred tax liabilities		48,054	47,650
Non-current liabilities		77,660	76,922
Bank overdrafts		24,371	68,782
Loans and borrowings		1,315,517	944,237
Trade payables		63,437	28,306
Other payables	12	261,338	398,774
Inter-company payables	13	155,449	403,438
Provision for tax		282,091	270,212
Current liabilities		2,102,203	2,113,748
Total liabilities		2,179,863	2,190,670
Total equity and liabilities		4,493,665	4,474,031
Net asset value (NAV) per share		51.42	50.74



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	
		2016	2015
Revenue	14	691,787	731,255
Cost of sales	15	(504,651)	(545,973)
Gross profit		187,136	185,282
Other income		817	1,320
Administrative, selling and distribution expenses	16	(128,541)	(112,694)
Operating profit		59,412	73,908
Finance costs, net		(14,438)	(16,272)
Profit before contribution to WPPF		44,974	57,636
Contribution to WPPF		(2,249)	(2,882)
Profit before tax		42,725	54,754
Tax expenses		(12,284)	(13,700)
Profit after tax		30,441	41,054
Other comprehensive income		-	-
Total comprehensive income		30,441	41,054
Earnings per share			
Basic earnings per share (BEPS)		0.68	0.91



Chairman



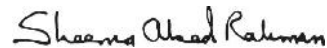
Managing Director



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 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

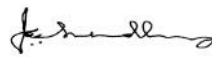
<i>In Taka</i>	For the 1st quarter ended 30 September 2015			
	Attributable to owner of the Company			
	Share capital	Revaluation reserve	Retained earnings	Total
Balance at 1 July 2015	450,000	691,660	603,222	1,744,882
Total comprehensive income				
Profit for the period	-	-	41,054	41,054
Total comprehensive income	-	-	41,054	41,054
Transactions with owners of the company	-	-	41,054	41,054
Contributions and distributions				
Issue of bonus shares	-	-	-	-
Dividends	-	-	-	-
Total transactions with owners of the company	-	-	-	-
Balance at 30 September 2015	450,000	691,660	644,276	1,785,936



Chairman



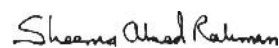
Managing Director



Director



Chief Financial Officer



Company Secretary

ACI Formulations Limited

Statement of cash flows
Unaudited

Figures in "000"


<i>In Taka</i>	For the 1st quarter ended 30 September	
	2016	2015
Cash flows from operating activities		
Cash received from customers	599,367	568,111
Cash received from other income	817	1,320
	600,184	569,431
Cash received/(paid) from/(for):		
Purchase of inventory	(410,100)	(441,311)
Other receivables	(4,949)	(1,227)
Operating expenses	(167,701)	(127,378)
Other payables	(26,483)	2,666
Payment for WPPF	-	(16,237)
Advances, deposits and prepayments	(6,120)	(990)
	(615,352)	(584,477)
Cash generated from operations	(15,167)	(15,046)
Finance costs	(18,159)	(16,272)
Income tax expense	(15,732)	(27,944)
	(33,891)	(44,216)
Net cash from operating activities	(49,058)	(59,262)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,649)	(12,169)
Net cash used in investing activities	(3,649)	(12,169)
Cash flows from financing activities		
Inter-company debts received/(paid)	(247,813)	290,386
Proceeds from loans and borrowings	371,279	(84,719)
Dividends paid	(65,658)	(133,381)
Net cash from financing activities	57,808	72,286
Net increase in cash and cash equivalents	5,101	855
Cash and cash equivalents as at 1 July	43,730	21,473
Cash and cash equivalents as at 30 September	48,831	22,328
Net operating cash flow per share (NOCFPS)	(1.09)	(1.32)



Chairman



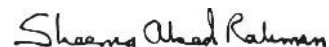
Managing Director



Director



Chief Financial Officer



Company Secretary

ACI Formulations Limited

Consolidated Statement of Financial Position
Unaudited

Figures in "000"

<i>In Taka</i>	Note	As at 30 September 2016	As at 30 June 2016
Assets			
Property, plant and equipment	5(a)	1,733,929	1,743,007
Investments	6(a)	3,089	3,089
Intangible assets		12,383	12,383
Non-current assets		1,749,401	1,758,479
Inventories	7(a)	954,224	1,004,512
Trade receivables	8(a)	1,283,029	1,190,805
Other receivables		14,608	10,086
Inter-company receivable		-	213
Advances, deposits and prepayments	10(a)	416,163	394,558
Cash and cash equivalents		75,183	114,894
Current assets		2,743,208	2,715,067
Total assets		4,492,609	4,473,546
Equity			
Share capital		450,000	450,000
Reserves		1,136,393	1,136,393
Retained earnings		716,667	686,155
		2,303,060	2,272,548
Non controlling interest		(231)	(232)
Total equity		2,302,829	2,272,316
Liabilities			
Employee benefits	11	29,606	29,272
Deferred tax liabilities		47,479	47,075
Non-current liabilities		77,085	76,347
Bank overdrafts		24,371	68,782
Loans and borrowings		1,320,659	948,551
Trade payables		67,865	34,481
Other payables	12(a)	262,141	399,343
Inter-company payables	13	155,449	403,438
Provision for tax		282,210	270,289
Current liabilities		2,112,695	2,124,884
Total liabilities		2,189,780	2,201,230
Total equity and liabilities		4,492,609	4,473,546
Net asset value (NAV) per share		51.18	50.50



Chairman



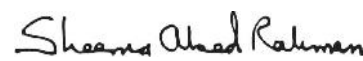
Managing Director



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	
		2016	2015
Revenue	14(a)	694,969	732,629
Cost of sales	15(a)	(507,470)	(546,577)
Gross profit		187,499	186,052
Other income		817	1,320
Administrative, selling and distribution expenses	16(a)	(128,712)	(114,024)
Operating profit		59,604	73,348
Finance costs, net		(14,517)	(16,292)
Profit before contribution to WPPF		45,087	57,056
Contribution to WPPF		(2,249)	(2,882)
Profit before tax		42,838	54,174
Income tax expenses		(12,325)	(13,681)
Profit after tax		30,513	40,493
Other comprehensive income		-	-
Total comprehensive income		30,513	40,493
Total comprehensive income attributable to:			
Owners of the Company		30,512	40,160
Non controlling interest		1	333
		30,513	40,493
Earnings per share			
Basic earnings per share (BEPS)		0.68	0.89



Chairman



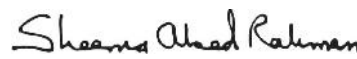
Managing Director



Director



Chief Financial Officer



Company Secretary

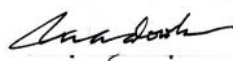
ACI Formulations Limited

Consolidated statement of changes in equity
Unaudited

Figures in "000"

<i>In Taka</i>	Attributable to owner of the Company			Total	Non-controlling interests	Total equity
	Share capital	Revaluation reserve	Retained earnings			
	For the 1st quarter ended 30 September 2016					
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


<i>In Taka</i>	Attributable to owner of the Company			Total	Non-controlling interests	Total equity
	Share capital	Revaluation reserve	Retained earnings			
	For the 1st quarter ended 30 September 2015					
Balance as at 1 July 2015	450,000	691,660	599,326	1,740,986	(97)	1,740,889
Total comprehensive income						
Profit for the period	-	-	40,160	40,160	333	40,493
Total comprehensive income	-	-	40,160	40,160	333	40,493
Transactions with owners of the company						
Contributions and distributions						
Dividends paid	-	-	-	-	-	-
Total transactions with owners of the company	-	-	-	-	-	-
Transaction recognized directly in equity						
Capital paid to minority	-	-	-	-	(345)	(345)
Balance as at 30 September 2015	450,000	691,660	639,486	1,781,146	(109)	1,781,037



Chairman



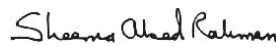
Managing Director



Director



Chief Financial Officer



Company Secretary

ACI Formulations Limited
Consolidated statement of cash flows
Unaudited

Figures in "000"

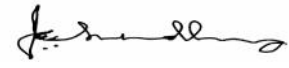
<i>In Taka</i>	For the 1st quarter ended 30 September	
	2016	2015
Cash flows from operating activities		
Cash received from customers	600,843	569,477
Cash received from other income	817	1,319
	601,660	570,796
Cash received/(paid) from/(for):		
Purchase of inventory	(413,579)	(441,815)
Other receivables	(4,949)	(1,227)
Operating expenses	(167,024)	(128,080)
Other payables	(26,483)	2,666
Payment for WPPF	-	(16,237)
Advances, deposits and prepayments	(5,873)	(1,047)
	(617,908)	(585,740)
Cash generated from operations	(16,248)	(14,944)
Finance costs	(18,238)	(16,292)
Income tax expense	(15,732)	(27,943)
	(33,970)	(44,235)
Net cash from operating activities	(50,218)	(59,179)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,719)	(12,169)
Net cash used in investing activities	(3,719)	(12,169)
Cash flows from financing activities		
Inter-company debts received/(paid)	(247,813)	290,966
Proceeds from loans and borrowings	372,108	(84,720)
Dividends paid	(65,658)	(133,381)
Net cash from financing activities	58,637	72,865
Net increase in cash and cash equivalents	4,700	1,517
Cash and cash equivalents as at 1 July	46,112	23,901
Cash and cash equivalents as at 30 September	50,812	25,418
Net operating cash flow per share (NOCFPS)	(1.12)	(1.32)



Chairman



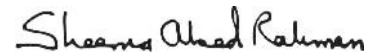
Managing Director



Director



Chief Financial Officer



Company Secretary

ACI Formulations Limited

Notes to the financial statements as at and for the 1st quarter ended on 30 September 2016 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 three subsidiaries namely Neem Laboratories (Pvt.) Ltd, Aloe Organics (Pvt.) Limited and Green Business & Marketing Company (BD) Limited. Neem Laboratories (Pvt.) Ltd is engaged in manufacturing and marketing of herbal products in a small scale. On the other hand, the operations of Aloe Organics (Pvt.) Limited and Green Business & Marketing Company (BD) Limited are currently dormant. ACI Formulations Limited through its voting rights controls the operating and financing activities of above three entities.

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 18 month period ended 30 June 2016. 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 -16</u>	<u>30-June -16</u>
	<u>Taka</u>	<u>Taka</u>
5 Property, plant & equipment		
Opening balance	1,764,785	1,744,120
Addition during the period/year	3,516	20,826
Adjsutment/Disposal for the year/period	-	(161)
	<u>1,768,301</u>	<u>1,764,785</u>
Accumulated depreciation at the end of period/year	(37,538)	(25,025)
Adjsutment/Disposal for the year/period	-	-
Closing balance	<u><u>1,730,763</u></u>	<u><u>1,739,760</u></u>

	<u>30- Sep -16</u> <u>Taka</u>	<u>30-June -16</u> <u>Taka</u>
5(a) Property, plant & equipment		
Opening balance	1,769,516	1,748,851
Addition during the period/year	3,586	20,826
Adjsutment/Disposal for the year/period	-	(161)
	<u>1,773,102</u>	<u>1,769,516</u>
Accumulated depreciation at the end of period/year	<u>(39,173)</u>	<u>(26,509)</u>
Closing balance	<u><u>1,733,929</u></u>	<u><u>1,743,007</u></u>
6. Investments		
Investment in susidiaries	11,845	11,845
Investment in FDR	3,014	3,014
Investment in shares of ACI Motors Limited	75	75
	<u>14,934</u>	<u>14,934</u>
6(a) Consolidated investments		
Investment in FDR	3,014	3,014
Investment in Shares- ACI Motors Limited	75	75
	<u>3,089</u>	<u>3,089</u>
7. Inventories		
Raw and packing materials	346,652	499,008
Finished goods	455,290	461,350
Goods in transit	132,147	23,720
Other inventories	23,895	24,486
Allowances for slow moving inventory	<u>(12,296)</u>	<u>(13,676)</u>
	<u>945,688</u>	<u>994,888</u>
7(a). Consolidated inventories		
Raw and packing materials	353,665	508,198
Finished goods	456,444	461,724
Stock in transit	132,584	23,848
Other inventories	23,895	24,486
Allowances for slow moving inventory	<u>(12,364)</u>	<u>(13,744)</u>
	<u>954,224</u>	<u>1,004,512</u>
8. Trade receivables:		
Related parties	-	-
Other than related parties	1,432,735	1,340,347
	<u>1,432,735</u>	<u>1,340,347</u>
Allowances for doubtful debts	<u>(154,228)</u>	<u>(152,357)</u>
	<u>1,278,507</u>	<u>1,187,990</u>
Below six months	1,115,245	1,107,890
Over six months	317,490	232,457
Allowances for doubtful debts	<u>(154,228)</u>	<u>(152,357)</u>
	<u>1,278,507</u>	<u>1,187,990</u>

	<u>30- Sep -16</u> <u>Taka</u>	<u>30-June -16</u> <u>Taka</u>
8(a). Consolidated trade receivables		
Related parties	-	-
Other than related parties	<u>1,437,257</u>	<u>1,343,162</u>
	1,437,257	1,343,162
Allowances for doubtful debts	<u>(154,228)</u>	<u>(152,357)</u>
	<u>1,283,029</u>	<u>1,190,805</u>
Below six months	1,119,767	1,110,705
Over six months	317,490	232,457
Allowances for doubtful debts	<u>(154,228)</u>	<u>(152,357)</u>
	<u>1,283,029</u>	<u>1,190,805</u>
9 . Inter-company receivables		
Neem Laboratories (Pvt.) Ltd.	23,381	23,344
ACI Pure Flour Limited	<u>-</u>	<u>213</u>
	<u>23,381</u>	<u>23,557</u>
10. Advances, deposits & prepayments		
Advances:		
Staffs	2,231	2,332
Suppliers	42,288	33,200
VAT current account	3,528	8,868
Advance income tax (Note- 10.1)	<u>297,184</u>	<u>281,452</u>
	<u>345,230</u>	<u>325,852</u>
Deposits:		
Security deposits	8,192	8,192
Bank guarantee margin	<u>51,728</u>	<u>51,728</u>
	<u>59,920</u>	<u>59,920</u>
Prepayments:		
Prepaid expenses	<u>7,005</u>	<u>4,532</u>
	<u>7,005</u>	<u>4,532</u>
	<u>412,155</u>	<u>390,304</u>
10.1 Advance income tax		
Opening balance	281,452	212,257
Paid during the period/year	<u>15,732</u>	<u>69,195</u>
	<u>297,184</u>	<u>281,452</u>
Adjustment during the period/year	<u>-</u>	<u>-</u>
Closing balance	<u>297,184</u>	<u>281,452</u>

	<u>30- Sep -16</u> <u>Taka</u>	<u>30-June -16</u> <u>Taka</u>
10(a). Consolidated advances, deposits & prepayments		
Advances:		
Staff	2,231	2,332
Suppliers & others	42,742	33,633
VAT current account	3,528	8,868
Advance income tax	297,524	281,756
	<u>346,026</u>	<u>326,589</u>
Deposits:		
Security deposits	8,192	8,192
Bank guarantee margin	51,728	51,728
	<u>59,920</u>	<u>59,920</u>
Prepayments:		
Prepaid expenses	10,217	8,048
	<u>10,217</u>	<u>8,048</u>
	<u>416,163</u>	<u>394,558</u>
11. Employee benefits		
Net defined benefit obligation	24,146	23,812
Other employee benefits	5,460	5,460
	<u>29,606</u>	<u>29,272</u>
12. Other payables		
Creditor for expenses	223,673	267,496
Interest payable	5,476	9,197
Security money payable	10,697	10,957
Unpaid dividend	10,124	75,781
Withholding tax and VAT	2,456	28,677
Provision for workers' profit participation fund	8,914	6,665
	<u>261,338</u>	<u>398,774</u>
12(a). Consolidated other payables		
Creditor for expenses	224,430	268,038
Interest payable	5,476	9,197
Security money payable	10,697	10,957
Unpaid dividend	10,124	75,781
Withholding tax and VAT	2,502	28,704
Provision for workers' profit participation fund	8,914	6,665
	<u>262,141</u>	<u>399,343</u>
13. Inter-company payables		
ACI Limited	155,449	403,438
	<u>155,449</u>	<u>403,438</u>

		<u>1st quarter ended on</u>	
		<u>30-Sep-16</u>	<u>30-Sep-15</u>
		<u>Taka</u>	<u>Taka</u>
14.	Revenue		
	Crop Care & Public Health	374,807	409,745
	Mosquito Coil	139,766	170,934
	Aerosol	144,997	136,763
	Paint & others	32,217	13,813
		<u>691,787</u>	<u>731,255</u>
14(a).	Consolidated revenue		
	Crop Care & Public Health	374,807	409,745
	Mosquito Coil	139,766	170,934
	Aerosol	144,997	136,763
	Paint & others	35,399	15,187
		<u>694,969</u>	<u>732,629</u>
15.	Cost of sales		
	Opening stock	960,359	867,175
	Purchase	294,788	400,910
		<u>1,255,147</u>	<u>1,268,085</u>
	Closing stock	(801,942)	(774,923)
		<u>453,205</u>	<u>493,162</u>
	Manufacturing expenses	51,446	52,811
		<u>504,651</u>	<u>545,973</u>
15(a).	Consolidated cost of sales		
	Opening stock	969,922	869,608
	Purchase	295,974	401,138
		<u>1,265,896</u>	<u>1,270,746</u>
	Closing stock	(810,110)	(777,412)
		<u>455,786</u>	<u>493,334</u>
	Manufacturing expenses	51,684	53,243
		<u>507,470</u>	<u>546,577</u>
16.	Administrative, selling and distribution expenses		
	Administrative expenses	23,207	18,409
	Distribution expenses	12,001	7,950
	Selling expenses	93,334	86,335
		<u>128,541</u>	<u>112,694</u>
16(a).	Consolidated administrative, selling and distribution expenses		
	Administrative expenses	23,378	18,958
	Distribution expenses	12,001	7,972
	Selling expenses	93,334	87,094
		<u>128,712</u>	<u>114,024</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-16	30-Sep-15	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Segment revenue:										
External revenues	374,807	409,745	139,766	170,934	144,997	136,763	35,399	15,187	694,969	732,629
Inter-segment revenues	-	-	-	-	-	-	-	-	-	-
Total revenue	374,807	409,745	139,766	170,934	144,997	136,763	35,399	15,187	694,969	732,629
Financing costs	(13,448)	(14,774)	-	-	-	-	(1,069)	(1,518)	(14,517)	(16,292)
Depreciation	(6,537)	(6,642)	(4,479)	(5,294)	(1,100)	(1,400)	(680)	(266)	(12,796)	(13,602)
Cost of sales excluding depreciation	(205,665)	(235,959)	(127,815)	(157,156)	(135,882)	(128,741)	(27,888)	(13,048)	(497,250)	(534,904)
Operating expenses excluding depreciation	(106,837)	(100,677)	(2,119)	(1,578)	(2,170)	(1,840)	(15,004)	(8,011)	(126,130)	(112,106)
Other income /(expense)	786	1,219	-	-	31	101	-	-	817	1,320
Profit before tax	40,951	50,266	5,085	6,561	5,582	4,639	(8,780)	(7,292)	42,838	54,174
Reportable segment assets	2,499,785	2,437,600	739,932	771,462	485,348	455,986	767,544	690,868	4,492,609	3,365,903
Reportable segment liabilities	897,543	1,263,704	119,282	192,275	170,794	199,555	1,002,161	443,764	2,189,780	1,584,867

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.



Chairman



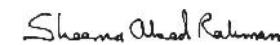
Managing Director



Director



Chief Financial Officer



Company Secretary