

ACI Formulations Limited


3rd Quarter Report 2012

ACI Formulations Limited
Statement of Financial Position
as at 30 September 2012

Unaudited

Figures in '000'

| | <u>30 Sept 2012</u> | <u>31 Dec 2011</u> |
|--------------------------------------|-------------------------|-------------------------|
| | Taka | Taka |
| <u>Assets</u> | | |
| Non-current assets | | |
| Property, plant and equipment | | |
| At cost/revaluation | 1,289,818 | 1,229,783 |
| Less: Accumulated depreciation | 86,854 | 52,490 |
| | 1,202,964 | 1,177,293 |
| Capital work-in-progress | 41,168 | 33,113 |
| Investment | 2,397 | 2,397 |
| Total non-current assets | <u>1,246,529</u> | <u>1,212,803</u> |
| Current assets | | |
| Inventories | 757,332 | 704,747 |
| Trade receivables | 523,567 | 546,037 |
| Advance income tax | 94,055 | 43,608 |
| Advances, deposits and prepayments | 30,536 | 24,746 |
| Inter-company receivables | 110,933 | 243,764 |
| Cash and cash equivalents | 34,460 | 83,150 |
| Total current assets | <u>1,550,883</u> | <u>1,646,052</u> |
| Total assets | <u>2,797,412</u> | <u>2,858,855</u> |
| <u>Equity and liabilities</u> | | |
| Shareholders' equity | | |
| Share capital | 450,000 | 300,000 |
| Revaluation surplus | 693,376 | 693,376 |
| Retained earnings | 521,611 | 645,402 |
| Total equity | 1,664,987 | 1,638,778 |
| Liabilities | | |
| Long term liabilities | 77,021 | 93,961 |
| Current liabilities | | |
| Bank overdraft | 43,553 | 58,083 |
| Short term bank loan | 705,635 | 762,277 |
| Long term bank loan- current portion | 21,669 | 21,669 |
| Trade payables | 79,157 | 97,972 |
| Other payables | 85,530 | 112,960 |
| Inter-company liabilities | 8,902 | - |
| Current tax liability | 110,957 | 73,155 |
| Total current liabilities | <u>1,055,403</u> | <u>1,126,116</u> |
| Total equity and liabilities | <u>2,797,412</u> | <u>2,858,855</u> |



M Anis Ud Dowla
Managing Director



Muallem A Choudhury
Chief Financial Officer

ACI Formulations Limited
Statement of Comprehensive Income
for the period ended 30 September 2012
Unaudited

Figures in '000'

| | January to September 2012 Taka | January to September 2011 Taka | July to September 2012 Taka | July to September 2011 Taka |
|--|--------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|
| Revenue | 1,915,542 | 1,735,289 | 501,370 | 500,435 |
| Cost of sales | <u>(1,481,666)</u> | <u>(1,358,207)</u> | <u>(370,936)</u> | <u>(416,305)</u> |
| Gross profit | 433,876 | 377,082 | 130,434 | 84,130 |
| Operating expenses | <u>(225,469)</u> | <u>(224,995)</u> | <u>(56,380)</u> | <u>(73,344)</u> |
| Results from operating activities | 208,407 | 152,087 | 74,054 | 10,786 |
| Other income | 6,896 | 8,909 | 1,698 | 3,151 |
| Financing costs | <u>(72,166)</u> | <u>(57,449)</u> | <u>(22,850)</u> | <u>(16,319)</u> |
| | 143,137 | 103,547 | 52,902 | (2,382) |
| Provision for contribution to WPPF | <u>(7,157)</u> | <u>(5,177)</u> | <u>(2,645)</u> | <u>119</u> |
| <i>Profit before taxation</i> | 135,980 | 98,370 | 50,257 | (2,263) |
| Tax expenses | <u>(34,771)</u> | <u>(25,451)</u> | <u>(12,730)</u> | <u>1,226</u> |
| Profit after tax | <u>101,209</u> | <u>72,919</u> | <u>37,527</u> | <u>(1,037)</u> |
| Other comprehensive income | - | - | - | - |
| Total other comprehensive income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income | <u><u>101,209</u></u> | <u><u>72,919</u></u> | <u><u>37,527</u></u> | <u><u>(1,037)</u></u> |
| Earnings per share (EPS) | <u><u>2.25</u></u> | <u><u>1.62</u></u> | <u><u>0.83</u></u> | <u><u>(0.02)</u></u> |



M Anis Ud Dowla
Managing Director



Muallem A Choudhury
Chief Financial Officer

Statement of Changes in Equity
for the period ended 30 September 2012

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 1 January 2011 | 300,000 | 693,376 | 588,554 | 1,581,930 |
| Comprehensive income for the period | | | | |
| Profit for the period | - | - | 72,919 | 72,919 |
| Total other comprehensive income net of tax | - | - | - | - |
| Total Comprehensive income for the period | - | - | 72,919 | 72,919 |
| Contribution by and distributions to owners of the Company | | | | |
| Dividends to owners of the Company | - | - | (90,000) | (90,000) |
| Total contributions by and distributions to owners of the Company | - | - | (90,000) | (90,000) |
| Balance as at 30 September 2011 | 300,000 | 693,376 | 571,473 | 1,564,849 |
| Balance as at 1 January 2012 | 300,000 | 693,376 | 645,402 | 1,638,778 |
| Comprehensive income for the period | | | | |
| Profit for the period | - | - | 101,209 | 101,209 |
| Total other comprehensive income net of tax | - | - | - | - |
| Total Comprehensive income for the period | - | - | 101,209 | 101,209 |
| Contribution by and distributions to owners of the Company | | | | |
| Issue of bonus shares | 150,000 | - | (150,000) | - |
| Dividends to owners of the Company | - | - | (75,000) | (75,000) |
| Total contributions by and distributions to owners of the Company | 150,000 | - | (225,000) | (75,000) |
| Balance as at 30 September 2012 | 450,000 | 693,376 | 521,611 | 1,664,987 |



M Anis Ud Dowla
Managing Director



Muallem A Choudhury
Chief Financial Officer

ACI Formulations Limited

Statement of cash flows

for the period ended 30 September 2012

Unaudited

Figures in '000'

| | January to September 2012 Taka | January to September 2011 Taka |
|--|--------------------------------------|--------------------------------------|
| A) Cash flows from operating activities | | |
| Cash received from customers | 1,975,152 | 1,647,976 |
| Cash received from other income | 6,896 | 8,909 |
| | 1,982,048 | 1,656,885 |
| Cash received/(paid) from/(for): | | |
| Purchase of inventory | (1,513,758) | (1,150,102) |
| Operating expenses | (250,818) | (206,856) |
| Other payables | (2,765) | 1,180 |
| Payment to WPPF | (5,509) | (6,460) |
| Advances, deposits and prepayments | (5,790) | (4,920) |
| | (1,778,640) | (1,367,158) |
| Cash generated from operating activities | 203,408 | 289,727 |
| Financing cost | (72,166) | (57,449) |
| Income tax | (50,447) | (28,593) |
| | (122,613) | (86,042) |
| <i>Net cash inflows/(outflows) from operating activities</i> | 80,795 | 203,685 |
| B) Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (19,144) | (82,377) |
| Investment | - | 1,172 |
| Payments for capital work-in-progress | (55,874) | (13,333) |
| <i>Net cash used in investing activities</i> | (75,018) | (94,538) |
| C) Cash flows from financing activities | | |
| Inter-company receivable/payable received/(paid) | 104,593 | (16) |
| Dividend paid | (73,981) | (87,031) |
| Short term bank loan paid | (56,642) | (50,439) |
| Long term bank loan paid | (13,908) | (18,832) |
| <i>Net cash used in financing activities</i> | (39,938) | (156,318) |
| D) Net increase/(decrease) in cash and cash equivalents (A+B+C) | (34,161) | (47,171) |
| E) Cash and cash equivalents at 1 January | 25,068 | 24,815 |
| F) Cash and cash equivalents at 30 September (D+E) | (9,093) | (22,356) |
| Closing balance represents | | |
| Cash in hand and at bank | 34,460 | 32,918 |
| Bank overdraft | (43,553) | (55,274) |
| | (9,093) | (22,356) |



M Anis Ud Dowla
Managing Director



Muallem A Choudhury
Chief Financial Officer

ACI Formulations Limited

**Notes to the financial statements
for the period ended 30 September 2012
Unaudited**

1. 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 2011. This interim financial report includes only those selected explanatory notes as were deemed appropriate for better understanding of unaudited financial statements.

| | <u>30 Sept 2012</u> | <u>Figures in '000'</u> |
|--|---------------------|-------------------------|
| | <u>Taka</u> | <u>31 December 2011</u> |
| | | <u>Taka</u> |
| 2. Fixed asset at cost/ revaluation: | | |
| Opening balance | 1,229,783 | 1,124,225 |
| Addition during the period/year | 60,035 | 105,558 |
| | <u>1,289,818</u> | <u>1,229,783</u> |
| Accumulated depreciation at the end of period/year | (86,854) | (52,490) |
| Closing balance | <u>1,202,964</u> | <u>1,177,293</u> |
| 3. Inventories | | |
| Raw materials | 335,798 | 311,003 |
| Packing materials | 67,858 | 98,332 |
| Finished goods | 318,626 | 233,717 |
| Work-in-process | 367 | - |
| Stock in transit | 23,006 | 52,328 |
| Other inventories | 21,137 | 18,328 |
| | <u>766,792</u> | <u>713,708</u> |
| Provision for slow moving Inventory | (9,460) | (8,961) |
| | <u>757,332</u> | <u>704,747</u> |
| 4. Trade receivables | | |
| Receivables due over six months | 174,681 | 157,575 |
| Receivables due below six months | 422,947 | 451,828 |
| | <u>597,628</u> | <u>609,403</u> |
| Provision for doubtful debts | (74,061) | (63,366) |
| | <u>523,567</u> | <u>546,037</u> |
| 5. Advance, deposits & prepayments | | |
| Advance to suppliers | 17,462 | 12,458 |
| Staff advances | 1,931 | 5,570 |
| Security money and tender deposits | 5,517 | 6,518 |
| Prepayments | 5,626 | 200 |
| | <u>30,536</u> | <u>24,746</u> |
| 6. Long term liabilities | | |
| Staff gratuity provision | 7,034 | 5,167 |
| Other long term liabilities | 5,404 | 5,404 |
| Deferred tax liabilities | 56,203 | 59,234 |
| Long term loan | 8,380 | 24,156 |
| | <u>77,021</u> | <u>93,961</u> |

| | <u>30 Sept 2012</u> <u>Taka</u> | <u>31 December 2011</u> <u>Taka</u> |
|------------------------------------|------------------------------------|--|
| 7. Other payables | | |
| Creditor for expenses | 58,043 | 82,813 |
| Interest payable | 7,160 | 9,723 |
| Unpaid dividend | 6,282 | 5,263 |
| Security money payable | 683 | 683 |
| Withholding tax and VAT | 1,320 | 4,085 |
| Workers' profit participation fund | 12,042 | 10,393 |
| | <u>85,530</u> | <u>112,960</u> |
| | <u>30- Sept-12</u> <u>Taka</u> | <u>30 Sept 2011</u> <u>Taka</u> |
| 8. Revenue | | |
| Crop Care & Public Health | 871,958 | 790,076 |
| Mosquito Coil | 601,994 | 585,183 |
| Aerosol | 441,590 | 360,030 |
| | <u>1,915,542</u> | <u>1,735,289</u> |
| 9. Cost of sales | | |
| Opening stock | 643,052 | 573,906 |
| Purchase | 1,417,362 | 1,157,728 |
| | <u>2,060,414</u> | <u>1,731,634</u> |
| Closing stock | (722,649) | (499,331) |
| | <u>1,337,765</u> | <u>1,232,303</u> |
| Manufacturing expenses | 143,901 | 125,904 |
| | <u>1,481,666</u> | <u>1,358,207</u> |
| 10. Operating expenses | | |
| Administrative expenses | 63,014 | 59,148 |
| Distribution expenses | 19,897 | 20,454 |
| Selling expenses | 142,558 | 145,393 |
| | <u>225,469</u> | <u>224,995</u> |
| 11. Operating segment | | |
| Please see at next page | | |

12. 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.

11. Segment reporting

The Company has three reportable segments, as described below, which are the Company's strategic divisions. The strategic division 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 on at least 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 | |
|---|------------------|------------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|------------------|------------------|
| | Period ended on | | Period ended on | | Period ended on | | Period ended on | | Period ended on | |
| | 30-Sep-12 | 30-Sep-11 | 30-Sep-12 | 30-Sep-11 | 30-Sep-12 | 30-Sep-11 | 30-Sep-12 | 30-Sep-11 | 30-Sep-12 | 30-Sep-11 |
| | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka |
| Segment revenue: | | | | | | | | | | |
| External revenues | 871,958 | 790,076 | - | - | - | - | - | - | 871,958 | 790,076 |
| Inter-segment revenues | - | - | 601,994 | 585,183 | 441,590 | 360,030 | - | - | 1,043,584 | 945,213 |
| Total revenue | 871,958 | 790,076 | 601,994 | 585,183 | 441,590 | 360,030 | - | - | 1,915,542 | 1,735,289 |
| Finance costs | (60,461) | (51,421) | (5,747) | (3,346) | (5,958) | (2,682) | - | - | (72,166) | (57,449) |
| Depreciation | (16,205) | (15,764) | (14,700) | (15,970) | (3,457) | (3,526) | - | - | (34,362) | (35,260) |
| Manufacturing expenses excluding depreciation | (519,674) | (480,913) | (530,428) | (517,816) | (399,185) | (325,904) | - | - | (1,449,287) | (1,324,633) |
| Operating expenses excluding depreciation | (184,694) | (190,685) | (24,138) | (20,263) | (14,654) | (12,361) | - | - | (223,486) | (223,309) |
| Other income /(expense) | 4,662 | 4,341 | 15 | 1,141 | 2,219 | 3,427 | - | - | 6,896 | 8,909 |
| Segment result | 90,807 | 52,852 | 25,646 | 27,483 | 19,527 | 18,035 | - | - | 135,980 | 98,370 |
| Reportable segment assets | 1,844,762 | 1,539,317 | 646,611 | 715,271 | 263,590 | 298,665 | 42,449 | 79,493 | 2,797,412 | 2,632,746 |
| Reportable segment liabilities | 452,901 | 253,371 | 105,903 | 44,925 | 69,376 | 52,705 | 504,246 | 716,896 | 1,132,426 | 1,067,897 |



M Anis Ud Dowla
Managing Director



Muallem A Choudhury
Chief Financial Officer