

ACI Formulations Limited

1st Quarter Report 2014

ACI Formulations Limited
Statement of Financial Position
as at 31 March 2014
Unaudited

Figures in '000'

	<u>Notes</u>	<u>31-Mar-14</u> <u>Taka</u>	<u>31-Dec-13</u> <u>Taka</u>
<u>Assets</u>			
Non-current assets			
Property, plant and equipment			
At cost/revaluation		1,373,814	1,363,150
Less: Accumulated depreciation		156,475	144,624
	5	1,217,339	1,218,526
Capital work-in-progress		26,346	26,283
Investment	6	14,308	2,808
Total non-current assets		1,257,993	1,247,617
Current assets			
Inventories	7	501,868	573,655
Trade receivables	8	578,989	454,261
Other receivables		9,487	7,129
Advances, deposits and prepayments	9	38,989	40,103
Advance income tax	10	109,323	94,366
Inter-company receivables	11	461,591	363,816
Cash and cash equivalents		60,275	118,780
Total current assets		1,760,522	1,652,110
Total assets		3,018,515	2,899,727
<u>Equity and liabilities</u>			
Shareholders' equity			
Share capital		450,000	450,000
Revaluation surplus		692,960	692,960
Retained earnings		658,422	587,512
Total equity		1,801,382	1,730,472
Non-current liabilities			
Long term liabilities	12	65,273	64,137
Current liabilities			
Bank overdraft		40,356	52,491
Short term bank loan		792,230	757,296
Trade payables		48,258	76,340
Other payables	13	124,196	99,535
Inter-company payables	14	4,253	3,336
Current tax liability		142,567	116,120
Total current liabilities		1,151,860	1,105,118
Total equity and liabilities		3,018,515	2,899,727



Shusmita Anis
Managing Director



Pradip Kar Chowdhury
Chief Financial Officer

ACI Formulations Limited
Statement of Comprehensive Income
for the 1st quarter ended 31 March 2014
Unaudited

Figures in '000'

	<u>Notes</u>	<u>1st quarter ended on</u>	
		<u>31- Mar-14</u>	<u>31- Mar-13</u>
		<u>Taka</u>	<u>Taka</u>
Revenue	15	805,567	724,661
Cost of sales	16	<u>(584,926)</u>	<u>(523,599)</u>
Gross profit		220,641	201,062
Administrative, selling and distribution expenses	17	<u>(104,816)</u>	<u>(90,434)</u>
Results from operating activities		115,825	110,628
Other income		2,163	1,480
Financing costs		<u>(14,693)</u>	<u>(23,721)</u>
		103,295	88,387
Provision for contribution to WPPF		<u>(5,165)</u>	<u>(4,419)</u>
<i>Profit before taxation</i>		98,130	83,968
Tax expenses		(27,220)	(21,077)
Profit after tax		<u>70,910</u>	<u>62,891</u>
Other comprehensive income		-	-
Total other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u><u>70,910</u></u>	<u><u>62,891</u></u>
Earnings per share (EPS)		<u><u>1.58</u></u>	<u><u>1.40</u></u>



Shusmita Anis
Managing Director



Pradip Kar Chowdhury
Chief Financial Officer

ACI Formulations Limited
Statement of Changes in Equity
for the 1st quarter ended 31 March 2014
Unaudited

Figures in '000'

<u>Particulars</u>	<u>Paid-up capital Taka</u>	<u>Revaluation surplus Taka</u>	<u>Retained earnings Taka</u>	<u>Total Taka</u>
Balance as at 31st December 2012	450,000	692,960	570,781	1,713,741
Comprehensive income for the period				
Profit for the period	-	-	62,891	62,891
Total other comprehensive income net of tax	-	-	-	-
Total Comprehensive income for the period	-	-	62,891	62,891
Balance as at 31 March 2013	<u>450,000</u>	<u>692,960</u>	<u>633,672</u>	<u>1,776,632</u>
Balance as at 31st December 2013	450,000	692,960	587,512	1,730,472
Comprehensive income for the period				
Profit for the period	-	-	70,910	70,910
Total other comprehensive income net of tax	-	-	-	-
Total Comprehensive income for the period	-	-	70,910	70,910
Balance at 31 March 2014	<u>450,000</u>	<u>692,960</u>	<u>658,422</u>	<u>1,801,382</u>



Shusmita Anis
Managing Director



Pradip Kar Chowdhury
Chief Financial Officer

ACI Formulations Limited
Statement of cash flows
for the 1st quarter ended 31 March 2014
Unaudited

Figures in '000'

	Jan- Mar 14 Taka	Jan-Mar 13 Taka
A) Cash flows from operating activities		
Cash received from customers	653,793	638,153
Cash received from other income	2,164	1,480
	655,957	639,633
Cash received/(paid) from/(for):		
Purchase of inventories	(530,291)	(404,905)
Operating expenses	(84,641)	(77,902)
Other payables	1,530	3,414
Advances, deposits and prepayments	1,113	(4,030)
Payment for WPPF	(547)	-
Other receivables	(2,358)	-
	(615,194)	(483,423)
Cash generated from operating activities	40,763	156,210
Financing costs	(14,693)	(23,721)
Income tax	(14,956)	(10,668)
	(29,649)	(34,389)
<i>Net cash inflows/(outflows) from operating activities</i>	11,114	121,821
B) Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,462)	(1,615)
Investment	(9,000)	-
Payments for capital work-in-progress	(7,265)	(6,323)
<i>Net cash used in investing activities</i>	(19,727)	(7,938)
C) Cash flows from financing activities		
Inter-company receivable/payable received/(paid)	(72,682)	3,094
Dividend paid	(9)	(69)
Short term bank loan received/(paid)	34,933	(119,291)
Long term bank loan received/(paid)	-	(7,188)
<i>Net cash from/(used in) financing activities</i>	(37,758)	(123,454)
D) Net increase/(decrease) in cash and cash equivalents (A+B+C)	(46,371)	(9,571)
E) Cash and cash equivalents at 1 January	66,290	6,796
F) Cash and cash equivalents at 31 March (D+E)	19,919	(2,775)
Closing balance represents		
Cash in hand and at bank	60,275	54,964
Bank overdraft	(40,356)	(57,739)
	19,919	(2,775)



Shusmita Anis
Managing Director



Pradip Kar Chowdhury
Chief Financial Officer

ACI Formulations Limited
Consolidated Statement of Financial Position
as at 31 March 2014
Unaudited

Figures in '000'

	<u>Notes</u>	<u>31-Mar-14</u> <u>Taka</u>
<u>Assets</u>		
Non-current assets		
Property, plant and equipment		
At cost/revaluation		1,378,409
Less: Accumulated depreciation		156,694
	5(a)	1,221,715
Biological asset		5,395
Capital work-in-progress		26,346
Investment	6(a)	2,808
Intangible asset		12,383
Total non-current assets		1,268,647
Current assets		
Inventories	7(a)	504,509
Trade receivables	8(a)	580,094
Other receivables		9,907
Advances, deposits and prepayments	9(a)	41,150
Advance income tax		109,323
Inter-company receivables		444,570
Cash and cash equivalents		60,451
Total current assets		1,750,004
Total assets		3,018,651
<u>Equity and liabilities</u>		
Shareholders' equity		
Share capital		450,000
Revaluation surplus		692,960
Retained earnings		658,159
		1,801,119
Minority Interest		(382)
Total equity		1,800,737
Non-current liabilities		
Long term liabilities	12(a)	65,520
Current liabilities		
Bank overdraft		40,356
Short term bank loan		792,230
Trade payables		48,324
Other payables		124,432
Inter-company payables		4,253
Obligation under finance lease- current portion		212
Current tax liability		142,587
Total current liabilities		1,152,394
Total equity and liabilities		3,018,651



Shusmita Anis
Managing Director



Pradip Kar Chowdhury
Chief Financial Officer

ACI Formulations Limited
Consolidated Statement of Comprehensive Income
for the 1st quarter ended 31 March 2014
Unaudited

		<u>Figures in '000'</u>
		<u>Jan- Mar 2014</u>
	<u>Notes</u>	<u>Taka</u>
Revenue	15(a)	805,641
Cost of sales	16 (a)	<u>(585,080)</u>
Gross profit		220,561
Administrative, selling and distribution expenses	17(a)	<u>(105,087)</u>
Results from operating activities		115,474
Other income		2,163
Financing costs		<u>(14,693)</u>
		102,944
Provision for contribution to WPPF		<u>(5,165)</u>
Profit before taxation		97,779
Tax expenses		<u>(27,220)</u>
Profit after tax		<u>70,559</u>
Non-controlling interest		88
Profit after tax & minority interest		<u>70,647</u>
Earnings per share (EPS)		<u>1.57</u>



Shusmita Anis
Managing Director



Pradip Kar Chowdhury
Chief Financial Officer

ACI Formulations Limited
Consolidated Statement of Changes in Equity
for the 1st quarter ended 31 March 2014
Unaudited

Figures in '000'

<u>Particulars</u>	<u>Paid up capital Taka</u>	<u>Revaluation surplus Taka</u>	<u>Retained earnings Taka</u>	<u>Total Taka</u>	<u>Non- controlling interest Taka</u>	<u>Total equity Taka</u>
Balance as at 31 December 2013	450,000	692,960	587,512	1,730,472	-	1,730,472
Non-controlling interest at acquisition date	-	-	-	-	(294)	(294)
Comprehensive income for the period						
Profit for the period	-	-	70,647	70,647	(88)	70,559
Total other comprehensive income net of tax	-	-	-	-	-	-
Total Comprehensive income for the period	<u>-</u>	<u>-</u>	<u>70,647</u>	<u>70,647</u>	<u>(88)</u>	<u>70,559</u>
Balance at 31 March 2014	<u>450,000</u>	<u>692,960</u>	<u>658,159</u>	<u>1,801,119</u>	<u>(382)</u>	<u>1,800,737</u>



Shusmita Anis
Managing Director



Pradip Kar Chowdhury
Chief Financial Officer

ACI Formulations Limited
Consolidated Statement of Cash Flows
for the 1st quarter ended 31 March 2014
Unaudited

Figures in '000'

Jan-Mar 14
Taka

A) Cash flows from operating activities	
Cash received from customers	653,989
Cash received from other income	2,164
	656,153
Cash received/(paid) from/(for):	
Purchase of inventories	(530,469)
Operating expenses	(84,852)
Other payables	1,530
Advances, deposits and prepayments	804
Payment for WPPF	(547)
Other receivables	(2,358)
	(615,892)
Cash generated from operating activities	40,261
Financing costs	(14,693)
Income tax	(14,956)
	(29,649)
<i>Net cash inflows/(outflows) from operating activities</i>	10,612
B) Cash flows from investing activities	
Acquisition of property, plant and equipment	(3,462)
Investment	(8,868)
Payments for capital work-in-progress	(7,265)
<i>Net cash used in investing activities</i>	(19,595)
C) Cash flows from financing activities	
Inter-company receivable/payable received/(paid)	(72,118)
Dividend paid	(9)
Cash paid for finance lease	(18)
Short term bank loan received/(paid)	34,933
Long term bank loan received/(paid)	-
<i>Net cash from/(used in) financing activities</i>	(37,212)
D) Net increase/(decrease) in cash and cash equivalents (A+B+C)	(46,195)
E) Cash and cash equivalents at 1 January	66,289
F) Cash and cash equivalents at 31 March (D+E)	20,094
Closing balance represents	
Cash in hand and at bank	60,450
Bank overdraft	(40,356)
	20,094



Shusmita Anis
Managing Director



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Chief Financial Officer

ACI Formulations Limited

Notes to the financial statements for the 1st quarter ended 31 March 2014 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 acquired 75% shares of Neem Laboratories (Pvt.) Ltd, Aloe Organics (Pvt.) Limited and Green Business & Marketing Company (BD) Limited. The effective date of acquisition was 28 February 2014. Neem Laboratories (Pvt.) Ltd is engaged in manufacturing and marketing of herbal products in 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 year ended 31 December 2013. This interim financial report includes only those selected explanatory notes as were deemed appropriate for better understanding of unaudited financial statements.

	Figures in '000'	
	31- Mar -14	31-Dec -13
	Taka	Taka
5 Property, plant & equipment at cost/ revaluation:		
Opening balance	1,363,150	1,327,776
Addition during the period/year	10,664	35,374
	1,373,814	1,363,150
Accumulated depreciation at the end of period/year	(156,475)	(144,624)
	1,217,339	1,218,526
5(a) Property, plant & equipment at cost/ revaluation:		
Opening balance	1,367,732	
Addition during the period/year	10,677	
	1,378,409	
Accumulated depreciation at the end of period/year	(156,694)	
	1,221,715	

	<u>31- Mar -14</u>	<u>31-Dec -13</u>
	<u>Taka</u>	<u>Taka</u>
6. Investment		
Investment in term deposit	2,733	2,733
Investment in Shares:		
ACI Motors Limited	75	75
Neem Laboratories (Pvt) Ltd.	3,834	-
Aloe Organic (Pvt) Ltd.	3,833	-
Green Business & Marketing Company (BD) Ltd.	3,833	-
	<u>14,308</u>	<u>2,808</u>
6(a) Consolidated investment		
Investment in term deposit	2,733	
Investment in Shares- ACI Motors Limited	75	
	<u>2,808</u>	
7. Inventories		
Raw materials	203,398	210,584
Packing materials	67,991	59,778
Finished goods	205,868	231,716
Work-in-process	-	2,421
Stock in transit	14,937	58,089
Other inventories	22,729	22,701
	<u>514,923</u>	<u>585,289</u>
Provision for slow moving Inventory	(13,055)	(11,634)
	<u>501,868</u>	<u>573,655</u>
7(a) Consolidated inventories		
Raw materials	204,095	
Packing materials	69,334	
Finished goods	206,469	
Work-in-process	-	
Stock in transit	14,937	
Other inventories	22,729	
	<u>517,564</u>	
Provision for slow moving Inventory	(13,055)	
	<u>504,509</u>	
8. Trade receivables		
Receivables due over six months	158,867	165,052
Receivables due below six months	504,647	370,871
	<u>663,514</u>	<u>535,923</u>
Provision for doubtful debts	(84,525)	(81,662)
	<u>578,989</u>	<u>454,261</u>
8(a). Trade receivables		
Receivables due over six months	159,095	
Receivables due below six months	505,524	
	<u>664,619</u>	
Provision for doubtful debts	(84,525)	
	<u>580,094</u>	

9. Advances, deposits & prepayments	31- Mar -14	31-Dec -13
	<u>Taka</u>	<u>Taka</u>
Advance to suppliers	21,771	23,366
Staff advances	5,434	5,305
Bank guarantee margin	2,109	1,064
VAT current account	1,536	1,556
Security money and tender deposits	5,832	5,972
Prepayments	2,307	2,840
	<u>38,989</u>	<u>40,103</u>
9(a). Consolidated advances, deposits & prepayments		
Advance to suppliers	23,135	
Staff advances	5,434	
Bank guarantee margin	2,109	
VAT current account	1,536	
Security money and tender deposits	5,832	
Prepayments	3,104	
	<u>41,150</u>	
10. Advance income tax		
Balance as at 1st January	94,366	47,849
Paid during the period/year	14,957	46,517
	109,323	94,366
Adjustment during the period/year	-	-
	<u>109,323</u>	<u>94,366</u>
11. Inter-company receivables		
Advanced Chemical Industries Limited	444,570	363,816
Neem Laboratories (Pvt) Ltd.	17,021	-
	<u>461,591</u>	<u>363,816</u>
12. Long term liabilities		
Staff gratuity provision	7,540	7,178
Other long term liabilities	3,810	3,810
Deferred tax liabilities	53,923	53,149
	<u>65,273</u>	<u>64,137</u>
12(a) Long term liabilities		
Staff gratuity provision	7,540	
Other long term liabilities	3,810	
Obligation under lease finance	247	
Deferred tax liabilities	53,923	
	<u>65,520</u>	
13. Other payables		
Creditor for expenses	83,788	67,229
Interest payable	5,604	3,639
Unpaid dividend	6,836	6,846
Security money payable	1,175	1,175
Withholding tax and VAT	2,657	1,127
Provision for workers' profit participation fund	24,136	19,519
	<u>124,196</u>	<u>99,535</u>

	<u>31- Mar -14</u>	<u>31-Dec -13</u>
	<u>Taka</u>	<u>Taka</u>
14. Inter-company payables		
Premiaflex Plastics Limited	4,133	3,336
ACI Salt Limited	120	-
	<u>4,253</u>	<u>3,336</u>
	<u>31- Mar -14</u>	<u>31-Mar -13</u>
	<u>Taka</u>	<u>Taka</u>
15. Revenue		
Crop Care & Public Health	448,860	403,368
Mosquito Coil	204,751	187,462
Aerosol	137,456	133,831
Paint	14,500	-
	<u>805,567</u>	<u>724,661</u>
15(a). Revenue		
Crop Care & Public Health	448,860	
Mosquito Coil	204,751	
Aerosol	137,456	
Paint & others	14,574	
	<u>805,641</u>	
16. Cost of sales		
Opening stock	504,500	601,971
Purchase	<u>510,019</u>	<u>396,316</u>
	1,014,519	998,287
Closing stock	<u>(477,257)</u>	<u>(518,682)</u>
	537,262	479,605
Manufacturing expenses	<u>47,664</u>	<u>43,994</u>
	<u>584,926</u>	<u>523,599</u>
16(a). Consolidated cost of sales		
Opening stock	507,043	
Purchase	<u>510,155</u>	
	1,017,198	
Closing stock	<u>(479,898)</u>	
	537,300	
Manufacturing expenses	<u>47,780</u>	
	<u>585,080</u>	
17 Operating expenses		
Administrative expenses	29,881	25,967
Distribution expenses	11,927	8,608
Selling expenses	63,008	55,859
	<u>104,816</u>	<u>90,434</u>
17(a). Operating expenses		
Administrative expenses	29,940	
Distribution expenses	11,991	
Selling expenses	<u>63,156</u>	
	<u>105,087</u>	

18. 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	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Segment revenue:										
External revenues	448,860	403,368	-	-	-	-	-	-	448,860	403,368
Inter-segment revenues	-	-	204,751	187,462	137,456	133,831	14,500	-	356,707	321,293
Total revenue	448,860	403,368	204,751	187,462	137,456	133,831	14,500	-	805,567	724,661
Financing costs	(11,705)	(21,567)	(1,165)	(1,057)	(1,392)	(1,097)	(431)	-	(14,693)	(23,721)
Depreciation	(5,514)	(5,688)	(4,994)	(5,163)	(1,180)	(1,197)	(163)	-	(11,851)	(12,048)
Cost of sales excluding depreciation	(260,827)	(222,758)	(180,592)	(167,299)	(123,382)	(122,233)	(9,195)	-	(573,996)	(512,290)
Operating expenses excluding depreciation	(81,696)	(77,254)	(8,881)	(6,607)	(7,658)	(5,834)	(5,660)	-	(103,895)	(89,695)
Other income/(expense)	1,342	690	-	1	821	789	-	-	2,163	1,480
Profit before tax	85,937	72,951	8,663	6,970	4,432	4,046	(902)	-	98,130	83,968
Reportable segment assets	1,710,200	1,831,615	828,502	608,169	401,635	286,640	79,420	76,338	3,019,757	2,802,762
Reportable segment liabilities	489,823	286,965	178,939	102,507	141,517	141,290	408,099	495,368	1,218,378	1,026,130

19. 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.



Shusmita Anis
Managing Director



Pradip Kar Chowdhury
Chief Financial Officer