

ACI Formulations Limited

Half Yearly Report 2014

ACI Formulations Limited
Statement of Financial Position
as at 30 June 2014
Unaudited

Figures in '000'

	<u>Notes</u>	<u>30-June-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		1,381,999	1,363,150
Less: Accumulated depreciation		168,520	144,624
	5	1,213,479	1,218,526
Capital work-in-progress		28,243	26,283
Investment	6	14,308	2,808
Total non-current assets		1,256,030	1,247,617
Current assets			
Inventories	7	535,546	573,655
Trade receivables	8	438,885	454,261
Other receivables		5,511	7,129
Advances, deposits and prepayments	9	61,040	40,103
Advance income tax	10	69,318	94,366
Inter-company receivables	11	307,957	363,816
Cash and cash equivalents		75,526	118,780
Total current assets		1,493,783	1,652,110
Total assets		2,749,813	2,899,727
<u>Equity and liabilities</u>			
Shareholders' equity			
Share capital		450,000	450,000
Revaluation surplus		692,960	692,960
Retained earnings		551,247	587,512
Total equity		1,694,207	1,730,472
Non-current liabilities			
Long term liabilities	12	63,203	64,137
Current liabilities			
Bank overdraft		54,003	52,491
Short term bank loan		547,469	757,296
Trade payables		51,186	76,340
Other payables	13	240,797	99,535
Inter-company payables	14	4,262	3,336
Current tax liability		94,686	116,120
Total current liabilities		992,403	1,105,118
Total equity and liabilities		2,749,813	2,899,727



Shusmita Anis
Managing Director



Pradip Kar Chowdhury
Chief Financial Officer

ACI Formulations Limited
Statement of Comprehensive Income
for the half year ended 30 June 2014
Unaudited

Figures in '000'

	Notes	Half year ended on		Period ended on	
		January to June 2014	January to June 2013	April to June 2014	April to June 2013
		Taka	Taka	Taka	Taka
Revenue	15	1,353,465	1,135,991	547,898	411,330
Cost of sales	16	(1,021,517)	(849,372)	(436,591)	(325,773)
Gross profit		<u>331,948</u>	<u>286,619</u>	<u>111,307</u>	<u>85,557</u>
Administrative, selling and distribution expenses	17	(198,585)	(174,116)	(93,769)	(83,682)
Results from operating activities		<u>133,363</u>	<u>112,503</u>	<u>17,538</u>	<u>1,875</u>
Other income		3,741	2,836	1,578	1,357
Financing costs		(26,039)	(41,660)	(11,346)	(17,939)
		<u>111,065</u>	<u>73,679</u>	<u>7,770</u>	<u>(14,707)</u>
Provision for contribution to WPPF		(5,553)	(3,684)	(388)	735
<i>Profit before taxation</i>		<u>105,512</u>	<u>69,995</u>	<u>7,382</u>	<u>(13,972)</u>
Tax expenses		(29,277)	(17,643)	(2,057)	3,434
Profit after tax		<u>76,235</u>	<u>52,352</u>	<u>5,325</u>	<u>(10,538)</u>
Other comprehensive income		-	-	-	-
Total comprehensive income		<u><u>76,235</u></u>	<u><u>52,352</u></u>	<u><u>5,325</u></u>	<u><u>(10,538)</u></u>
Earnings per share (EPS)		<u><u>1.69</u></u>	<u><u>1.16</u></u>	<u><u>0.12</u></u>	<u><u>(0.23)</u></u>



Shusmita Anis
Managing Director



Pradip Kar Chowdhury
Chief Financial Officer

ACI Formulations Limited

Statement of Changes in Equity
for the half year ended 30 June 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	-	-	52,352	52,352
Total other comprehensive income net of tax	-	-	-	-
Total Comprehensive income for the period	-	-	52,352	52,352
Contribution by and distributions to owners of the Company				
Dividends to owners of the Company	-	-	(112,500)	(112,500)
Total contributions by and distributions to owners of the Company	-	-	(112,500)	(112,500)
Balance as at 30 June 2013	450,000	692,960	510,633	1,653,593
Balance as at 31st December 2013	450,000	692,960	587,512	1,730,472
Comprehensive income for the period				
Profit for the period	-	-	76,235	76,235
Total other comprehensive income net of tax	-	-	-	-
Total Comprehensive income for the period	-	-	76,235	76,235
Contribution by and distributions to owners of the Company				
Dividends to owners of the Company	-	-	(112,500)	(112,500)
Total contributions by and distributions to owners of the Company	-	-	(112,500)	(112,500)
Balance at 30 June 2014	450,000	692,960	551,247	1,694,207



Shusmita Anis
Managing Director



Pradip Kar Chowdhury
Chief Financial Officer

ACI Formulations Limited
Statement of cash flows
for the half year ended 30 June 2014
Unaudited

Figures in '000'

	January to June 2014	January to June 2013
	Taka	Taka
A) Cash flows from operating activities		
Cash received from customers	1,336,821	1,311,630
Cash received from other income	3,741	2,837
	1,340,562	1,314,467
Cash received/(paid) from/(for):		
Purchase of inventories	(986,931)	(738,850)
Operating expenses	(167,723)	(154,760)
Other payables	2,137	875
Advances, deposits and prepayments	(20,937)	(2,521)
Payment for WPPF	(1,476)	-
Other receivables	1,618	-
	(1,173,312)	(895,256)
Cash generated from operating activities	167,250	419,211
Financing costs	(26,039)	(41,660)
Income tax	(27,287)	(20,330)
	(53,326)	(61,990)
<i>Net cash inflows/(outflows) from operating activities</i>	113,924	357,221
B) Cash flows from investing activities		
Acquisition of property, plant and equipment	(11,543)	(2,154)
Investment	(9,000)	(122)
Payments for capital work-in-progress	(9,267)	(11,533)
<i>Net cash used in investing activities</i>	(29,810)	(13,809)
C) Cash flows from financing activities		
Inter-company receivable/payable received/(paid)	80,961	(208,107)
Dividend paid	(15)	(41)
Short term bank loan received/(paid)	(209,827)	(103,434)
Long term bank loan received/(paid)	-	(761)
<i>Net cash from/(used in) financing activities</i>	(128,881)	(312,343)
D) Net increase/(decrease) in cash and cash equivalents (A+B+C)	(44,767)	31,069
E) Cash and cash equivalents at 1 January	66,290	6,797
F) Cash and cash equivalents at 30 June (D+E)	21,523	37,866
Closing balance represents		
Cash in hand and at bank	75,526	62,759
Bank overdraft	(54,003)	(24,893)
	21,523	37,866



Shusmita Anis
Managing Director



Pradip Kar Chowdhury
Chief Financial Officer

ACI Formulations Limited
Consolidated Statement of Financial Position
as at 30 June 2014
Unaudited

Figures in '000'

	<u>Notes</u>	<u>30-June-14</u> <u>Taka</u>
<u>Assets</u>		
Non-current assets		
Property, plant and equipment		
At cost/revaluation		1,386,637
Less: Accumulated depreciation		168,815
	5(a)	1,217,822
Biological asset		5,395
Capital work-in-progress		28,243
Investment	6(a)	2,808
Intangible asset		12,383
Total non-current assets		<u>1,266,651</u>
Current assets		
Inventories	7(a)	538,866
Trade receivables	8(a)	439,745
Other receivables		5,511
Advances, deposits and prepayments	9(a)	64,113
Advance income tax		69,318
Inter-company receivables		290,397
Cash and cash equivalents		76,918
Total current assets		<u>1,484,868</u>
Total assets		<u>2,751,519</u>
<u>Equity and liabilities</u>		
Shareholders' equity		
Share capital		450,000
Revaluation surplus		692,960
Retained earnings		550,828
		1,693,788
Minority Interest		419
Total equity		<u>1,693,369</u>
Non-current liabilities		
Long term liabilities	12(a)	63,478
Current liabilities		
Bank overdraft		54,003
Short term bank loan		547,469
Trade payables		52,715
Other payables		241,243
Inter-company payables		4,262
Obligation under finance lease- current portion		212
Current tax liability		94,768
Total current liabilities		<u>994,672</u>
Total equity and liabilities		<u>2,751,519</u>



Shusmita Anis
Managing Director



Pradip Kar Chowdhury
Chief Financial Officer

ACI Formulations Limited
Consolidated Statement of Comprehensive Income
for the half year ended 30 June 2014
Unaudited

	Notes	Figures in '000'	
		Jan- Jun 2014	April- Jun 2014
		Taka	Taka
Revenue	15(a)	1,355,223	549,582
Cost of sales	16 (a)	(1,022,615)	(437,535)
Gross profit		332,608	112,047
Administrative, selling and distribution expenses	17(a)	(199,720)	(94,633)
Results from operating activities		132,888	17,414
Other income		3,741	1,578
Financing costs		(26,059)	(11,366)
		110,570	7,626
Provision for contribution to WPPF		(5,553)	(388)
Profit before taxation		105,017	7,238
Tax expenses		(29,326)	(2,106)
Profit after tax		75,691	5,132
Non-controlling interest		125	37
Profit after tax & minority interest		75,816	5,169
Earnings per share (EPS)		1.68	0.11



Shusmita Anis
Managing Director



Pradip Kar Chowdhury
Chief Financial Officer

ACI Formulations Limited
Consolidated Statement of Changes in Equity
for the half year ended 30 June 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	-	-	75,816	75,816	(125)	75,691
Total other comprehensive income net of tax	-	-	-	-	-	-
Total Comprehensive income for the period	<u>-</u>	<u>-</u>	<u>75,816</u>	<u>75,816</u>	<u>(125)</u>	<u>75,691</u>
Contribution by and distributions to owners of the Company						
Dividends to owners of the Company	-	-	(112,500)	(112,500)	-	(112,500)
Total contributions by and distributions to owners of the Company	<u>-</u>	<u>-</u>	<u>(112,500)</u>	<u>(112,500)</u>	<u>-</u>	<u>(112,500)</u>
Balance at 30 June 2014	<u>450,000</u>	<u>692,960</u>	<u>550,828</u>	<u>1,693,788</u>	<u>(419)</u>	<u>1,693,369</u>



Shusmita Anis
Managing Director



Pradip Kar Chowdhury
Chief Financial Officer

ACI Formulations Limited
Consolidated Statement of Cash Flows
for the half year ended on 30 June 2014
Unaudited

Figures in '000'

Jan - June 2014

Taka

A) Cash flows from operating activities	
Cash received from customers	1,340,069
Cash received from other income	3,741
	1,343,810
Cash received/(paid) from/(for):	
Purchase of inventories	(988,736)
Operating expenses	(167,632)
Other payables	2,137
Advances, deposits and prepayments	(21,620)
Payment for WPPF	(1,475)
Other receivables	1,618
	(1,175,708)
Cash generated from operating activities	168,102
Financing costs	(26,059)
Income tax	(27,287)
	(53,346)
<i>Net cash inflows/(outflows) from operating activities</i>	114,756
B) Cash flows from investing activities	
Acquisition of property, plant and equipment	(11,585)
Investment	(8,868)
Payments for capital work-in-progress	(9,267)
<i>Net cash used in investing activities</i>	(29,720)
C) Cash flows from financing activities	
Inter-company receivable/payable received/(paid)	81,432
Dividend paid	(15)
Short term bank loan received/(paid)	(209,827)
Long term bank loan received/(paid)	-
<i>Net cash from/(used in) financing activities</i>	(128,410)
D) Net increase/(decrease) in cash and cash equivalents (A+B+C)	(43,374)
E) Cash and cash equivalents at 1 January	66,289
F) Cash and cash equivalents at 30 June (D+E)	22,915
Closing balance represents	
Cash in hand and at bank	76,918
Bank overdraft	(54,003)
	22,915



Shusmita Anis
Managing Director



Pradip Kar Chowdhury
Chief Financial Officer

ACI Formulations Limited

Notes to the financial statements for the half year ended 30 June 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'

	<u>30- Jun -14</u>	<u>31-Dec -13</u>
	<u>Taka</u>	<u>Taka</u>
5 Property, plant & equipment at cost/ revaluation:		
Opening balance	1,363,150	1,327,776
Addition during the period/year	18,849	35,374
	1,381,999	1,363,150
Accumulated depreciation at the end of period/year	(168,520)	(144,624)
	1,213,479	1,218,526
5(a) Property, plant & equipment at cost/ revaluation:		
Opening balance	1,367,732	
Addition during the period/year	18,905	
	1,386,637	
Accumulated depreciation at the end of period/year	(168,815)	
	1,217,822	

	<u>30- June -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	221,973	210,584
Packing materials	73,402	59,778
Finished goods	216,386	231,716
Work-in-process	-	2,421
Stock in transit	17,041	58,089
Other inventories	22,941	22,701
	<u>551,743</u>	<u>585,289</u>
Provision for slow moving Inventory	<u>(16,197)</u>	<u>(11,634)</u>
	<u>535,546</u>	<u>573,655</u>
7(a) Consolidated inventories		
Raw materials	223,226	
Packing materials	74,764	
Finished goods	217,091	
Work-in-process	-	
Stock in transit	17,041	
Other inventories	22,941	
	<u>555,063</u>	
Provision for slow moving Inventory	<u>(16,197)</u>	
	<u>538,866</u>	
8. Trade receivables		
Receivables due over six months	163,917	165,052
Receivables due below six months	364,191	370,871
	<u>528,108</u>	<u>535,923</u>
Provision for doubtful debts	<u>(89,223)</u>	<u>(81,662)</u>
	<u>438,885</u>	<u>454,261</u>
8(a). Trade receivables		
Receivables due over six months	163,917	
Receivables due below six months	365,051	
	<u>528,968</u>	
Provision for doubtful debts	<u>(89,223)</u>	
	<u>439,745</u>	

9. Advances, deposits & prepayments	<u>30- June -14</u>	<u>31-Dec -13</u>
	<u>Taka</u>	<u>Taka</u>
Advance to suppliers	29,509	23,366
Staff advances	3,272	5,305
Bank guarantee margin	8,731	1,064
VAT current account	4,562	1,556
Security money and tender deposits	10,825	5,972
Prepayments	4,141	2,840
	<u>61,040</u>	<u>40,103</u>
9(a). Consolidated advances, deposits & prepayments		
Advance to suppliers	31,957	
Staff advances	3,272	
Bank guarantee margin	8,731	
VAT current account	4,562	
Security money and tender deposits	10,825	
Prepayments	4,766	
	<u>64,113</u>	
10. Advance income tax		
Balance as at 1st January	94,366	47,849
Paid during the period/year	<u>27,287</u>	<u>46,517</u>
	121,653	94,366
Adjustment during the period/year	<u>(52,335)</u>	<u>-</u>
	<u>69,318</u>	<u>94,366</u>
11. Inter-company receivables		
Advanced Chemical Industries Limited	290,397	363,816
Neem Laboratories (Pvt) Ltd.	<u>17,560</u>	<u>-</u>
	<u>307,957</u>	<u>363,816</u>
12. Long term liabilities		
Staff gratuity provision	7,867	7,178
Other long term liabilities	3,810	3,810
Deferred tax liabilities	<u>51,526</u>	<u>53,149</u>
	<u>63,203</u>	<u>64,137</u>
12(a) Long term liabilities		
Staff gratuity provision	7,867	
Other long term liabilities	3,810	
Obligation under lease finance	275	
Deferred tax liabilities	<u>51,526</u>	
	<u>63,478</u>	
13. Other payables		
Creditor for expenses	86,729	67,229
Interest payable	6,702	3,639
Unpaid dividend	119,331	6,846
Security money payable	1,375	1,175
Withholding tax and VAT	3,064	1,127
Provision for workers' profit participation fund	<u>23,596</u>	<u>19,519</u>
	<u>240,797</u>	<u>99,535</u>

	<u>30-Jun-14</u>	<u>31-Dec -13</u>
	<u>Taka</u>	<u>Taka</u>
14. Inter-company payables		
Premiaflex Plastics Limited	4,262	3,336
	<u>4,262</u>	<u>3,336</u>
	<u>Jan-June 14</u>	<u>Jan- June13</u>
	<u>Taka</u>	<u>Taka</u>
15. Revenue		
Crop Care & Public Health	680,211	559,411
Mosquito Coil	398,516	329,755
Aerosol	248,794	246,825
Paint	25,944	-
	<u>1,353,465</u>	<u>1,135,991</u>
15(a). Revenue		
Crop Care & Public Health	680,210	
Mosquito Coil	398,516	
Aerosol	248,794	
Paint & others	27,703	
	<u>1,355,223</u>	
16. Cost of sales		
Opening stock	504,500	601,970
Purchase	935,972	665,600
	<u>1,440,472</u>	<u>1,267,570</u>
Closing stock	(511,760)	(503,399)
	<u>928,712</u>	<u>764,171</u>
Manufacturing expenses	92,805	85,201
	<u>1,021,517</u>	<u>849,372</u>
16(a). Consolidated cost of sales		
Opening stock	507,043	
Purchase	939,672	
	<u>1,446,715</u>	
Closing stock	(515,080)	
	<u>931,635</u>	
Manufacturing expenses	90,980	
	<u>1,022,615</u>	
17 Operating expenses		
Administrative expenses	57,041	52,835
Distribution expenses	17,853	16,587
Selling expenses	123,691	104,694
	<u>198,585</u>	<u>174,116</u>
17(a). Operating expenses		
Administrative expenses	57,112	
Distribution expenses	17,940	
Selling expenses	124,668	
	<u>199,720</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	
	Half year ended on		Half year ended on		Half year ended on		Half year ended on		Half year ended on	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Segment revenue:										
External revenues	680,210	559,411	-	-	-	-	27,703	-	707,913	559,411
Inter-segment revenues	-	-	398,516	329,755	248,794	246,825	-	-	647,310	576,580
Total revenue	680,210	559,411	398,516	329,755	248,794	246,825	27,703	-	1,355,223	1,135,991
Financing costs	(20,002)	(37,410)	(2,260)	(2,024)	(2,698)	(2,227)	(1,101)	-	(26,061)	(41,661)
Depreciation	(11,353)	(11,556)	(9,565)	(10,435)	(2,621)	(2,304)	(453)	-	(23,992)	(24,295)
Cost of sales excluding depreciation	(407,786)	(315,914)	(352,301)	(287,265)	(222,546)	(223,377)	(18,256)	-	(1,000,889)	(826,556)
Operating expenses excluding depreciation	(151,832)	(143,492)	(17,230)	(16,417)	(13,521)	(12,727)	(14,895)	-	(197,478)	(172,636)
Other income/(expense)	2,166	1,425	1	7	1,574	1,404	-	-	3,741	2,836
Profit before tax	86,833	49,841	16,303	12,940	8,533	7,214	(6,652)	-	105,017	69,995
Reportable segment assets	1,564,249	1,594,694	672,808	878,403	414,617	237,780	99,845	40,715	2,751,519	2,751,592
Reportable segment liabilities	375,403	263,627	139,029	104,473	118,966	146,680	424,752	583,219	1,058,150	1,097,999

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