

**ACI Limited**

**Half Yearly Report 2011**

ADVANCED CHEMICAL INDUSTRIES LIMITED

Statement of Financial Position

as at 30 June 2011

Unaudited

Figures in '000'

	30 June 2011	31 December 2010
	<u>Taka</u>	<u>Taka</u>
<b><u>Assets</u></b>		
<b>Property, plant and equipment:</b>		
At Cost / Revaluation	2,434,587	1,813,316
Accumulated depreciation	(128,571)	(57,071)
	<b>2,306,016</b>	<b>1,756,245</b>
<b>Capital work-in-progress</b>	502,861	678,877
<b>Intangible assets</b>	2,076	2,335
<b>Investment</b>	1,285,154	1,447,692
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<b>Total non-current assets</b>	<b>4,096,107</b>	<b>3,885,149</b>
<b>Current assets:</b>		
Inventories	1,904,854	1,716,073
Trade debtors	1,059,991	1,017,539
Other debtors	173,874	134,442
Advance, deposits & prepayments	444,592	414,327
Advance income tax	327,818	222,975
Inter-company receivable	2,476,042	2,141,326
Cash and bank balances	185,304	154,440
	<hr/>	<hr/>
<b>Total assets</b>	<b>10,668,582</b>	<b>9,686,271</b>
<b><u>Equity and liabilities</u></b>		
<b>Shareowners' equity:</b>		
Share capital	197,148	194,040
Share premium	298,788	250,022
Capital reserve	1,671	1,671
Revaluation reserve	896,521	896,521
Available for sale reserve	261,994	424,873
Retained earnings	2,732,249	2,691,050
	<hr/>	<hr/>
	<b>4,388,371</b>	<b>4,458,177</b>
<b>Current liabilities:</b>		
Bank overdraft	886,062	230,296
Bank term loan	2,223,832	2,560,341
Trade creditors	334,414	211,838
Other creditors	1,119,206	665,637
Inter company liabilities	335,876	69,557
Current portion of lease obligation	-	524
Provision for taxation	446,569	348,972
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	<b>5,345,959</b>	<b>4,087,165</b>
<b>Long term liabilities</b>	<hr/>	<hr/>
	<b>934,252</b>	<b>1,140,929</b>
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<b>Total equity and liabilities</b>	<b>10,668,582</b>	<b>9,686,271</b>



Dr. Arif Dowla  
Managing Director



Muallem A Choudhury  
Chief Financial Officer

**Advanced Chemical Industries Limited**  
**Income Statement**  
**for the half year ended 30 June 2011**  
**Unaudited**

Figures in '000'

	January to June 2011	January to June 2010	April to June 2011	April to June 2010
	Taka	Taka	Taka	Taka
Sales	3,974,989	4,152,083	2,076,517	1,950,520
Cost of goods sold	(2,523,249)	(2,748,697)	(1,277,800)	(1,264,004)
Gross profit	1,451,740	1,403,386	798,717	686,516
Administrative, selling & distribution expenses.	(1,033,349)	(950,345)	(568,392)	(489,959)
	418,391	453,041	230,325	196,557
Other income	70,404	47,958	59,842	46,742
<b>Operating Profit</b>	<b>488,795</b>	<b>500,999</b>	<b>290,167</b>	<b>243,299</b>
Financing cost	(93,666)	(90,877)	(46,463)	(34,081)
<b>Profit before WPPF and Tax</b>	<b>395,129</b>	<b>410,122</b>	<b>243,704</b>	<b>209,218</b>
Provision for contribution to WPPF	(19,756)	(20,506)	(12,185)	(10,461)
Profit before tax	375,373	389,616	231,519	198,757
Provision for tax	(97,597)	(105,196)	(57,318)	(55,117)
<b>Profit after tax</b>	<b>277,776</b>	<b>284,420</b>	<b>174,201</b>	<b>143,640</b>
<b>Earnings per share</b>	<b>14.09</b>	<b>14.66</b>	<b>8.84</b>	<b>7.40</b>



**Dr. Arif Dowla**  
**Managing Director**



**Muallem A Choudhury**  
**Chief Financial Officer**

**Advanced Chemical Industries Limited**  
**Statement of Comprehensive Income**  
**for the half year ended 30 June 2011**  
**Unaudited**

Figures in '000'

	January to June 2011 Taka	January to June 2010 Taka	April to June 2011 Taka	April to June 2010 Taka
<b>Net profit after tax for the period</b>	277,776	284,419	174,201	143,639
<b>Other comprehensive income:</b>				
Change in fair value of available-for-sale financial assets	(180,977)	95,151	61,009	140,192
Income tax on other comprehensive income	18,098	(9,515)	(6,101)	(14,019)
<b>Total other comprehensive income for the period, net of tax</b>	<b>(162,879)</b>	<b>85,636</b>	<b>54,908</b>	<b>126,173</b>
<b>Total comprehensive income for the period</b>	<b>114,897</b>	<b>370,055</b>	<b>229,109</b>	<b>269,812</b>



**Dr. Arif Dowla**  
**Managing Director**



**Muallem A Choudhury**  
**Chief Financial Officer**

Advanced Chemical Industries Limited

Statement of Changes in Equity  
for the half year ended 30 June 2011  
Unaudited

Figures in '000'

<u>Particulars</u>	<u>Share capital</u> <u>Taka</u>	<u>Share premium</u> <u>Taka</u>	<u>Capital reserve</u> <u>Taka</u>	<u>Available for sale reserve</u> <u>Taka</u>	<u>Revaluation reserve</u> <u>Taka</u>	<u>Retained earnings</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
<b>Balance at 31 December 2010</b>	<b>194,040</b>	<b>250,022</b>	<b>1,671</b>	<b>424,873</b>	<b>896,521</b>	<b>2,691,050</b>	<b>4,458,177</b>
Net profit after tax for the period	-	-	-		-	277,776	277,776
Total other comprehensive income net of tax				(162,879)			(162,879)
Conversion of bond into equity	3,108						3,108
Share premium		48,766					48,766
Dividend to equity holders	-	-	-		-	(236,577)	(236,577)
<b>Balance at 30 June 2011</b>	<b>197,148</b>	<b>298,788</b>	<b>1,671</b>	<b>261,994</b>	<b>896,521</b>	<b>2,732,249</b>	<b>4,388,371</b>
<b>Balance at 30 June 2010</b>	<b>194,040</b>	<b>250,022</b>	<b>1,671</b>	<b>259,066</b>	<b>300,272</b>	<b>2,364,873</b>	<b>3,369,944</b>



Dr. Arif Dowla  
Managing Director



Muallem A Choudhury  
Chief Financial Officer

**ADVANCED CHEMICAL INDUSTRIES LIMITED**  
**Statement of Cash Flows**  
**for the half year ended 30 June 2011**  
**Unaudited**

	Figures in '000'	
	Half year ended 30 June 2011	Half year ended 30 June 2010
	Taka	Taka
<b>A. Cash flows from operating activities</b>		
Cash receipts from customers	3,941,783	4,124,113
Cash receipts from other income	70,369	7,286
Receipts from / (paid) to others	(39,396)	(35,029)
Cash inflows from operating activities	3,972,756	4,096,370
Cash paid for:		
Purchase of inventory	(2,534,722)	(2,653,904)
Operating expenses	(952,953)	(885,586)
Receipts from/ (payments to) other creditors	130,185	7,039
Financing cost	(93,666)	(111,892)
Payments for advances, deposits and prepayments	(39,511)	(55,665)
Income tax	(104,843)	(63,179)
(Paid)/ receive to/from WPPF	5,927	13,716
Cash outflows from operating activities	(3,589,583)	(3,749,471)
<b>Net cash from/(used in) Operating activities</b>	<b>383,173</b>	<b>346,899</b>
<b>B. Cash flows from investing activities</b>		
Purchases of fixed assets	(334,008)	(30,833)
Payments for capital work in progress	(113,476)	(120,911)
Sale proceeds from property, plant and equipment	1,175	-
Investments	(18,439)	(30,695)
<b>Net cash from investing activities</b>	<b>(464,748)</b>	<b>(182,439)</b>
<b>C. Cash flows from financing activities</b>		
Inter company debts (paid)/ received	(69,797)	(765,490)
Dividend paid	(27,420)	(18,787)
Payment for finance lease	(524)	-
Redemption of ZCB	(185,878)	-
Short term loan (paid)/ received	(298,018)	(430,095)
Long term loan (paid)/received	38,311	156,216
<b>Net cash from financing activities</b>	<b>(543,326)</b>	<b>(1,058,156)</b>
<b>D. Net cash inflows/(outflows) from total activities (A+B+C)</b>	<b>(624,901)</b>	<b>(893,696)</b>
<b>E. Opening cash and bank balances</b>	<b>(75,856)</b>	<b>398,522</b>
<b>F. Closing cash and bank balances (D+E)</b>	<b>(700,757)</b>	<b>(495,174)</b>
<b>Closing balance represents:</b>		
Cash and bank	185,305	211,213
Bank overdraft	(886,062)	(706,387)
	<b>(700,757)</b>	<b>(495,174)</b>



**Dr. Arif Dowla**  
**Managing Director**



**Muallem A Choudhury**  
**Chief Financial Officer**

Advanced Chemical Industries Limited

Consolidated Statement of Financial Position as at 30 June 2011  
Unaudited

	Figures in '000'	
	30-Jun-2011	31-Dec-2010
	Taka	Taka
<b>Non- current assets:</b>		
Property, plant and equipment At Cost / revaluation	5,982,246	5,254,591
Accumulated depreciation	(672,384)	(487,129)
	<b>5,309,862</b>	<b>4,767,462</b>
Capital work-in-progress	736,030	875,066
Investment	774,110	908,345
Intangible assets	117,192	117,533
	<b>1,627,332</b>	<b>1,900,944</b>
<b>Current assets:</b>		
Inventories	3,872,304	3,284,059
Trade debtors	2,713,130	2,641,478
Other debtors	184,228	149,059
Advance, deposits & prepayments	817,291	836,301
Advance income tax	572,484	389,793
Inter-company debt	14,660	14,331
Cash and bank balance	317,053	276,000
	<b>8,491,150</b>	<b>7,591,021</b>
<b>Total assets</b>	<b>15,428,344</b>	<b>14,259,427</b>
<b>Equity and liabilities:</b>		
<b>Share holders' equity</b>		
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	261,994	424,873
Retained profit	1,748,090	1,941,278
	4,023,590	4,327,784
Minority interest	525,037	586,664
	<b>4,548,627</b>	<b>4,914,448</b>
<b>Current liabilities</b>		
Bank overdraft	1,070,818	387,537
Short term bank loan	4,683,443	4,512,049
Trade creditors	959,478	649,078
Other creditors	1,598,038	1,180,280
Current portion of lease obligation	-	524
Provision for tax	665,620	508,198
	<b>8,977,397</b>	<b>7,237,666</b>
<b>Long term liabilities</b>	<b>1,902,320</b>	<b>2,107,313</b>
<b>Total equity and liabilities</b>	<b>15,428,344</b>	<b>14,259,427</b>



Dr. Arif Dowla  
Managing Director



Muallem A Choudhury  
Chief Financial Officer

**Advanced Chemical Industries Limited**  
**Consolidated Income Statement**  
**for the half year ended 30 June 2011**

**Unaudited**

Figures in '000'

	January to June 2011	January to June 2010	April to June 2011	April to June 2010
	Taka	Taka	Taka	Taka
Sales	8,321,524	7,030,840	4,289,919	3,144,741
Cost of goods sold	<u>(6,023,240)</u>	<u>(5,018,259)</u>	<u>(3,131,365)</u>	<u>(2,269,324)</u>
Gross profit	2,298,284	2,012,581	1,158,554	875,417
Administration, selling & distribution expenses	<u>(1,755,412)</u>	<u>(1,610,815)</u>	<u>(949,215)</u>	<u>(794,172)</u>
	542,872	401,766	209,339	81,245
Other income	<u>43,429</u>	<u>27,238</u>	<u>18,949</u>	<u>20,417</u>
<b>Operating Profit</b>	<b>586,301</b>	<b>429,004</b>	<b>228,288</b>	<b>101,662</b>
Profit/ (loss) from Associates and Joint Ventures	<u>33,703</u>	<u>44,218</u>	<u>19,162</u>	<u>33,797</u>
	620,004	473,222	247,450	135,459
Financing cost	<u>(381,943)</u>	<u>(303,783)</u>	<u>(202,005)</u>	<u>(144,689)</u>
<b>Profit before WPPF and Tax</b>	<b>238,061</b>	<b>169,439</b>	<b>45,445</b>	<b>(9,230)</b>
Provision for contribution to WPPF	<u>(29,918)</u>	<u>(23,401)</u>	<u>(13,131)</u>	<u>(5,681)</u>
<b>Profit before tax</b>	<b>208,143</b>	<b>146,038</b>	<b>32,314</b>	<b>(14,911)</b>
Tax expenses	<u>(186,030)</u>	<u>(144,874)</u>	<u>(82,044)</u>	<u>(60,358)</u>
<b>Profit after tax</b>	<b>22,113</b>	<b>1,164</b>	<b>(49,730)</b>	<b>(75,269)</b>
Minority interest	<u>21,277</u>	<u>44,183</u>	<u>37,889</u>	<u>54,192</u>
Profit after tax and minority interest	<u>43,390</u>	<u>45,347</u>	<u>(11,841)</u>	<u>(21,077)</u>
<b>Earnings per share</b>	<b>2.20</b>	<b>2.34</b>	<b>(0.60)</b>	<b>(1.09)</b>



**Dr. Arif Dowla**  
**Managing Director**



**Muallem A Choudhury**  
**Chief Financial Officer**



**Advanced Chemical Industries Limited**  
**Consolidated Statement of Comprehensive Income**  
**for the half year ended 30 June 2011**  
**Unaudited**

Figures in '000'

	January to June 2011 Taka	January to June 2010 Taka	April to June 2011 Taka	April to June 2010 Taka
<b>Net profit after tax for the period</b>	43,390	45,347	(28,453)	(31,086)
<b>Other comprehensive income:</b>				
Change in fair value of available-for-sale financial assets	(180,977)	95,151	61,009	140,192
Income tax on other comprehensive income	18,098	(9,515)	(6,101)	(14,019)
<b>Total other comprehensive income for the period, net of tax</b>	<u>(162,879)</u>	<u>85,636</u>	<u>54,909</u>	<u>126,173</u>
<b>Total comprehensive income for the period</b>	<u>(119,489)</u>	<u>130,983</u>	<u>26,456</u>	<u>95,087</u>
<b>Profit attributable to:</b>				
Equity holders of the Company	(140,766)	86,800	(11,435)	40,895
Non-controlling interest	21,277	44,183	37,889	54,192
<b>Total comprehensive income</b>	<u>(119,489)</u>	<u>130,983</u>	<u>26,454</u>	<u>95,087</u>



**Dr. Arif Dowla**  
**Managing Director**



**Muallem A Choudhury**  
**Chief Financial Officer**

Advanced Chemical Industries Limited

Consolidated Statement of Changes in Equity  
for the half year ended 30 June 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
<b>Balance at 31 December 2010</b>	<b>194,040</b>	<b>250,022</b>	<b>1,671</b>	<b>1,515,899</b>	<b>424,874</b>	<b>1,941,278</b>	<b>586,664</b>	<b>4,914,448</b>
Net profit after tax for the period	-	-	-	-	-	43,390	(21,277)	22,113
Changes in fair value for available for sale assets	-	-	-	-	(162,879)	-	-	(162,879)
Conversion of bond into equity	3,108	-	-	-	-	-	-	3,108
Premium from conversion of bonds into shares	-	48,766	-	-	-	-	-	48,766
Dividend to equity holders	-	-	-	-	-	(236,577)	(41,850)	(278,427)
Share capital paid by non-controlling share holders	-	-	-	-	-	-	1,500	1,500
<b>Balance at 30 June 2011</b>	<b>197,148</b>	<b>298,788</b>	<b>1,671</b>	<b>1,515,899</b>	<b>261,995</b>	<b>1,748,091</b>	<b>525,037</b>	<b>4,548,629</b>
<b>Balance at 30 June 2010</b>	<b>194,040</b>	<b>250,022</b>	<b>1,671</b>	<b>589,529</b>	<b>259,066</b>	<b>1,748,299</b>	<b>363,632</b>	<b>3,406,259</b>



Dr. Arif Dowla  
Managing Director



Muallem A Choudhury  
Chief Financial Officer

Advanced Chemical Industries Limited

Consolidated Statement of Cash Flows  
for the half year ended 30 June 2011  
Unaudited

	Figures in '000'	
	Half year ended 30 June 2011	Half year ended 30 June 2010
	Taka	Taka
<b>A Cash flows from operating activities:</b>		
Cash received from customers	8,204,914	7,064,751
Cash received as other income	45,914	36,319
Payments to other debtors	(39,396)	(35,235)
Cash inflows from operating activities	8,211,432	7,065,835
Cash paid for:		
Inventories	(6,165,805)	(5,192,100)
Operating expenses	(1,774,674)	(1,443,274)
Payments to other creditors	191,034	(68,957)
Financing cost	(379,369)	(323,433)
Payments for advances, deposits and prepayments	34,360	(90,640)
Income tax paid	(169,998)	(125,537)
(Paid)/ received to workers from WPPF	5,927	13,053
Cash outflows from operating activities	(8,258,525)	(7,230,888)
<b>Net cash from/(used in) Operating activities</b>	<b>(47,093)</b>	<b>(165,053)</b>
<b>B Cash flows from investing activities :</b>		
Purchase of fixed assets	(379,044)	(152,414)
Purchase of intangible assets	-	(2,595)
Payments for capital work in progress	(212,362)	(135,497)
Proceeds from sale of fixed assets	-	6,989
Proceeds from sale of shares of subsidiary	-	-
Investments	(11,828)	(82,408)
<b>Net cash used in investing activities</b>	<b>(603,234)</b>	<b>(365,925)</b>
<b>C Cash flows from financing activities :</b>		
Issue of shares	1,500	-
Inter-company debts received/(paid)	329	(8,861)
Dividend paid	(28,259)	(18,825)
Short term loan received/(paid)	241,047	(388,073)
Long term loan (paid)/received	(206,518)	232,834
<b>Net cash flows from financing activities</b>	<b>8,099</b>	<b>(182,925)</b>
<b>D Net cash inflow/(outflow) from total activities (A+B+C)</b>	<b>(642,227)</b>	<b>(713,903)</b>
<b>E Opening balance</b>	<b>(111,538)</b>	<b>138,553</b>
<b>F Closing balance (D+E)</b>	<b>(753,765)</b>	<b>(575,350)</b>
Cash in hand and at bank	317,053	307,770
Bank overdraft	(1,070,818)	(883,120)
	<b>(753,765)</b>	<b>(575,350)</b>



Dr. Arif Dowla  
Managing Director



Muallem A Choudhury  
Chief Financial Officer

**Advanced Chemical Industries Limited**  
**Notes to the financial statements**  
**for the half year ended 30 June 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.

	30 June 2011 Taka	<b>Figures in '000'</b> 31 December 2010 Taka
2 Fixed assets at cost/ revaluation		
Fixed assets at cost less accumulated depreciation	1,415,873	855,675
Fixed assets at revaluation less accumulated depreciation	889,266	899,143
Leased assets at cost less accumulated depreciation	877	1,427
	<b>2,306,016</b>	<b>1,756,245</b>
2 (a) Consolidated fixed assets at cost/ revaluation		
Fixed assets at cost less accumulated depreciation	3,527,779	2,972,049
Fixed assets at revaluation less accumulated depreciation	1,781,206	1,793,987
Leased assets at cost less accumulated depreciation	877	1,426
	<b>5,309,862</b>	<b>4,767,462</b>
3 Inventories		
Finished goods	958,025	829,216
Work-in-process	92,191	70,926
Raw materials	546,586	465,396
Packing materials	145,874	153,506
Stores & spares	16,057	12,829
Stock in transit	146,121	184,200
	<b>1,904,854</b>	<b>1,716,073</b>
3 (a) Consolidated inventories		
Finished goods	1,791,339	1,523,176
Work-in-process	115,877	88,354
Raw materials	1,488,356	120,558
Packing materials	177,500	258,965
Stores & spares	51,457	58,866
Stock in transit	247,774	334,141
	<b>3,872,304</b>	<b>2,384,060</b>
4 Trade debtors		
Debts due over six months	302,935	212,896
Debts due below six months	757,056	804,643
	<b>1,059,991</b>	<b>1,017,539</b>
4 (a) Consolidated trade debtors		
Debts due over six months	1,097,304	360,754
Debts due below six months	1,615,826	2,280,724
	<b>2,713,130</b>	<b>2,641,478</b>

Figures in '000'

30 June 2011  
Taka

31 December 2010  
Taka

5 Advances, deposits & prepayments

Loan and advance to staff and others	102,642	117,029
VAT current account.	63,514	72,760
Advance to others	255,223	193,687
Deposits & prepayments	23,213	30,851
	<b>444,592</b>	<b>414,327</b>

5 (a) Consolidated advances, deposits & prepayments

Loan and advance to staff and others	114,838	128,812
VAT current account.	100,660	85,461
Advance to others	540,660	558,845
Deposits & prepayments	61,133	63,183
	<b>817,291</b>	<b>836,301</b>

6 Long term liabilities

Long term bank loan	718	3,919
ACI 20% Convertible Zero Coupon Bonds	622,993	824,255
Staff gratuity provision	149,574	139,452
Other long term employee benefits	50,589	44,828
Deferred tax liabilities	109,763	127,860
Employees group insurance fund	400	400
Loan from other sources - unsecured	215	215
	<b>934,252</b>	<b>1,140,929</b>

6 (a) Consolidated long term liabilities

Long term bank loan	789,086	819,552
ACI 20% Convertible Zero Coupon Bonds	622,993	824,254
Staff gratuity provision	155,941	144,283
Other long term employee benefits	50,588	44,828
Deferred tax liabilities	227,680	218,365
Employees group insurance fund	400	400
Loan from other sources - unsecured	55,632	55,631
	<b>1,902,320</b>	<b>2,107,313</b>



Dr. Arif Dowla  
Managing Director



Muallem A Choudhury  
Chief Financial Officer