

ACI Limited

Third Quarter Report 2011

ADVANCED CHEMICAL INDUSTRIES LIMITED

Statement of Financial Position

As at 30 September 2011

Unaudited

Figures in '000'

	30 September 2011	31 December 2010
	Taka	Taka
<u>Assets</u>		
Property, plant and equipment:		
At Cost / Revaluation	2,497,397	1,813,316
Accumulated depreciation	(170,666)	(57,071)
	2,326,731	1,756,245
Capital work-in-progress	525,149	678,877
Intangible assets	1,946	2,335
Investment	1,308,681	1,447,692
Total non-current assets	4,162,507	3,885,149
Current assets:		
Inventories	1,840,765	1,716,073
Trade debtors	1,050,279	1,017,539
Other debtors	124,353	134,442
Advance, deposits & prepayments	545,801	414,327
Advance income tax	408,230	222,975
Inter-company receivable	2,860,373	2,141,326
Cash and bank balances	201,390	154,440
	7,031,191	5,801,122
Total assets	11,193,698	9,686,271
<u>Equity and liabilities</u>		
Shareowners' equity:		
Share capital	197,148	194,040
Share premium	298,789	250,022
Capital reserve	1,671	1,671
Revaluation reserve	896,521	896,521
Available for sale reserve	283,169	424,873
Retained earnings	2,892,716	2,691,050
	4,570,014	4,458,177
Current liabilities:		
Bank overdraft	1,011,627	230,296
Bank term loan	2,539,901	2,560,341
Trade creditors	319,090	211,838
Other creditors	860,053	665,637
Inter company liabilities	428,947	69,557
Current portion of lease obligation	-	524
Provision for taxation	511,062	348,972
	5,670,680	4,087,165
Long term liabilities	953,004	1,140,929
Total equity and liabilities	11,193,698	9,686,271

Dr. Arif Dowla
Managing Director

Muallem A Choudhury
Chief Financial Officer

Advanced Chemical Industries Limited
Income Statement
for the third quarter ended 30 September 2011
Unaudited

	Figures in '000'			
	January to September 2011	January to September 2010	July to September 2011	July to September 2010
	Taka	Taka	Taka	Taka
Sales	6,163,313	6,022,004	2,188,324	1,869,921
Cost of goods sold	(3,896,039)	(3,872,755)	(1,372,790)	(1,124,058)
Gross profit	2,267,274	2,149,249	815,534	745,863
Administrative, selling & distribution expenses.	(1,604,019)	(1,435,891)	(570,670)	(485,546)
	663,255	713,358	244,864	260,317
Other income	89,172	63,446	18,768	15,488
Operating Profit	752,427	776,804	263,632	275,805
Financing cost	(120,498)	(130,786)	(26,832)	(39,909)
Profit before WPPF and Tax	631,929	646,018	236,800	235,896
Provision for contribution to WPPF	(31,596)	(32,301)	(11,840)	(11,795)
Profit before tax	600,333	613,717	224,960	224,101
Tax expenses	(162,090)	(177,978)	(64,493)	(72,782)
Profit after tax	438,243	435,739	160,467	151,319
Earnings per share	22.23	22.46	8.14	7.80

Dr. Arif Dowla
Managing Director

Muallem A Choudhury
Chief Financial Officer

Advanced Chemical Industries Limited
Statement of Comprehensive Income
for the third quarter ended 30 September 2011
Unaudited

Figures in '000'

	January to September 2011 Taka	January to September 2010 Taka	July to September 2011 Taka	July to September 2010 Taka
Net profit after tax for the period	438,243	435,739	160,467	151,319
Other comprehensive income:				
Change in fair value of available-for-sale financial assets	(157,449)	95,999	23,527	848
Income tax on other comprehensive income	15,745	(9,600)	(2,353)	(85)
Total other comprehensive income for the period, net of tax	<u>(141,704)</u>	<u>86,399</u>	<u>21,174</u>	<u>763</u>
Total comprehensive income for the period	<u>296,539</u>	<u>522,138</u>	<u>181,641</u>	<u>152,082</u>

Dr. Arif Dowla
Managing Director

Muallem A Choudhury
Chief Financial Officer

Advanced Chemical Industries Limited

Statement of Changes in Equity
for the third quarter ended 30 September 2011
Unaudited

Figures in '000'

<u>Particulars</u>	<u>Share capital Taka</u>	<u>Share premium Taka</u>	<u>Capital reserve Taka</u>	<u>Available for sale reserve Taka</u>	<u>Revaluation reserve Taka</u>	<u>Retained earnings Taka</u>	<u>Total Taka</u>
Balance at 31 December 2010	194,040	250,022	1,671	424,873	896,521	2,691,050	4,458,177
Net profit after tax for the period	-	-	-	-	-	438,243	438,243
Total other comprehensive income net of tax				(141,704)			(141,704)
Conversion of bond into equity shares	3,108						3,108
Share premium on conversion of bonds into equity shares		48,767					48,767
Dividend to equityholders	-	-	-		-	(236,577)	(236,577)
Balance at 30 September 2011	<u>197,148</u>	<u>298,789</u>	<u>1,671</u>	<u>283,169</u>	<u>896,521</u>	<u>2,892,716</u>	<u>4,570,014</u>
Balance at 30 September 2010	<u>194,040</u>	<u>250,022</u>	<u>1,671</u>	<u>259,829</u>	<u>300,272</u>	<u>2,516,192</u>	<u>3,522,026</u>

Dr. Arif Dowla
Managing Director

Muallem A Choudhury
Chief Financial Officer

ADVANCED CHEMICAL INDUSTRIES LIMITED
Statement of Cash Flows
for the third quarter ended 30 September 2011
Unaudited

	Figures in '000'	
	January to September 2011	January to September 2010
	Taka	Taka
A. Cash flows from operating activities		
Cash receipts from customers	6,143,377	6,119,491
Cash receipts from other income	89,136	27,962
Receipts from / (paid) to others	10,125	(26,363)
Cash inflows from operating activities	6,242,638	6,121,090
Cash paid for:		
Purchase of inventory	(3,605,905)	(3,837,940)
Operating expenses	(1,512,852)	(1,344,781)
Receipts from/ (payments to) other creditors	85,606	(12,499)
Financing cost	(120,498)	(130,786)
Payments for advances, deposits and prepayments	(30,408)	(15,242)
Income tax	(185,255)	(105,252)
(Paid)/ receive to/from WPPF	(12,824)	603
Cash outflows from operating activities	(5,382,136)	(5,445,897)
Net cash from/(used in) operating activities	<u>860,502</u>	<u>675,193</u>
B. Cash flows from investing activities		
Purchases of fixed assets	(150,328)	(32,638)
Purchases of intangible assets	-	(2,595)
Payments for capital work in progress	(496,123)	(155,399)
Sale proceeds from property, plant and equipment	1,175	
Investments	(18,439)	(90,695)
Net cash from investing activities	(663,715)	(281,327)
C. Cash flows from financing activities		
Inter company debts (paid)/ received	(582,933)	(857,213)
Dividend paid	(224,765)	(186,419)
Payment for finance lease	(524)	
Redemption of ZCB	(212,577)	
Short term loan (paid)/ received	11,851	(30,250)
Long term loan (paid)/received	77,780	174,975
Net cash from financing activities	(931,168)	(898,907)
D. Net cash inflows/(outflows) from total activities (A+B+C)	(734,381)	(505,041)
E. Opening cash and bank balances	<u>(75,856)</u>	<u>398,522</u>
F. Closing cash and bank balances (D+E)	<u>(810,237)</u>	<u>(106,519)</u>
Closing balance represents:		
Cash and bank	201,390	189,115
Bank overdraft	(1,011,627)	(295,634)
	<u>(810,237)</u>	<u>(106,519)</u>

Dr. Arif Dowla
Managing Director

Muallem A Choudhury
Chief Financial Officer

Advanced Chemical Industries Limited
Consolidated Statement of Financial Position
As at 30 September 2011
Unaudited

	Figures in '000'	
	30 September 2011	31 December 2010
	Taka	Taka
Non- current assets:		
Property, plant and equipment		
At Cost / revaluation	6,091,337	5,254,591
Accumulated depreciation	(772,586)	(487,129)
	5,318,751	4,767,462
Capital work-in-progress	1,153,942	875,066
Investment	833,805	908,345
Intangible assets	138,013	117,533
	2,125,760	1,900,944
Current assets:		
Inventories	3,868,612	3,284,059
Trade debtors	2,713,165	2,641,478
Other debtors	131,588	149,059
Advance, deposits & prepayments	796,772	836,301
Advance income tax	684,764	389,793
Inter-company debt	15,450	14,331
Cash and bank balance	283,530	276,000
	8,493,881	7,591,021
Total assets	<u>15,938,392</u>	<u>14,259,427</u>
Equity and liabilities:		
Shareowners' equity		
Share capital	197,148	194,040
Share premium	298,788	250,023
Capital reserve	1,671	1,671
Revaluation reserve	1,515,899	1,515,899
Available for sale reserve	283,168	424,873
Retained profit	1,813,402	1,941,278
	4,110,076	4,327,784
Non-controlling interest	492,535	586,664
	4,602,611	4,914,448
Current liabilities		
Bank overdraft	1,216,914	387,537
Short term bank loan	5,380,956	4,512,049
Trade creditors	980,611	649,078
Other creditors	1,185,513	1,180,280
Current portion of lease obligation	-	524
Provision for tax	779,467	508,198
	9,543,461	7,237,666
Long term liabilities	1,792,320	2,107,313
Total equity and liabilities	<u>15,938,392</u>	<u>14,259,427</u>

Dr. Arif Dowla
Managing Director

Muallem A Choudhury
Chief Financial Officer

Advanced Chemical Industries Limited
Consolidated Income Statement
for the third quarter ended 30 September 2011

Unaudited

	Figures in '000'			
	January to September 2011	January to September 2010	July to September 2011	July to September 2010
	Taka	Taka	Taka	Taka
Sales	12,563,365	10,300,470	4,241,841	3,269,630
Cost of goods sold	<u>(9,089,005)</u>	<u>(7,301,973)</u>	<u>(3,065,765)</u>	<u>(2,283,714)</u>
Gross profit	3,474,360	2,998,497	1,176,076	985,916
Administration, selling & distribution expenses	<u>(2,667,766)</u>	<u>(2,383,057)</u>	<u>(912,354)</u>	<u>(772,242)</u>
	806,594	615,440	263,722	213,674
Other income	<u>72,281</u>	<u>55,723</u>	<u>28,852</u>	<u>28,485</u>
Operating Profit	878,875	671,163	292,574	242,159
Profit/ (loss) from Associates and Joint Ventures	<u>68,808</u>	<u>77,043</u>	<u>35,105</u>	<u>32,825</u>
	947,683	748,206	327,679	274,984
Financing cost	<u>(577,106)</u>	<u>(454,879)</u>	<u>(195,163)</u>	<u>(151,096)</u>
Profit before WPPF and Tax	370,577	293,327	132,516	123,888
Provision for contribution to WPPF	<u>(43,919)</u>	<u>(38,654)</u>	<u>(14,001)</u>	<u>(15,253)</u>
Profit before tax	326,658	254,673	118,515	108,635
Tax expenses	<u>(271,735)</u>	<u>(223,259)</u>	<u>(85,705)</u>	<u>(78,385)</u>
Profit after tax	54,923	31,414	32,810	30,250
Non-controlling interest	<u>53,779</u>	<u>82,744</u>	<u>32,502</u>	<u>38,561</u>
Profit after tax and non-controlling interest	<u>108,702</u>	<u>114,158</u>	<u>65,312</u>	<u>68,811</u>
Earnings per share	<u>5.51</u>	<u>5.88</u>	<u>3.31</u>	<u>3.55</u>

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Advanced Chemical Industries Limited
Consolidated Statement of Comprehensive Income
for the third quarter ended 30 September 2011
Unaudited

Figures in '000'

	January to September 2011 Taka	January to September 2010 Taka	July to September 2011 Taka	July to September 2010 Taka
Net profit after tax for the period	54,923	31,414	32,810	30,250
Other comprehensive income:				
Change in fair value of available-for-sale financial assets	(157,449)	95,999	23,527	848
Income tax on other comprehensive income	15,745	(9,600)	(2,353)	(85)
Total other comprehensive income for the period, net of tax	<u>(141,704)</u>	<u>86,399</u>	<u>21,174</u>	<u>763</u>
Total comprehensive income for the period	<u><u>(86,781)</u></u>	<u><u>117,813</u></u>	<u><u>53,984</u></u>	<u><u>31,013</u></u>
Profit attributable to:				
Equityholders of the Company	(33,002)	200,557	86,198	69,574
Non-controlling interest	(53,779)	(82,744)	(32,214)	(38,561)
Total comprehensive income	<u><u>(86,781)</u></u>	<u><u>117,813</u></u>	<u><u>53,984</u></u>	<u><u>31,013</u></u>

Dr. Arif Dowla
Managing Director

Muallem A Choudhury
Chief Financial Officer

Advanced Chemical Industries Limited

Consolidated Statement of Changes in Equity
for the third quarter ended 30 September 2011

Unaudited

Particulars	Figures in '000'							
	Share capital Taka	Share premium Taka	Capital reserve Taka	Revaluation reserve Taka	Available for sale reserve Taka	Retained earnings Taka	Non-controlling interest Taka	Total Taka
Balance at 31 December 2010	194,040	250,022	1,671	1,515,899	424,873	1,941,278	586,664	4,914,447
Net profit after tax for the period	-	-	-	-	-	108,702	(53,779)	54,923
Changes in fair value for available for sale assets	-	-	-	-	(141,705)	-	-	(141,705)
Conversion of bond into equity shares	3,108	-	-	-	-	-	-	3,108
Premium from conversion of bonds into equity shares	-	48,766	-	-	-	-	-	48,766
Dividend to equityholders	-	-	-	-	-	(236,577)	(41,850)	(278,427)
Share capital paid by non-controlling shareholders	-	-	-	-	-	-	1,500	1,500
Balance at 30 September 2011	<u>197,148</u>	<u>298,788</u>	<u>1,671</u>	<u>1,515,899</u>	<u>283,168</u>	<u>1,813,403</u>	<u>492,535</u>	<u>4,602,612</u>
Balance at 30 September 2010	<u>194,040</u>	<u>250,022</u>	<u>1,671</u>	<u>589,529</u>	<u>259,829</u>	<u>1,817,110</u>	<u>363,632</u>	<u>3,475,833</u>

Dr. Arif Dowla
Managing Director

Muallem A Choudhury
Chief Financial Officer

Advanced Chemical Industries Limited

Consolidated Statement of Cash Flows
for the third quarter ended 30 September 2011
Unaudited

Figures in '000'

	January to September 2011 Taka	January to September 2010 Taka
A Cash flows from operating activities:		
Cash received from customers	12,270,031	7,064,751
Cash received as other income	76,259	36,319
Payments to other debtors	10,125	(35,235)
Cash inflows from operating activities	12,356,415	7,065,835
Cash paid for:		
Inventories	(8,916,863)	(5,192,100)
Operating expenses	(2,679,579)	(1,443,274)
Payments to other creditors	147,832	(68,957)
Financing cost	(573,321)	(323,433)
Payments for advances, deposits and prepayments	133,934	(90,640)
Income tax paid	(301,612)	(125,537)
(Paid)/ received to workers from WPPF	(19,283)	13,053
Cash outflows from operating activities	(12,208,892)	(7,230,888)
Net cash from/(used in) operating activities	147,523	(165,053)
B Cash flows from investing activities :		
Purchase of fixed assets	(253,473)	(152,414)
Purchase of intangible assets	-	(2,595)
Payments for capital work in progress	(1,000,077)	(135,497)
Proceeds from sale of fixed assets	-	6,989
Proceeds from sale of shares of subsidiary	-	-
Investments	(12,893)	(82,408)
Net cash used in investing activities	(1,266,443)	(365,925)
C Cash flows from financing activities :		
Issue of shares	1,500	-
Inter-company debts received/(paid)	(1,118)	(8,861)
Dividend paid	(311,795)	(18,825)
Short term loan received/(paid)	892,713	(388,073)
Long term loan (paid)/received	(284,226)	232,834
Net cash flows from financing activities	297,074	(182,925)
D Net cash inflow/(outflow) from total activities (A+B+C)	(821,846)	(713,903)
E Opening balance	(111,538)	138,553
F Closing balance (D+E)	(933,384)	(575,350)
Cash in hand and at bank	283,530	307,770
Bank overdraft	(1,216,914)	(883,120)
	(933,384)	(575,350)

Dr. Arif Dowl
Managing Director

Muallem A Choudhury
Chief Financial Officer

Advanced Chemical Industries Limited
Notes to the financial statements
for the period ended 30 September 2011
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 2010. This interim financial report includes only those selected explanatory notes as were deemed appropriate for better understanding of unaudited financial statements.

2 Fixed assets at cost/ revaluation	30 September 2011	Figures in '000' 31 December 2010
	Taka	Taka
Fixed assets at cost less accumulated depreciation	1,441,213	855,675
Fixed assets at revaluation less accumulated depreciation	884,915	899,143
Leased assets at cost less accumulated depreciation	603	1,427
	<u>2,326,731</u>	<u>1,756,245</u>
2 (a) Consolidated fixed assets at cost/ revaluation		
Fixed assets at cost less accumulated depreciation	3,542,745	2,972,049
Fixed assets at revaluation less accumulated depreciation	1,775,404	1,793,987
Leased assets at cost less accumulated depreciation	602	1,426
	<u>5,318,751</u>	<u>4,767,462</u>
3 Inventories		
Finished goods	1,004,702	829,216
Work-in-process	42,185	70,926
Raw materials	465,287	465,396
Packing materials	137,296	153,506
Stores & spares	16,974	12,829
Stock in transit	174,321	184,200
	<u>1,840,765</u>	<u>1,716,073</u>
3 (a) Consolidated inventories		
Finished goods	2,064,450	1,523,176
Work-in-process	66,427	88,354
Raw materials	1,213,699	1,020,558
Packing materials	150,119	258,965
Stores & spares	48,274	58,866
Stock in transit	325,643	334,140
	<u>3,868,612</u>	<u>3,284,059</u>
4 Trade debtors		
Debts due over six months	293,222	212,896
Debts due below six months	757,057	804,643
	<u>1,050,279</u>	<u>1,017,539</u>
4 (a) Consolidated trade debtors		
Debts due over six months	893,990	360,754
Debts due below six months	1,819,175	2,280,724
	<u>2,713,165</u>	<u>2,641,478</u>

	30 September 2011	Figures in '000' 31 December 2010
	Taka	Taka
5 Advances, deposits & prepayments		
Loan and advance to staff and others	108,637	117,029
VAT current account.	59,956	72,760
Advance to others	356,419	193,687
Deposits & prepayments	20,789	30,851
	<u>545,801</u>	<u>414,327</u>
5 (a) Consolidated advances, deposits & prepayments		
Loan and advance to staff and others	117,730	128,812
VAT current account.	64,668	85,461
Advance to others	545,769	558,845
Deposits & prepayments	68,605	63,183
	<u>796,772</u>	<u>836,301</u>
6 Long term liabilities		
Long term bank loan	-	3,919
ACI 20% Convertible Zero Coupon Bonds	632,318	824,255
Staff gratuity provision	154,186	139,452
Other long term employee benefits	53,769	44,828
Deferred tax liabilities	112,116	127,860
Employees group insurance fund	400	400
Loan from other sources - unsecured	215	215
	<u>953,004</u>	<u>1,140,929</u>
6 (a) Consolidated long term liabilities		
Long term bank loan	1,228,242	819,552
ACI 20% Convertible Zero Coupon Bonds	62,318	824,254
Staff gratuity provision	160,961	144,283
Other long term employee benefits	53,769	44,828
Deferred tax liabilities	230,998	218,365
Employees group insurance fund	400	400
Loan from other sources - unsecured	55,632	55,631
	<u>1,792,320</u>	<u>2,107,313</u>

Dr. Arif Dowla
Managing Director

Muallem A Choudhury
Chief Financial Officer