ACI Formulations Limited

1st Quarter Report 2018-2019

AMAR STOCK

ACI Formulations Limited

Statement of financial position
Unaudited

Figures in "000"

In Taka	Note	As at 30 September 2018	As at 30 June 2018
Assets			
Property, plant and equipment	5	1,828,890	1,793,503
Investments	6	37,096	37,096
Non-current assets		**1,865,986**	**1,830,599**
Inventories	8	1,616,878	1,610,648
Trade receivables	9	1,477,480	1,350,155
Other receivables		30,840	27,351
Inter-company receivables	10	49,407	516,616
Advances, deposits and prepayments	11	546,680	498,330
Cash and cash equivalents		135,578	262,040
Current assets		**3,856,863**	**4,265,140**
Total assets		**5,722,849**	**6,095,739**
Equity			
Share capital		450,000	450,000
Reserves		1,136,393	1,136,393
Retained earnings		933,298	915,940
Total equity		**2,519,691**	**2,502,333**
Liabilities			
Employee benefits	12	41,438	39,179
Deferred tax liabilities		52,054	59,511
Non-current liabilities		**93,492**	**98,690**
Bank overdrafts		112,787	163,498
Loans and borrowings		1,619,723	2,738,696
Trade payables		103,525	126,997
Other payables	13	170,363	196,583
Inter-company payables	14	819,767	-
Provision for tax		283,502	268,943
Current liabilities		**3,109,667**	**3,494,716**
Total liabilities		**3,203,158**	**3,593,406**
Total equity and liabilities		**5,722,849**	**6,095,739**
Net asset value (NAV) per share		**55.99**	**55.61**

Chairman **Managing Director** **Director**

Chief Financial Officer **Company Secretary**

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ACI Formulations Limited

Statement of profit or loss and other comprehensive income
Unaudited

Figures in "000"

In Taka	Note	For the 1st quarter ended 30 September 2018	2017
Revenue	15	**939,136**	656,638
Cost of sales	16	**(661,491)**	(481,946)
Gross profit		**277,645**	174,692
Other income		**1,100**	1,510
Administrative, selling and distribution expenses	17	**(205,321)**	(145,439)
Operating profit		**73,424**	30,763
Finance costs,net		**(47,677)**	(24,148)
Profit before contribution to WPPF		**25,747**	6,615
Contribution to WPPF		**(1,287)**	(331)
Profit before tax		**24,460**	6,284
Tax expenses		**(7,102)**	(1,665)
Profit after tax		**17,358**	**4,619**
Other comprehensive income		**-**	-
Total comprehensive income		**17,358**	**4,619**
Earnings per share			
Basic earnings per share (BEPS)		**0.39**	**0.10**

Chairman **Managing Director** **Director**

Chief Financial Officer **Company Secretary**

ACI Formulations Limited

Statement of changes in equity
Unaudited

Figures in "000"

	For the 1st quarter ended 30 September 2018			
	Attributable to owner of the Company			
In Taka	Share capital	Revaluation reserve	Retained earnings	Total
Balance at 1 July 2018	**450,000**	**1,136,393**	**915,940**	**2,502,333**
Total comprehensive income				
Profit for the period	-	-	17,358	17,358
Total comprehensive income	-	-	17,358	17,358
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 2018	**450,000**	**1,136,393**	**933,298**	**2,519,691**

	For the 1st quarter ended 30 September 2017			
	Attributable to owner of the Company			
In Taka	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

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ACI Formulations Limited

Statement of cash flows
Unaudited

Figures in "000"

In Taka	Note	For the 1st quarter ended 30 September 2018	2017
Cash flows from operating activities			
Cash received from customers and others		789,239	659,931
Cash paid to suppliers and employees		(871,658)	(753,231)
Cash (used in)/generated from operating activities		**(82,419)**	**(93,300)**
Interest paid		(79,118)	(23,567)
Income tax paid		(29,633)	(22,020)
		(108,751)	**(45,587)**
Net cash (used in)/generated from operating activities*	18	**(191,170)**	**(138,887)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(52,584)	(8,185)
Net cash (used in)/generated from investing activities		**(52,584)**	**(8,185)**
Cash flows from financing activities			
Inter-company debts received/(paid)		1,286,975	(39,916)
Proceeds from loans and borrowings		(1,118,972)	212,719
Dividends paid		-	(5)
Net cash (used in)/generated from financing activities		**168,003**	**172,798**
Net increase in cash and cash equivalents		**(75,751)**	**25,726**
Cash and cash equivalents as at 1 July		**98,542**	**52,511**
Cash and cash equivalents as at 30 September		**22,791**	**78,237**
Net operating cash flow per share (NOCFPS)		**(4.25)**	**(3.09)**

* See Note 18 for reconciliation of net operating cash flow.

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ACI Formulations Limited

Consolidated Statement of Financial Position
Unaudited

Figures in "000"

In Taka	Note	As at 30 September 2018	As at 30 June 2018
Assets			
Property, plant and equipment	5(a)	1,830,978	1,795,746
Investments	6(a)	33,148	33,148
Intangible assets	7	5,148	5,148
Non-current assets		**1,869,274**	**1,834,042**
Inventories	8(a)	1,635,512	1,629,234
Trade receivables	9(a)	1,499,298	1,360,567
Other receivables		30,616	26,004
Inter-company receivable		14,432	490,418
Advances, deposits and prepayments	11(a)	549,594	500,830
Cash and cash equivalents		133,664	262,105
Current assets		**3,863,116**	**4,269,158**
Total assets		**5,732,390**	**6,103,200**
Equity			
Share capital		450,000	450,000
Reserves		1,136,393	1,136,393
Retained earnings		926,956	909,029
Equity attributable to the owner of the Company		**2,513,349**	**2,495,422**
Non controlling interest		**(153)**	**(165)**
Total equity		**2,513,196**	**2,495,257**
Liabilities			
Employee benefits	12	41,438	39,179
Deferred tax liabilities		51,152	58,527
Non-current liabilities		**92,590**	**97,706**
Bank overdrafts		112,787	163,497
Loans and borrowings		1,624,015	2,746,379
Trade payables		113,241	132,432
Other payables	13(a)	171,499	197,589
Inter-company payables	14	819,767	-
Provision for tax		285,295	270,340
Current liabilities		**3,126,604**	**3,510,237**
Total liabilities		**3,219,194**	**3,607,943**
Total equity and liabilities		**5,732,390**	**6,103,200**
Net asset value (NAV) per share		**55.85**	**55.45**

Chairman **Managing Director** **Director**

Chief Financial Officer **Company Secretary**

AMARSTOCK

ACI Formulations Limited

Consolidated statement of profit or loss and other comprehensive income
Unaudited

Figures in "000"

In Taka	Note	For the 1st quarter ended 30 September 2018	2017
Revenue	15(a)	**949,013**	664,018
Cost of sales	16(a)	**(670,021)**	(488,491)
Gross profit		**278,992**	175,527
Other income		**1,100**	1,510
Administrative, selling and distribution expenses	17(a)	**(205,490)**	(145,642)
Operating profit		**74,602**	31,395
Finance costs, net		**(47,794)**	(24,370)
Profit before contribution to WPPF		**26,808**	7,025
Contribution to WPPF		**(1,287)**	(331)
Profit before tax		**25,521**	6,694
Income tax expenses		**(7,582)**	(1,690)
Profit after tax		**17,939**	5,004
Other comprehensive income		**-**	-
Total comprehensive income		**17,939**	**5,004**
Total comprehensive income attributable to:			
Owners of the Company		**17,927**	**4,996**
Non controlling interest		**12**	**8**
		17,939	**5,004**
Earnings per share			
Basic earnings per share (BEPS)		**0.40**	**0.11**

Chairman **Managing Director** **Director**

Chief Financial Officer **Company Secretary**

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ACI Formulations Limited

Consolidated statement of changes in equity
Unaudited

Figures in "000"

For the 1st quarter ended 30 September 2018

In Taka	Attributable to owner of the Company				Non-controlling interests	Total equity
	Share capital	Revaluation reserve	Retained earnings	Total		
Balance as at 1 July 2018	**450,000**	**1,136,393**	**909,029**	**2,495,422**	**(165)**	**2,495,257**
Total comprehensive income						
Profit for the period	-	-	17,927	17,927	12	17,939
Total comprehensive income	**-**	**-**	**17,927**	**17,927**	**12**	**17,939**
Transactions with owners of the company						
Contributions and distributions						
Dividends paid	-	-	-	-	-	-
Total transactions with owners of the company	**-**	**-**	**-**	**-**	**-**	**-**
Balance as at 30 September 2018	**450,000**	**1,136,393**	**926,956**	**2,513,349**	**(153)**	**2,513,196**

For the 1st quarter ended 30 September 2017

In Taka	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	-	-	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**

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ACI Formulations Limited

Consolidated statement of cash flows
Unaudited

Figures in "000"

In Taka	Note	For the 1st quarter ended 30 September 2018	2017
Cash flows from operating activities			
Cash received from customers and others		787,712	665,464
Cash paid to suppliers and employees		(868,602)	(763,821)
Cash (used in)/generated from operating activities		**(80,890)**	**(98,357)**
Interest paid		(79,235)	(23,790)
Income tax paid		(29,633)	(22,020)
		(108,868)	**(45,810)**
Net cash (used in)/generated from operating activities*	**18 (a)**	**(189,758)**	**(144,167)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(52,584)	(8,185)
Net cash (used in)/generated from investing activities		**(52,584)**	**(8,185)**
Cash flows from financing activities			
Inter-company debts received/(paid)		1,286,975	(39,916)
Proceeds from loans and borrowings		(1,122,364)	216,140
Dividends paid		-	(5)
Net cash (used in)/generated from financing activities		**164,611**	**176,219**
Net increase in cash and cash equivalents		**(77,731)**	**23,867**
Cash and cash equivalents as at 1 July		**98,608**	**64,900**
Cash and cash equivalents as at 30 September		**20,877**	**88,767**
Net operating cash flow per share (NOCFPS)		**(4.22)**	**(3.20)**

* See Note 18(a) for reconciliation of consolidated net operating cash flow.

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ACI Formulations Limited

Notes to the financial statements
as at and for the 1st quarter ended on 30 September 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. 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 2018. This interim financial report includes only those selected explanatory notes as were deemed appropriate for better understanding of unaudited financial statements.

		Figures in '000'
	30- Sep -18 Taka	30-June -18 Taka
5 Property, plant & equipment		
Opening balance	**1,937,597**	1,874,372
Addition during the period/year	**52,409**	63,225
Adjsutment/Disposal for the year/period	**-**	-
	1,990,006	1,937,597
Accumulated depreciation at the end of period/year	**(161,116)**	(144,094)
Adjsutment/Disposal for the year/period	**-**	-
Closing balance	**1,828,890**	1,793,503

		30- Sep -18 Taka	30-June -18 Taka
5(a)	**Property, plant & equipment**		
	Opening balance	**1,942,557**	1,879,332
	Addition during the period/year	**52,409**	63,225
	Adjsutment/Disposal for the year/period	**-**	-
		1,994,966	1,942,557
	Accumulated depreciation at the end of period/year	**(163,988)**	(146,811)
	Closing balance	**1,830,978**	1,795,746
6.	**Investments**		
	Investment in susidiaries	**3,948**	3,948
	Investment in FDR	**33,073**	33,073
	Investment in shares of ACI Motors Limited	**75**	75
		37,096	37,096
6(a)	**Consolidated investments**		
	Investment in FDR	**33,073**	33,073
	Investment in Shares- ACI Motors Limited	**75**	75
		33,148	33,148
7.	**Intangible assets**		
	Goodwill on acquisition :		
	Neem Laboratories (Pvt.) Limited	**5,148**	5,148
		5,148	5,148
8.	**Inventories**		
	Raw and packing materials	**624,118**	643,307
	Finished goods	**906,576**	824,787
	Goods in transit	**72,359**	127,763
	Other inventories	**26,980**	27,321
	Allowances for slow moving inventory	**(13,155)**	(12,530)
		1,616,878	1,610,648
8(a).	**Consolidated inventories**		
	Raw and packing materials	**640,644**	656,814
	Finished goods	**907,265**	825,486
	Stock in transit	**74,142**	132,507
	Other inventories	**26,980**	27,321
	Allowances for slow moving inventory	**(13,519)**	(12,894)
		1,635,512	1,629,234
9.	**Trade receivables:**		
	Related parties	**-**	-
	Other than related parties	**1,608,686**	1,461,219
		1,608,686	1,461,219
	Allowances for doubtful debts	**(131,206)**	(111,064)
		1,477,480	1,350,155
	Below six months	**1,314,226**	1,215,389
	Over six months	**294,460**	245,830
	Allowances for doubtful debts	**(131,206)**	(111,064)
		1,477,480	1,350,155

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		30- Sep -18 Taka	30-June -18 Taka
9(a).	**Consolidated trade receivables**		
	Related parties	-	-
	Other than related parties	**1,630,504**	1,471,631
		1,630,504	1,471,631
	Allowances for doubtful debts	**(131,206)**	(111,064)
		1,499,298	1,360,567
	Below six months	**1,336,044**	1,225,801
	Over six months	**294,460**	245,830
	Allowances for doubtful debts	**(131,206)**	(111,064)
		1,499,298	1,360,567
10 .	**Inter-company receivables**		
	Neem Laboratories (Pvt.) Ltd.	**49,407**	51,137
	ACI Limited	**-**	465,479
		49,407	516,616
10(a) .	**Consolidited inter-company receivables**		
	ACI Limited	**14,432**	490,418
		14,432	490,418
11.	**Advances, deposits & prepayments**		
	Advances:		
	Staffs	**2,021**	623
	Suppliers & others	**61,793**	37,334
	VAT current account	**11,015**	22,877
	Advance income tax (Note- 11.1)	**433,125**	403,492
		507,954	464,326
	Deposits:		
	Security deposits	**10,589**	9,984
	Bank guarantee margin	**18,600**	18,600
		29,189	28,584
	Prepayments:		
	Prepaid expenses	**9,537**	5,420
		9,537	5,420
		546,680	498,330
11.1	**Advance income tax**		
	Opening balance	**403,492**	283,435
	Paid during the period/year	**29,633**	120,057
		433,125	403,492
	Adjustment during the period/year	**-**	-
	Closing balance	**433,125**	403,492

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		30- Sep -18 Taka	30-June -18 Taka
11(a).	**Consolidated advances, deposits & prepayments**		
	Advances:		
	Staff	**2,021**	623
	Suppliers & others	**62,616**	38,157
	VAT current account	**11,698**	23,170
	Advance income tax	**434,097**	404,464
		510,432	466,414
	Deposits:		
	Security deposits	**10,589**	9,984
	Bank guarantee margin	**18,600**	18,600
		29,189	28,584
	Prepayments:		
	Prepaid expenses	**9,973**	5,832
		9,973	5,832
		549,594	500,830
12.	**Employee benefits**		
	Net defined benefit obligation	**31,418**	29,519
	Other employee benefits	**10,020**	9,660
		41,438	39,179
13.	**Other payables**		
	Creditor for expenses	**117,326**	116,945
	Interest payable	**14,393**	45,834
	Security money payable	**11,039**	11,049
	Unpaid dividend	**10,960**	10,960
	Withholding tax and VAT	**6,763**	3,200
	Provision for workers' profit participation fund	**9,882**	8,595
		170,363	196,583
13(a).	**Consolidated other payables**		
	Creditor for expenses	**118,306**	117,768
	Interest payable	**14,393**	45,834
	Security money payable	**11,039**	11,049
	Unpaid dividend	**10,960**	10,960
	Withholding tax and VAT	**6,919**	3,383
	Provision for workers' profit participation fund	**9,882**	8,595
		171,499	197,589
14.	**Inter-company payables**		
	ACI Limited	**819,767**	-
		819,767	-

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		1st quarter ended on	
		30-Sep-18	30-Sep-17
		Taka	Taka
15.	**Revenue**		
	Crop Care & Public Health	**607,835**	347,705
	Mosquito Coil	**32,027**	100,994
	Aerosol	**145,244**	115,827
	Paint	**141,498**	86,306
	Vanish	**12,532**	5,806
		939,136	656,638
15(a).	**Consolidated revenue**		
	Crop Care & Public Health	**607,835**	347,705
	Mosquito Coil	**32,027**	100,994
	Aerosol	**145,244**	115,827
	Paint	**141,498**	86,306
	Others	**22,409**	13,186
		949,013	664,018
16.	**Cost of sales**		
	Opening stock	**1,468,094**	1,308,569
	Purchase	**665,522**	446,698
		2,133,616	1,755,267
	Closing stock	**(1,530,694)**	(1,328,434)
		602,922	426,833
	Manufacturing expenses	**58,569**	55,113
		661,491	481,946
16(a).	**Consolidated cost of sales**		
	Opening stock	**1,482,299**	1,321,252
	Purchase	**676,833**	454,739
		2,159,132	1,775,991
	Closing stock	**(1,547,910)**	(1,342,957)
		611,222	433,034
	Manufacturing expenses	**58,799**	55,457
		670,021	488,491
17.	**Administrative, selling and distribution expenses**		
	Administrative expenses	**27,653**	24,598
	Distribution expenses	**25,022**	23,202
	Selling expenses	**152,646**	97,639
		205,321	145,439
17(a).	**Consolidated administrative, selling and distribution expenses**		
	Administrative expenses	**27,822**	24,801
	Distribution expenses	**25,022**	23,202
	Selling expenses	**152,646**	97,639
		205,490	145,642

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18. Reconciliation of net operating cash flow

In Taka	1st quarter ended on 30-Sep-18	30-Sep-17
Profit after tax	17,358	4,619
Adjustment for non cash items and others:		
- Depreciation and amortization	17,196	13,353
- Provisions	20,807	(10,348)
- Net finance cost	(31,441)	581
- Tax expense	(22,531)	(20,355)
- Contribution to WPPF	1,287	331
Changes in:		
- Inventories	(6,854)	(64,104)
- Trade and other receivables	(150,956)	1,784
- Advances, deposit and prepayments	(18,716)	(16,557)
- Trade and other payables, employment benefits'	(17,320)	(48,191)
Net Cash (used in)/generating from operating activities	(191,170)	(138,887)

18 (a). Reconciliation of consolidated net operating cash flow

In Taka	1st quarter ended on 30-Sep-18	30-Sep-17
Profit after tax	17,939	5,004
Adjustment for non cash items and others:		
- Depreciation and amortization	17,352	13,509
- Provisions	20,807	(10,348)
- Net finance cost	(31,441)	580
- Tax expense	(22,051)	(20,330)
- Contribution to WPPF	1,287	331
Changes in:		
- Inventories	(6,905)	(66,356)
- Trade and other receivables	(162,136)	301
- Advances, deposit and prepayments	(19,129)	(15,711)
- Trade and other payables, employment benefits'	(5,481)	(51,147)
Net Cash (used in)/ generating from operating activities	(189,758)	(144,167)

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19. Segment reporting

The Company has four 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.
Paint	To manufacture and sell of paint products.

Figures in '000'

Particulars	CC &PH		M Coil		Aerosol		Paint		Unallocated		Total	
	1st Quarter ended on		1st Quarter ended on		1st Quarter ended on		1st Quarter ended on		1st Quarter ended on		1st Quarter ended on	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Segment revenue:												
External revenues	607,835	347,705	32,027	100,994	145,244	115,827	141,498	86,306	12,532	13,186	939,136	664,018
Inter-segment revenues	-	-	-	-	-	-			9,877	-	9,877	-
Total revenue	607,835	347,705	32,027	100,994	145,244	115,827	141,498	86,306	22,409	13,186	949,013	664,018
Financing costs	(40,665)	(20,517)	-	-	-	-	(7,012)	(3,631)	(117)	(222)	(47,794)	(24,370)
Depreciation	(8,361)	(7,468)	(6,016)	(5,050)	(1,549)	(1,117)	(1,047)	(953)	(378)	(193)	(17,351)	(14,781)
Cost of sales excluding depreciation	(373,259)	(216,835)	(23,759)	(87,900)	(129,885)	(106,520)	(109,603)	(54,682)	(19,592)	(11,368)	(656,098)	(477,305)
Operating expenses excluding depreciation	(167,900)	(111,367)	(998)	(1,758)	(1,217)	(1,651)	(30,828)	(26,731)	(1,121)	(539)	(202,064)	(142,046)
Other income /(expense)	707	1,078	-	-	230	49	162	383	-	-	1,099	1,510
Profit before tax	17,439	(7,034)	1,191	5,972	12,182	6,259	(6,489)	676	1,197	821	25,521	6,694
Reportable segment assets	2,963,774	3,113,954	863,631	819,497	741,945	610,415	462,535	400,987	700,505	1,158,347	5,732,390	6,103,200
Reportable segment liabilities	1,838,932	1,203,632	28,947	25,024	224,793	283,780	163,656	97,668	962,866	1,997,839	3,219,194	3,607,943

20. 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.

AMARSTOCK