



ACI Formulations Limited

Annual Report 2009





ACI
ACI Centre



Corporate Management

Board of Directors



Mr. M Anis Ud Dowla
Chairman & Managing Director



Mrs. Najma Dowla
Director



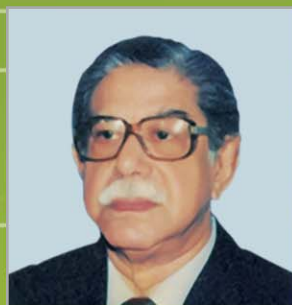
Dr. F H Ansarey
Director



Dr. Arif Dowla
Director



Ms. Shusmita Anis Salam
Director



Mr. C. M. Murshed
Director



Mr. Wajed Salam
Director

Company Secretary

Ms. Sheema Abed Rahman

Auditors

Rahman Rahman Huq
Chartered Accountants

Financial Consultant

Mr. M. Sekander Ali

Principal Bankers

Standard Chartered Bank
The Hongkong and Shanghai
Banking Corporation Limited
Commercial Bank of Ceylon Plc
Citibank N. A.
The City Bank Limited

Legal Advisor

Barrister Rafique-ul Huq
Huq and Company



Notice of the 14th Annual General Meeting

Notice is hereby given that the 14th Annual General Meeting of ACI Formulations Limited will be held on Wednesday, 16 June 2010 at 12:00 noon at Bangabandhu International Conference Centre, Agargaon, Sher-e-Bangla Nagar, Dhaka to transact the following business:

AGENDA

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31 December 2009 together with Reports of the Auditors and the Directors.
2. To declare dividend for the year ended 31 December 2009.
3. To elect Directors of the Company.
4. To appoint Auditors for the year 2010 and to fix their remuneration.

By Order of the Board

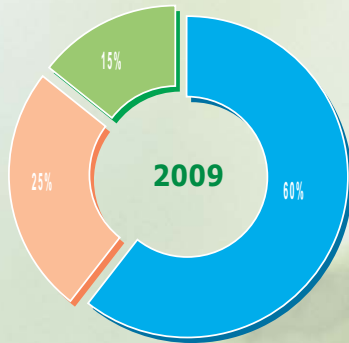
Sheema Abed Rahman
Company Secretary

Dhaka
19 April 2010

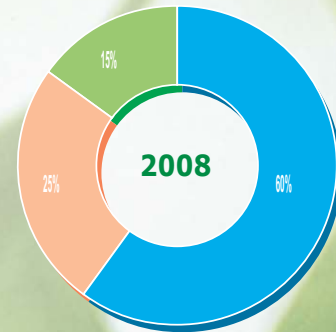
Notes

- a. The Record Date in lieu of Book Closure shall be on Sunday, 2 May 2010.
- b. The Shareholders' names appearing in the Register of Members of the Company or in the Depository on the Record Date will be eligible to receive the dividend.
- c. The Directors have recommended cash dividend @ 25% i.e. Taka 2.5 per share of Taka 10 each.
- d. A member entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote on his/her behalf. The Proxy Form, duly completed, must be deposited at the Share Office of the Company at 9 Motijheel Commercial Area, Dhaka-1000 not later than 48 hours before the time fixed for the Meeting.
- e. Members are requested to notify the changes of address, if any, well in time. For BO A/C holders, the same to be rectified through their respective Depository Participants.
- f. Admittance to the Meeting venue will be on production of the Attendance Slip that will be sent with the Notice.

Sales Contribution by Business Unit 2008-2009



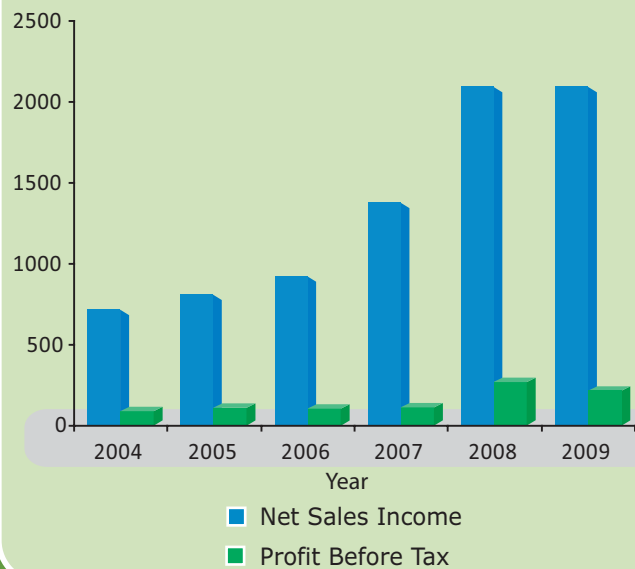
■ Crop Care & Public Health	60%
■ Mosquito Coil	25%
■ Aerosol & Air Freshener	15%



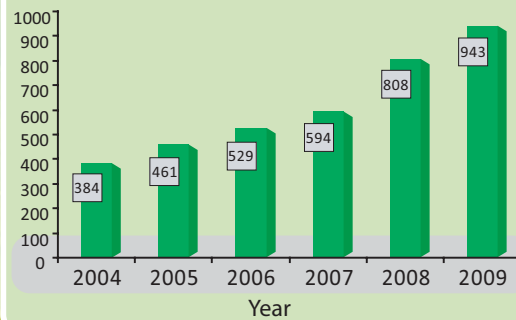
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Year 2009 - at a Glance

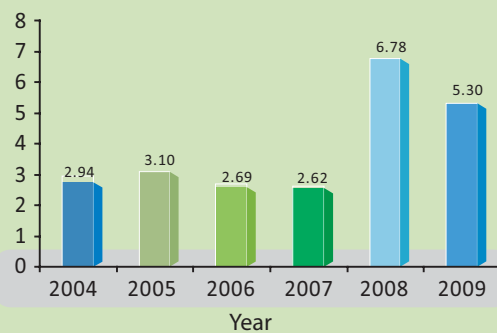
Net Sales Income & Profit Before Tax
(Taka in Million)



Shareowners' Equity
(Taka in Million)



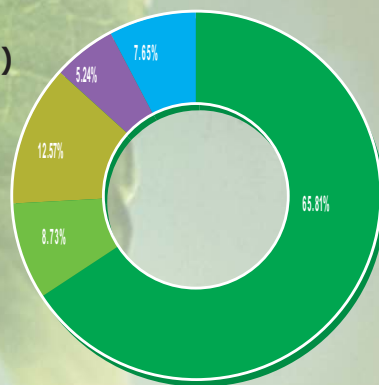
Earnings Per Share (Taka)



Six Years Comparative Statistics, from 2004-2009

Particulars	2004	2005	2006	2007	2008	2009
Taka in million						
Authorized Capital	500.00	500.00	500.00	500.00	500.00	500.00
Issued & Paid Capital	250.00	250.00	250.00	250.00	250.00	300.00
Current Assets	342.41	552.61	763.11	1,190.59	1,494.80	1,570.93
Tangible Fixed Assets (Gross)	325.69	357.18	377.83	442.50	555.63	685.91
Shareowners' Equity	383.85	461.48	528.74	594.27	808.04	942.54
Turnover (Net)	716.85	807.10	923.86	1,383.12	2,093.47	2,079.94
Gross Profit	188.97	175.14	180.56	212.19	405.46	488.47
Profit Before Tax	88.81	109.97	102.96	112.91	271.36	214.83
Profit After Tax	64.75	77.62	67.27	65.53	203.29	159.15
Dividend	150.00	-	-	-	75.00	75.00
Current Ratio (Times)	2.10	1.82	1.72	1.40	1.51	1.54
Quick Ratio (Times)	0.94	1.00	0.95	0.93	0.78	0.95
Return on Equity (%)	17.00	17.00	13.00	11.00	25.00	17.00
Inventory Turnover (Times)	2.76	2.89	2.52	3.16	3.02	2.41
Debtors Turnover (Times)	5.11	4.25	2.97	2.52	2.91	2.85
Fixed Assets Turnover (Times)	2.63	2.82	3.22	4.20	5.01	4.04
Net Asset Per Share (Taka)	17.45	18.45	21.14	23.77	26.93	31.42
Market Price Per Share (Taka)	n/a	n/a	n/a	n/a	194.60	171.40
Earnings Per Share (Taka)	2.94	3.10	2.69	2.62	6.78	5.30
Dividend Per Share (Taka)	11.00	-	-	-	3.00	2.50
Dividend Rate (%)	110.00	-	-	-	30.00	25.00
Dividend Payout Ratio (%)	374.15	-	-	-	44.25	47.17
Price Earnings Ratio (Times)	n/a	n/a	n/a	n/a	28.70	32.34
Dividend Yield (%)	n/a	n/a	n/a	n/a	1.54	1.46
Number of Employees	134.00	134.00	139.00	163.00	271.00	533.00

Analysis of Turnover (%)



Cost of Materials	65.81%
Salaries, Wages & Benefits paid to employees	8.73%
Expenses	12.57%
Duties & Taxes paid to Government Exchequer	5.24%
Profit	7.65%

Comparison of Turnover & Costs over last year

	2009	%	2008	%
Turnover (Gross)	2,079.94	100	2,093.47	100
Cost of Materials	1,368.83	65.81	1,434.36	68.52
Salaries, Wages & Benefits paid to employees	181.48	8.73	89.95	4.30
Expenses	261.39	12.57	200.49	9.57
Duties & Taxes paid to Government Exchequer	109.09	5.24	165.38	7.90
Profit	159.15	7.65	203.29	9.71
Total	2,079.94	100.00	2,093.47	100.00

Operationally ACI FL is efficient and profitable. The strategic policies of the Company have enabled it to be the market leader in several major compounds.



M Anis Ud Dowla
Chairman

Message from the Chairman

*Dear Shareowners
and friends of ARIFL,*

Assalamu Alaikum,

I welcome you to the 14th AGM which is after a full year of operation as a listed Public Limited Company.

Agriculture is the source of livelihood of the largest number of people in Bangladesh. Agriculture is also important from the point of view of food security of the 155 million people of our country. Therefore it is not only important to engage in business in this sector but it is also imperative that through the supply of quality inputs and providing farmers with advice on good agronomical practices we can contribute in improving agricultural productivity.

ACI Group, through ACI Formulations Limited (ACI FL) as well as its various other subsidiary companies serve the Agricultural sector with a mission to improve the economic condition of the farmers.

ACI FL's contribution in this noble objective is to provide effective crop protection product and crop nutrients and promote them through our marketing group and field force.

In addition, ACI FL manufactures under contract Mosquito Coil, Air Freshener, Aerosol Insect Spray etc.

Operationally ACI FL is efficient and profitable. The strategic policies of the Company have enabled it to be the market leader in several major compounds.

In compliance with good governance norms we have not only appointed an Independent Director but also made him the Chairman of Audit Committee. This has strengthened the Board's oversight responsibility.

Business prospects are good and you may look forward to continued growth and prosperity of your Company.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Anis Ud Dowla'. The signature is fluid and cursive, written over a light blue background.

M Anis Ud Dowla
Chairman

Corporate Governance

ACI Formulations Board of Directors is committed to meeting the highest standard of corporate governance and disclosure. The Directors are conscious of their responsibilities in supervision and direction of the affairs of the Company in conformity with the practices of sound corporate governance. In fulfillment of those responsibilities the Directors have set for themselves the principles that will be followed in their own involvement in the oversight function and in setting up clear guidelines for the executive management.

Composition of the Board

The Board presently consists of 7 members drawn from amongst the major shareowners, business professionals. Mr. M Anis Ud Dowla currently occupies the position of the Chairman and Managing Director of the Board.

Role of the Board

The Board is the highest level of authority of the Company to oversee its operation through appropriate delegation, reporting and control.

Responsibility of the Board

The Directors hold the ultimate responsibility of conducting the activities of the Company in accordance with the law and in the interest of its shareowners and other stakeholders, keeping in view the long-term interest of the Company.

Functioning of the Board

The Board is required under the law to meet at least once in three months. The number of Board Meetings held in 2009 was Four. The Directors are kept informed of the results and the major activities through distribution of monthly statements and quarterly reporting by the Managing Director. The Board agenda includes financial results, consideration of major investments, new business initiatives, borrowings, liquidity etc. in addition to statutory approvals.

Audit Committee

The Board has set up a 3-member Audit Committee with Independent Director, Mr. C. M. Murshed as its Chairman. The Committee met four times during the year and reported its findings and submitted its recommendation for consideration of the Board.

Management through People

The Board has approved the organogram of the Company. The Board is kept informed of the goals



and targets of the Company and takes account of the financial performance on a quarterly basis.

Empowerment of People

The Board has given clear guidelines to the Managing Director to ensure that there is appropriate delegation of authority and clear statement of accountability of the management staff all the way down to the Supervisory level and that performance of the individual is judged on the basis of clearly set measurable goals and through objective assessment of their achievement.

Internal Control

The Managing Director has to satisfy the Board that adequate internal checks and controls are in place through appropriate MIS and employment of Internal Audit team to check and validate the expenses and the systems in operation.

Reporting and Communication

The Managing Director reviews and approves the strategic plans every quarter. He also reviews monthly report and commentary on the sales and financial performance of the business from the heads of businesses and the activities of the functional and service heads. An elaborate MIS system is in place.



Report of the Directors' to the Shareowners



We maintained market share of over 20% and retained market leadership of several major products.

Sales

The company performance both in sales and manufacturing has been commendable. The sales and expenses are not comparable because last year the arrangement with ACI Ltd. was finalized after a few month of start of the year. The total turnover of the Company was Tk. 2,080 million and the previous year turnover was Tk. 2,093 million. The turnover growth was not positive due to prolonged draught and low paddy price, for which the farmers took less care of their crop. However, we maintained

market share of over 20% and retained market leadership of several major products.

New Products

The Company has registered several new compounds which have been necessary to complete our range of insecticides, pesticides and fungicides to cover all types of pests. A complete range will enable us to buy competitively and service all types of customer.





New Project: Sulphur Plant

The Company has started Sulphur 80WG Plant which is the first and only plant in the country ready for commercial production, of Sulphur 80WG. The annual capacity of the plant is 3000 MT per year which is 40% of the national requirement. The quality of the product from the trial production is superior compared to imported product and has been well received by the farmers. This plant will deliver higher gross profit because of local production.

New Project: Public Health

Vectors for disease transmission are a big problem in South - East Asia and Bangladesh is one of the worst victims. Malaria due to mosquito and Kala azar due to sand fly are spreading fast. The Government has initiated a project to manage and minimise infestation. Deltamethrin is the proven solution for vector control. ACI Formulations Limited (ACI FL) has partnered with Director General of Health department to conduct broad-based trial to find out the efficacy of Deltamethrin of different formulations. We look forward to a positive conclusion. This product has big potential to control vector in Bangladesh.





Research & Development

We have extensive Research & Development (R & D) activities to try new compounds and study their suitability in different environments and locations within Bangladesh. The Company is testing 6 new compounds under the Herbicide portfolio, 7 new compounds under Fungicide portfolio, 4 new compounds under Rice Liquid Insecticide portfolio and 3 new compounds under Solid Insecticide portfolio.

In addition we are conducting trial production of a variety of vegetable seeds and we hope to enter the vegetable seed market in a big way. One success story of our R & D is introduction of a variety of Cauliflower which grows in summer.

Manufacturing

ACI FL factory is manufacturing several domestic hygiene and domestic pest control products for ACI Consumer Brand Division and meeting their total

requirements. The Factory is maintaining very high level of quality control and efficiency in production. The requirement of the products has increased significantly compared to last year and we have sufficient machine capacity to meet the additional requirement.

Safety, Health and Environment

Considering the nature of the products we deal in and the potential hazard to the workers, the Company regularly conducts safety training sessions and regular medical checkup of the factory workers. The factory has conducted training on safe handling in pesticide plant, fire fighting, materials handling, role of good housekeeping in accident prevention, usage of personal protective equipment (PPE), productivity improvement and good manufacturing practices. The marketing team has conducted training on product stewardship through overseas trainer.

People

We have a competent marketing and sales team who are knowledgeable and hardworking. Our relationship with distributors, retailers and the farmers is supportive and friendly. Members of our field force are helpful to the farmers and maintain close contacts with them.

Workers in our factory are hardworking and efficient. Their knowledge and skills are being upgraded through training and on-the-job supervision.

On behalf of the Shareowners we thank all our employees for their devotion, loyalty and diligence.

Prospects

Agriculture is the backbone of our economy. We have many opportunities for expansion of the existing products and diversification in related fields. We also have good scope for improvement of our market share. We are studying opportunities in the chemical sector to see if local value edition is possible and we hope to come to some conclusion to expand in chemical field next year. We believe that the Company has a very good future and that the investors will gain significantly from our future growth.



Workers in our factory are hardworking and efficient. Their knowledge and skills are being upgraded through training and on-the-job supervision.





Financial Results

In 2009, turnover decreased marginally to Tk. 2,079.94 million from Tk. 2,093.47 million of 2008, a decrease of Tk. 13.53 million or 0.65% over the last year. The cost of sales to turnover has decreased by 4.12% due to improved margin in sales price in Crop Care & Public Health business (as ACI FL is now directly marketing Crop Care & Public Health products instead of previous arrangements of marketing these products through Advanced Chemical Industries Limited effective 1 January 2009) and drop in major raw materials prices. Higher sales price coupled with lower cost of sales partially offset by lower sales volume contributed to the increase of gross profit by 20.50% over the last year. Profit after tax has however decreased to Tk. 159.15 million from Tk. 203.29 million of 2008, lower by 21.70% mainly due to lower sales of Crop Care & Public Health's products and increased administrative & selling expenses due to transfer of entire Crop Care & Public Health's marketing and field force expenses from Advanced Chemical Industries Limited to ACI Formulations Limited effective 1 January 2009 as per business plan decided earlier. Earning Per Share (EPS) has also decreased by 21.70% to Tk. 5.30 from Tk. 6.78 (2008).

Appropriation of profit

Considering the financial results of the company during the year and free reserve carried over, the Directors recommended appropriation of net profit as follows:

	2009 Taka	2008 Taka
Un-appropriated profit from previous year	407,061,059	278,771,668
Add: Net profit after tax for the year	159,145,096	203,289,391
Total available for appropriation	<u>566,206,155</u>	<u>482,061,059</u>
Appropriation proposed:		
Proposed dividend:		
Cash dividend	75,000,000	25,000,000
Stock dividend	-	50,000,000
Total dividend	<u>75,000,000</u>	<u>75,000,000</u>
Balance carried forward	<u>491,206,155</u>	<u>407,061,059</u>

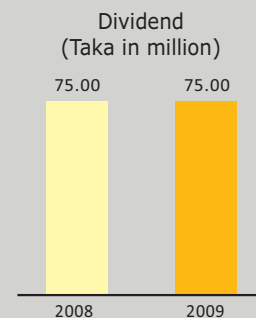
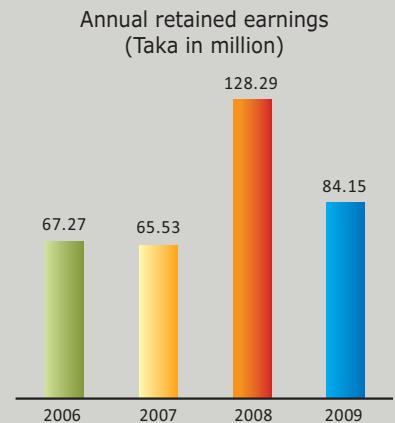
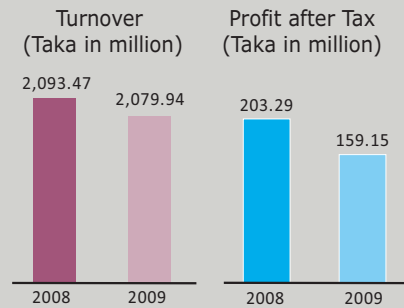
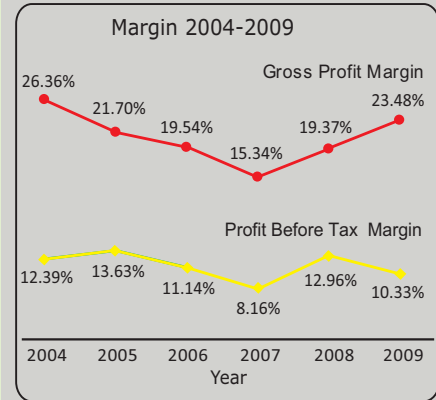
With the balance carried forward in this year and with future ploughing back of part of the profit, directors are confident that company will be able to maintain consistent dividend policy in years to come.

Dividend

The Board of Directors is pleased to recommend declaration of cash dividend @ 25% or Tk. 2.50 per share of Taka 10 each for the year 2009 to those shareowners whose names will appear in the Share Register of Members of the Company or in the Depository on the Record Date which is Sunday, 2nd May 2010.

Contribution to the National Exchequer

During 2009, the company contributed Tk. 109.09 million to the National Exchequer in the form of corporate tax, custom duty, VAT etc. This is equivalent to 5.24% of our net sales revenue for the year.



A. Statutory Information

In compliance with the SEC guidelines' condition no.- 1.4 the Directors confirm that:

- (a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- (b) Proper books of account of the Company have been maintained.
- (c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgement.
- (d) International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored.
- (f) There are no significant doubts upon the Company's ability to continue as a going concern.
- (g) Significant deviations from last year in operating results of the Company have been highlighted in the Report and reasons thereof have been explained.
- (h) Key operating and financial data of preceding six years has been provided.
- (i) The company is declaring the dividend regularly.
- (j) The number of Board meetings held during the year and attendance by each Director is given in annexure-I.
- (k) The pattern of share holding is given in annexure-II.

B. Status of Compliance

The status of the compliance as per SEC guidelines' condition no.-5.0 is given in annexure-III

Election of Director

By operation of Article 47 of the Company's Articles of Association Mr. Wajed Salam and Mrs. Najma Dowla retire by rotation and being eligible, offer themselves for re-election.

Auditors

Our Auditor Messrs Rahman Rahman Huq, Chartered Accountants has sought re-appointment for the year 2010 and the Directors recommend their re-appointment.

On behalf of the Board



M Anis Ud Dowla
Managing Director



Dr. Arif Dowla
Director

Annexure-I

Attendance of Board meetings

During the year four Board meetings were held and the attendance by each Director was as follow:

<u>Name</u>	<u>No. of Meeting Attended</u>
Mr. M Anis Ud Dowla	2
Mrs. Najma Dowla	2
Mr. F H Ansarey	4
Dr. Arif Dowla	4
Ms. Shusmita Anis Salam	1
Mr. Wajed Salam	1
Ms. Sheema Abed Rahman	1 Retired on 03-02-09
Mr. C. M. Morshed	4 Appointed on 03-02-09

Annexure-II

Pattern of Shareholding

As per SEC guideline condition no-1.4(k), the pattern of share holding status as on 31 December 2009 is given below:

1.4 (K) (i) Held by Parent/ Subsidiary/ Associates and other related parties:

<u>Name</u>	<u>Position</u>	<u>No of shares</u>
ACI Limited	Parent	16,044,070

1.4. (K) (ii) Held by Directors, Chief Executive Officer, Company Secretary, and Chief Financial Officer etc.:

<u>Name</u>	<u>Position</u>	<u>No of shares</u>
Mr. M Anis Ud Dowla	Chairman & Managing Director	3,003,000
Mr. M Anis Ud Dowla-Representative of ACI Ltd.	Director	16,044,070
Dr. Arif Dowla	Director	1,200
Dr. F H Ansarey	Director	753,300
Mrs. Najma Dowla	Director	3,000
Ms. Shusmita Anis Salam	Director	1,200
Mr. Wajed Salam	Director	1,200
Ms. Sheema Abed Rahman	Company Secretary	1,200
Mr. C. M. Morshed	Independent Director	-

1.4 (K) (iii) Held by Executive - No shares held by such executive

1.4 (K) (iv) Held by Shareholders holding ten percent or more voting right:

<u>Name</u>	<u>Position</u>	<u>No of shares</u>	<u>%</u>
ACI Limited	Parent	16,044,070	53.48
Mr. M Anis Ud Dowla	Chairman and Managing Director	3,003,000	10.01

Status of Compliance

Annexure-III

Status of compliance with the condition imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/Admin/ dated 20th February, 2006 issued under section 2CC of the Securities and Exchange Ordinance, 1969

<u>Condition No</u>	<u>Title</u>	<u>Compliance Status</u>		<u>Explanation for non-compliance with the condition</u>
		<u>(Put ✓ in the appropriate column)</u>		
		<u>Complied</u>	<u>Not Complied</u>	
1.1	Number of the Board members of the company should not be less than 5 and more than 20.	✓		
1.2(i)	Number of Independent Directors should be at least 1/10 of the total number of Company's Board of Directors.	✓		
1.2(ii)	Independent Directors should be appointed by the elected directors.	✓		

1.3	Chairman of the Board and Chief Executive Officer should preferably be filled by different individuals.		✓	
1.4(a)	Fair presentation of Financial Statements	✓		
1.4(b)	Maintenance of Proper books of accounts	✓		
1.4(c)	Appropriate Accounting Policies applied consistently	✓		
1.4(d)	International Accounting Standards , as applicable in Bangladesh have been followed in preparing the Financial Statements	✓		
1.4(e)	Sound and Effective Internal Control System	✓		
1.4(f)	Ability to continue as going concern	✓		
1.4(g)	Significant deviations from last year in operating results	✓		
1.4(h)	Summary of Key operating and financial data	✓		
1.4(i)	If dividend has not been declared, the reasons thereof.	✓		
1.4(j)	Number of Board Meetings held during the year and attendance by each director	✓		
1.4(k)	Pattern of share holding	✓		
2.1	Appointment of a CFO, a Head of Internal Audit and a Company secretary	✓		
2.2	Attend the Board meeting by CFO and Company Secretary	✓		
3	Constitution of Audit Committee	✓		
3.1(i)	The Audit Committee should be composed of at least 3 members.	✓		
3.1(ii)	Members of Audit Committee should be appointed by the Board who are directors and one should be Independent Director.	✓		
3.1(iii)	Board of Directors should fill up the vacancy within one month of the vacancy in the Audit Committee.	✓		
3.2(i)	Board of Directors should select one member of the Audit Committee as Chairman of the Audit Committee.	✓		
3.2(ii)	Chairman of the Audit Committee should have a professional qualification or knowledge, understanding and experience in accounting or finance.	✓		
3.3.1(i)	Activities of the audit committee to the Board of Directors	✓		
3.3.1(ii)(a)	Report on conflict of interest.	✓		
3.3.1(ii)(b)	Report on Fraud or irregularity or material defect in internal control system	✓		
3.3.1(ii)(c)	Report on infringement of laws, including security related laws, rules and regulations	✓		
3.3.1(ii)(d)	Report on any other matter which should be disclosed to the Board of Directors' immediately.	✓		
3.3.2	Reporting to the Authorities: If the Audit Committee has reported to the Board of Directors about anything which has impact on the financial condition and results of operation and being ignored by the Board of Directors, the Audit Committee should report such findings to the Commission.	✓		
3.4	Reporting to the Shareholders: Report on activities carried by the Audit Committee including any report made to the Board of Directors under condition 3.3.1 (ii) and the disclosure of which should be made in the annual report.	✓		
4.00(i)	Appraisal or valuation services or fairness opinions	✓		
4.00(ii)	Financial information system design and implementation.	✓		
4.00(iii)	Book-keeping or other services related to the accounting records or financial statements	✓		
4.00(iv)	Broker-dealer services	✓		
4.00(v)	Actuarial services	✓		
4.00(vi)	Internal audit services	✓		
4.00(vii)	Any other service that the Audit Committee determines	✓		

On behalf of the Board



M Anis Ud Dowla
Managing Director



Dr. Arif Dowla
Director

এই মহৎ উদ্দেশ্য পূরণে অবদান রাখতে এসিআই এফএল কৃষকদের কাছে কার্যকরী শস্য প্রতিরক্ষা ও শস্য পুষ্টি পণ্য সরবরাহ নিশ্চিত করছে এবং মার্কেটিং গ্রুপ ও মার্ঠকর্মীদের দ্বারা তাদের মাঝে প্রচারণা চালিয়ে যাচ্ছে।



এম আনিস উদ্ দৌলা
চেয়ারম্যান

চেয়ারম্যানের বাণী

প্রিয় শেয়ারমালিক ও এসিআই
এফএল এর শুভাকাজক্ষীবৃন্দ,

আসসালামু আলাইকুম।

নথিভুক্ত পাবলিক লিমিটেড কোম্পানী হিসেবে এক বৎসর কার্যক্রম পরিচালনার পর কোম্পানীর ১৪ তম বার্ষিক সাধারণ সভায় আপনাদের সবাইকে স্বাগত জানাচ্ছি।

কৃষিকাজ বাংলাদেশের বৃহৎ জনগোষ্ঠীর জীবিকা নির্বাহের অন্যতম উৎস। আমাদের দেশের ১৫৫ মিলিয়ন জনগোষ্ঠীর খাদ্য নিরাপত্তা নিশ্চিতকল্পেও কৃষির অবদান অত্যন্ত গুরুত্বপূর্ণ। আর সেজন্যই কেবল কৃষি বাণিজ্যে নিয়োজিত হওয়া-ই গুরুত্বপূর্ণ নয়, সাথে সাথে গুণগত মান সম্পন্ন প্রয়োজনীয় উপাদান সরবরাহ ও কার্যকরী কৃষি ব্যবস্থা অনুসরণে উদ্বুদ্ধকরনে কৃষকদের পরামর্শ প্রদানের মাধ্যমে কৃষির উৎপাদনশীলতা বৃদ্ধির লক্ষ্যে কাজ করাটাও যথেষ্ট গুরুত্বপূর্ণ।

কৃষকদের অর্থনৈতিক অবস্থার উন্নয়নের লক্ষ্য নিয়ে এসিআই ফর্মুলেশন্স লিমিটেড (এসিআই এফএল) সহ আরও অন্যান্য সাবসিডিয়ারী কোম্পানীর মাধ্যমে এসিআই গ্রুপ কৃষিক্ষেত্রে সেবা প্রদান করে চলেছে।

এই মহৎ উদ্দেশ্য পূরণে অবদান রাখতে এসিআই এফএল কৃষকদের কাছে কার্যকরী শস্য প্রতিরক্ষা ও শস্য পুষ্টি পণ্য সরবরাহ নিশ্চিত করছে এবং মার্কেটিং গ্রুপ ও মার্ঠকর্মীদের দ্বারা তাদের মাঝে প্রচারণা চালিয়ে যাচ্ছে।

তাছাড়া, এসিআই এফএল চুক্তিভিত্তিক ভাবে মশার কয়েল, এয়ার ফ্রেশনার, এ্যারোসল ইনসেক্ট স্প্রে ইত্যাদি প্রস্তুত করে থাকে।

এসিআই এফএল কার্যক্রম পরিচালনায় খুবই দক্ষ এবং লাভজনক। কৌশলগত নীতি এই কোম্পানীকে বেশ কিছু গুরুত্বপূর্ণ ক্ষেত্রে মার্কেটে নেতৃত্ব স্থানীয় পর্যায়ে নিয়ে গেছে।

সুশাসন নীতির যথাযথ অনুসরণের জন্য আমরা শুধু একজন স্বাধীন পরিচালকই নিয়োগ দেইনি বরং তাকে অডিট কমিটির চেয়ারম্যানও নিযুক্ত করেছি, যা আমাদের বোর্ডের পর্যবেক্ষণ প্রক্রিয়াকে আরও শক্তিশালী করেছে।

কোম্পানীর ব্যবসায়িক সাফল্যের সম্ভাবনা উজ্জ্বল এবং আপনারা কোম্পানীর নিরবিচ্ছিন্ন প্রবৃদ্ধি ও সাফল্যের আশা রাখতে পারেন।

আপনার বিশস্ত,

এম আনিস উদ্ দৌলা
চেয়ারম্যান

শেয়ার মালিকবৃন্দের প্রতি পরিচালককমন্ডলীর প্রতিবেদন

বিক্রয়

বিক্রয় এবং উৎপাদন উভয়ক্ষেত্রে কোম্পানী উল্লেখযোগ্য সাফল্য অর্জন করেছে। এখানে বিক্রয় ও খরচ তুলনায়োগ্য নয় কারণ গত বছর এসিআই লিঃ এর সাথে আমাদের নতুন ধরনের সমন্বয় হয়েছে বছর শুরু হওয়ার কয়েক মাস পরে। গতবছর কোম্পানীর মোট বিক্রয় ছিল ২০৮০ মিলিয়ন টাকা যা পূর্ববর্তী বছরে ছিল ২০৯৩ মিলিয়ন টাকা।

দীর্ঘমেয়াদী খরা এবং ধানের স্বল্পমূল্যের কারণে গত বছর কৃষকরা তাদের শস্যের খুব একটা যত্ন নিতে পারেনি, যার ফলে বিক্রয় পূর্ববর্তী বছরের তুলনায় হ্রাস পেয়েছে।

অনেক প্রতিদ্বন্দ্বিতা সত্ত্বেও আমরা মার্কেট শেয়ার ২০% ধরে রাখতে সক্ষম হই এবং অন্যতম কিছু পণ্যে প্রথম স্থান ধরে রাখি।

নতুন পণ্য

কীটনাশক, আগাছানাশক, ছত্রাকনাশক ইত্যাদি পণ্যের পণ্যতালিকা পরিপূর্ণ করার জন্য প্রয়োজনীয় কতগুলো যৌগ (কম্পাউন্ড) নিবন্ধন করা হয়েছে। একটি পরিপূর্ণ পণ্যতালিকা আমাদেরকে কাঁচামাল ক্রয়ে এবং সবধরনের ক্রেতাগণকে সেবা প্রদান করতে সহায়তা করবে।

নতুন প্রকল্প : সালফার প্লাস্ট

কোম্পানী দেশের সর্বপ্রথম এবং একমাত্র সালফার ৪০WG প্লাস্ট স্থাপন করেছে এবং বানিজ্যিকভাবে উৎপাদন শুরু করতে যাচ্ছে। এই প্লাস্টের বাৎসরিক উৎপাদন ক্ষমতা ৩০০০ মেট্রিক টন যা দেশের মোট চাহিদার শতকরা ৪০ ভাগ পূরণ করবে। আমাদের এই প্লাস্টে উৎপাদিত সালফারের মান আমদানীকৃত সালফারের চেয়ে অধিকতর ভাল যা কৃষকদের দ্বারা সমাদৃত হবে। স্থানীয়ভাবে উৎপাদনের জন্য এই প্লাস্ট অধিকতর মুনাফা অর্জনে সক্ষম হবে।

নতুন প্রকল্প : গণস্বাস্থ্য

রোগ বিস্তারের বাহক দক্ষিণপূর্ব এশিয়ার জন্য একটি বড় সমস্যা এবং বাংলাদেশ হচ্ছে ইহার অন্যতম শিকার। ম্যালেরিয়া ও কালাজ্বর খুব দ্রুত বিস্তার লাভ করছে। বাংলাদেশ সরকার এই সংক্রমন রোধের জন্য একটি কর্মপরিকল্পনা হাতে নিয়েছে। রোগের বাহক নিয়ন্ত্রনের জন্য ডেলটামেথ্রিন হচ্ছে একটি পরীক্ষিত সমাধান। এসিআই ফর্মুলেশন্স বড় আঙ্গিকে ডেলটামেথ্রিনের কার্যকারিতা যাচাইয়ের জন্য স্বাস্থ্য মন্ত্রণালয়ের সাথে একত্রে কাজ করছে। আমরা এক্ষেত্রে একটি ভাল ফলাফল আশা করছি। বাংলাদেশে রোগের বাহক নিয়ন্ত্রনে এই পণ্যটির উজ্জ্বল সম্ভাবনা আছে।

গবেষণা ও উন্নয়ন

আমাদের ব্যাপক R&D কর্মকাণ্ড রয়েছে যেখানে নতুন নতুন আবিষ্কার এবং ভিন্ন ভিন্ন পরিবেশ ও বাংলাদেশের প্রেক্ষাপটে তাদের উপযোগিতা নিয়ে গবেষণা করা হয়।

এসিআই ফর্মুলেশন্স আগাছানাশক পোর্টফলিওতে ৬টি, ছত্রাকনাশক পোর্টফলিওতে ৭টি, ধানের তরল কীটনাশক পোর্টফলিওতে ৪টি এবং সলিড কীটনাশক পোর্টফলিওতে ৩টি নতুন কম্পাউন্ড পরীক্ষা করছে।

অধিকন্তু আমরা বিভিন্ন প্রকারের শাকসজি বীজের পরীক্ষামূলক উৎপাদন করছি এবং আশা করছি যে, খুব শীঘ্রই শাকসজি বীজের বাজার অধিগ্রহণ করবো। R&D'র একটি উল্লেখযোগ্য সাফল্য হচ্ছে বিভিন্ন জাতের গ্রীষ্মকালীন ফুলকপি বাজারে নিয়ে আসা।

উৎপাদন

এসিআই ফর্মুলেশন্স কারখানা গৃহস্থালী পরিচ্ছন্নতা ও গৃহস্থালী পোকামাকড় নিয়ন্ত্রনের পণ্যসামগ্রী উৎপাদন করে এসিআই কনজুমার ব্র্যান্ডস'র সকল চাহিদা মিটাচ্ছে। এই কারখানায় উৎপাদনের ক্ষেত্রে সর্বোচ্চ গুণগতমান নিশ্চিত করা হয়। এই কারখানায় উৎপাদিত পণ্যের চাহিদা গতবছরের চেয়ে অনেক বেশি বৃদ্ধি পেয়েছে এবং বাড়তি চাহিদা মিটানোর মত যথেষ্ট উৎপাদন ক্ষমতা আমাদের রয়েছে।

নিরাপত্তা, স্বাস্থ্য ও পরিবেশ

উৎপাদিত পণ্যের ধরন ও শ্রমিকদের উপর সম্ভাব্য ঝুঁকির কথা বিবেচনা করে কোম্পানী নিরাপত্তা প্রশিক্ষণ ও নিয়মিত স্বাস্থ্য সেবা দিয়ে যাচ্ছে। কীটনাশক কারখানায় নিরাপত্তা, অগ্নি নির্বাপণ, পণ্যদ্রব্য স্থানান্তর দুর্ঘটনা প্রতিরোধ, ব্যক্তিগত প্রতিরক্ষা সরঞ্জাম এর ব্যবহার, উৎপাদন বৃদ্ধি এবং উন্নত উৎপাদনের অনুশীলনের উপর প্রশিক্ষণ দেওয়া হচ্ছে।

মানব সম্পদ

আমাদের দক্ষ বিক্রয় ও বিপণন দল যথেষ্ট চৌকস ও পরিশ্রমী। পরিবেশক, খুচরা বিক্রেতা এবং কৃষকদের সাথে আমাদের আন্তরিক ও বন্ধুসুলভ সম্পর্ক রয়েছে। আমাদের মার্চকর্মী সদস্যরা কৃষকদের প্রতি সহযোগিতা ও বন্ধুত্বাপন্ন মনোভাব পোষণ করেন।

আমাদের কারখানায় কর্মরত শ্রমিকরা পরিশ্রমী ও দক্ষ। নিয়মিত প্রশিক্ষণ ও কাজ তদারকির মাধ্যমে তাদের জ্ঞান ও দক্ষতার উন্নয়ন ঘটানো হচ্ছে।

শেয়ারমালিকগণের পক্ষ থেকে আমরা কর্মচারীদেরকে তাদের নিষ্ঠা, বিশ্বস্ততা এবং নিরলস প্রচেষ্টার জন্য ধন্যবাদ জানাই।

সম্ভাবনা

কৃষি আমাদের অর্থব্যবস্থার মেরুদণ্ড। এক্ষেত্রে আমাদের বর্তমান পণ্যগুলোর বিস্তার ও সমজাতীয় পণ্যের প্রসারের উজ্জ্বল সম্ভাবনা রয়েছে। আমরা রাসায়নিক ক্ষেত্রে স্থানীয় মূল্য সংযোজনের সম্ভাবনার বিষয়টি খতিয়ে দেখছি এবং আশা করছি যে, আগামী বছর আমরা রাসায়নিক ক্ষেত্রে ব্যবসা বিস্তার ঘটাতে পারব। আমরা বিশ্বাস করি যে, এই কোম্পানীর ভবিষ্যৎ খুবই উজ্জ্বল আর বিনিয়োগকারীরা আমাদের প্রবৃদ্ধির সাথে সাথে নিজেরাও লাভবান হবেন।

আর্থিক ফলাফল :

২০০৯ সালে কোম্পানীর বিক্রয়লব্ধ অর্থ দাঁড়িয়েছে ২,০৭৯.৯৪ মিলিয়ন টাকায়, যা ২০০৮ সালে ছিল ২,০৯৩.৪৭ মিলিয়ন টাকা। ফলশ্রুতিতে বিক্রয়লব্ধ অর্থ হ্রাস পেয়েছে ১৩.৫৩ মিলিয়ন টাকা, যা বিগত বছরের তুলনায় মাত্র ০.৬৫% কম। ক্রয় কেয়ার ও পাবলিক হেলথ ব্যবসায় মার্জিন বৃদ্ধি পাওয়ায় এবং প্রধান কাঁচামালের মূল্য কমে যাওয়ায় বিক্রিত পণ্যের ব্যয় ৪.১২% কমেছে। বিক্রয়ের পরিমাণ কমে যাওয়ার পরেও বিক্রিত পণ্যের মূল্য বৃদ্ধি পাওয়ায় এবং বিক্রিত পণ্যের উৎপাদন ব্যয় কমে যাওয়ায় গত বছরের তুলনায় মোট লাভ ২০.৫০% বৃদ্ধি পেয়েছে। ব্যবসায়িক পরিকল্পনা অনুসারে ০১ জানুয়ারী ২০০৯ হতে ক্রয় কেয়ার ও পাবলিক হেলথ ব্যবসার মার্কেটিং ও প্রশাসনিক ব্যয় এ সি আই লিমিটেড হতে এ সি আই ফরমুলেশনস এ স্থানান্তরিত হয়েছে। এ কারণে এবং বিক্রয় কমে যাওয়ায়, কর পরবর্তী মুনাফা ২০০৮ সালে ২০৩.২৯ মিলিয়ন টাকা হতে ২১.৭০% কমে ২০০৯ সালে ১৫৯.১৫ মিলিয়ন টাকায় এসে দাঁড়িয়েছে। ২০০৯ সালে শেয়ার প্রতি আয় ২১.৭০% কমে ৫.৩০ টাকা হয়েছে, যা ২০০৮ সালে ছিল ৬.৭৮ টাকা।

মুনাফা বন্টন :

বিগত বছরের অর্থনৈতিক ফলাফল এবং ফ্রি রিজার্ভের আলোকে পরিচালকমন্ডলী নীট মুনাফার বন্টনে নিম্নলিখিত সুপারিশ করেছেন :

	২০০৯	২০০৮
	টাকা	টাকা
বিগত বছরের অবশিষ্ট মুনাফা	৪০৭,০৬১,০৫৯	২৭৮,৭৭১,৬৬৮
যোগ: কর পরবর্তী মুনাফা	১৫৯,১৪৫,০৯৬	২০৩,২৮৯,৩৯১
সর্বমোট বন্টনযোগ্য তহবিল	৫৬৬,২০৬,১৫৫	৪৮২,০৬১,০৫৯
প্রস্তাবিত লভ্যাংশ		
নগদ লভ্যাংশ	৭৫,০০০,০০০	২৫,০০০,০০০
বোনাস শেয়ার	-	৫০,০০০,০০০
সর্বমোট লভ্যাংশ	৭৫,০০০,০০০	৭৫,০০০,০০০
অবশিষ্ট স্থিতি	৪৯১,২০৬,১৫৫	৪০৭,০৬১,০৫৯

এ বছরের স্থিতি এবং আগামীতে লভ্যাংশের অংশবিশেষ বিনিয়োগের মাধ্যমে কোম্পানী তাহার ধারাবাহিক ডিভিডেন্ড পলিসি বজায় রাখতে পারবে বলে পরিচালকমন্ডলী আস্থাশীল।

লভ্যাংশ :

পরিচালকমন্ডলী আনন্দের সাথে ২০০৯ সালে ২৫% অর্থাৎ শেয়ার প্রতি ২.৫০ টাকা নগদ লভ্যাংশ প্রদানের সুপারিশ করছে (শেয়ার প্রতি অভিহিত মূল্য ১০.০০ টাকা)। ২রা মে ২০১০ এর বুক ক্লোজারের সময় যে সকল শেয়ার মালিকগণের নাম কোম্পানী সদস্যদের শেয়ার রেজিস্টারে বা ডিপজিটরীতে অন্তর্ভুক্ত থাকবে তারা এই লভ্যাংশ পাবে।

জাতীয় রাজস্ব আয়ে অবদান :

কোম্পানী ২০০৯ সালে কর্পোরেট কর, আবগারী শুল্ক, উন্নয়ন সারচার্জ ও মূল্য সংযোজন কর বাবদ ১০৯.০৯ মিলিয়ন টাকা জাতীয় রাজস্ব খাতে প্রদান করেছে। এটি বছরের মোট বিক্রয়লব্ধ আয়ের ৫.২৪%।

পরিচালকমন্ডলীর নির্বাচন

কোম্পানীর আর্টিকেলস্ অফ এসোসিয়েশন এর ৪৭ অনুচ্ছেদ অনুসারে জনাব ওয়াজেদ সালাম ও মিসেস নাজমা দৌলা পর্যায়ক্রমে অবসর গ্রহণ করেন এবং যোগ্যতার ভিত্তিতে তাঁদের পুনর্নির্বাচনের প্রস্তাব রাখছেন।

অডিটর

আমাদের অডিটর মেসার্স রহমান রহমান হক, চার্টার্ড একাউন্টেন্টস ২০১০ সালের জন্য তাদের পুনর্নিয়োগ চেয়েছেন এবং পরিচালকমন্ডলী তাদের পুনর্নিয়োগ প্রস্তাব রাখছেন।

পরিচালকমন্ডলীর পক্ষে

এম আনিস উদ দৌলা
ব্যবস্থাপনা পরিচালক

ডঃ আরিফ দৌলা
পরিচালক

ACI Formulations Limited

**Report and Audited Financial Statements
for the year ended 31 December 2009**





ACI Formulations Limited Auditors' Report to the Shareowners

We have audited the accompanying balance sheet of ACI Formulations Limited ("the Company") as at 31 December 2009 and the related income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes thereon. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the affairs of the Company as at 31 December 2009 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c. the balance sheet and income statement dealt with by the report are in agreement with the books of account; and
- d. the expenditure incurred were for the purpose of the Company's business.

Dhaka, 19 April 2010

Rahman Rahman Huq
Chartered Accountants

ACI Formulations Limited

Balance Sheet

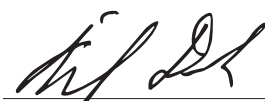
as at 31 December 2009

	Note	2009 Taka	2008 Taka
Assets			
Non-current assets			
Property, plant and equipment	4		
At cost/revaluation		553,568,716	446,624,282
Less: Accumulated depreciation and impairment loss		172,440,389	138,009,528
		381,128,327	308,614,754
Capital work-in-progress	5	132,343,330	109,005,278
Investment		1,557,000	-
Total non-current assets		515,028,657	417,620,032
Current assets			
Inventories	6	602,249,737	720,061,303
Trade debtors	7	758,121,806	435,000
Other receivables		70,108	1,603,146
Advances, deposits and prepayments	8	110,175,865	66,335,533
Inter-company receivables	9	47,088,314	701,581,460
Cash and cash equivalents	10	53,221,622	4,780,393
Total current assets		1,570,927,452	1,494,796,835
Total assets		2,085,956,109	1,912,416,867
Equity and liabilities			
Shareholders' equity			
Share capital	11	300,000,000	250,000,000
Revaluation reserve		76,329,119	75,974,999
Retained earnings		566,206,155	482,061,059
Total equity		942,535,274	808,036,058
Liabilities			
Long term liabilities	12	125,779,924	113,410,497
Current liabilities			
Bank overdraft	10	48,766,928	84,311,411
Short term bank loan	13	636,784,579	696,967,334
Long term bank loan- current portion		21,355,408	5,183,939
Withholding tax and VAT		879,813	-
Trade creditors		85,269,838	39,212,138
Other creditors	14	80,197,931	74,078,046
Inter company liabilities	15	8,623,510	7,736,772
Provision for taxation	16	135,762,904	83,480,672
Total current liabilities		1,017,640,911	990,970,312
Total equity and liabilities		2,085,956,109	1,912,416,867


The annexed notes 1 to 28 form an integral part of these financial statements.



Managing Director



Director



Company Secretary

As per our report of same date.



Rahman Rahman Huq
Chartered Accountants

Dhaka, 19 April 2010



ACI Formulations Limited Income Statement

for the year ended 31 December 2009

	Note	2009 Taka	2008 Taka
Revenue	17	2,079,944,243	2,093,473,935
Cost of sales	18	(1,591,474,136)	(1,688,011,551)
Gross profit		488,470,107	405,462,384
Administrative, selling and distribution expenses	19	(197,211,475)	(46,931,876)
Results from operating activities		291,258,632	358,530,508
Other income	20	8,989,690	4,872,573
Finance costs	21	(74,114,019)	(77,765,721)
		226,134,303	285,637,360
Provision for contribution to WPPF		(11,306,715)	(14,281,868)
<i>Profit before taxation</i>		214,827,588	271,355,492
Current tax expense	16	(52,282,232)	(76,863,992)
Deferred tax income/(expense)	22	(3,400,260)	8,797,891
Taxation		(55,682,492)	(68,066,101)
<i>Profit for the year</i>		159,145,096	203,289,391
Earnings per share (EPS)			
Basic earnings per share (par value Tk. 10)	23	5.30	6.78

The annexed notes 1 to 28 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our report of same date.

Rahman Rahman Huq
Chartered Accountants

Dhaka, 19 April 2010



ACI Formulations Limited

Statement of Changes in Equity

for the year ended 31 December 2009

<u>Particulars</u>	<u>Share capital</u>	<u>Revaluation reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance at 31 December 2007	250,000,000	65,495,689	278,771,668	594,267,357
Net profit after tax	-	-	203,289,391	203,289,391
Deferred tax adjustment for changes in tax rate	-	10,479,310	-	10,479,310
Balance at 31 December 2008	250,000,000	75,974,999	482,061,059	808,036,058
Net profit after tax	-	-	159,145,096	159,145,096
Dividend paid for 2008	-	-	(25,000,000)	(25,000,000)
Issuance of bonus share for 2008	50,000,000	-	(50,000,000)	-
Revaluation reserve on fixed assets transfer	-	354,120	-	354,120
Balance at 31 December 2009	<u>300,000,000</u>	<u>76,329,119</u>	<u>566,206,155</u>	<u>942,535,274</u>

The annexed notes 1 to 28 form an integral part of these financial statements.



ACI Formulations Limited

Cash Flow Statement

for the year ended 31 December 2009

	Note	2009 Taka	2008 Taka
A) Cash flows from operating activities			
Cash received from customers		2,008,990,186	2,125,721,949
Cash received from other income		8,989,689	4,872,573
Cash received/(paid) from/(for) other debtors		1,533,039	(1,603,146)
Cash paid for purchase of inventory		(1,397,683,704)	(2,014,547,502)
Cash paid for operating expenses		(146,515,139)	(46,931,876)
Cash paid for workers from WPPF		(50,434,002)	-
Cash received/(paid) from/(for) other creditors		1,864,248	12,352,063
Cash received/(paid) from/(for) advances, deposits and prepayments		4,016,932	(7,451,287)
Cash generated from operating activities		<u>430,761,249</u>	<u>72,412,774</u>
Finance costs		(74,114,019)	(77,765,721)
Income tax		(47,857,264)	(51,596,597)
		<u>(121,971,283)</u>	<u>(129,362,318)</u>
<i>Net cash inflows/(outflows) from operating activities</i>		<u>308,789,966</u>	<u>(56,949,544)</u>
B) Cash flows from investing activities			
Acquisition of property, plant and equipment		(17,439,169)	(3,317,258)
Investment in FDR		(1,557,000)	-
Payments for capital work-in-progress		(109,882,678)	(109,808,836)
<i>Net cash used in investing activities</i>		<u>(128,878,847)</u>	<u>(113,126,094)</u>
C) Cash flows from financing activities			
Inter-company debts received/(paid)		(31,352,865)	7,736,772
Dividend paid		(24,452,925)	-
Short term bank loan received/(paid)		(60,182,755)	33,776,923
Long term bank loan received/(paid)		20,063,138	61,084,313
<i>Net cash from/(used in) financing activities</i>		<u>(95,925,407)</u>	<u>102,598,008</u>
D) Net increase/(decrease) in cash and cash equivalents (A+B+C)		83,985,712	(67,477,630)
E) Cash and cash equivalents at 1 January		(79,531,018)	(12,053,388)
F) Cash and cash equivalents at 31 December (D+E)	10	<u>4,454,694</u>	<u>(79,531,018)</u>

The annexed notes 1 to 28 form an integral part of these financial statements.

ACI Formulations Limited

Notes to the Financial Statements

for the year ended 31 December 2009

1. Reporting entity

1.1 Company profile

ACI Formulations Limited (the "Company") is a company domiciled in Bangladesh. It was incorporated as a private limited company on 29 October 1995. The address of the Company's registered office is 245 Tejgaon Industrial Area, Dhaka-1208. The Company went into commercial operations on 1 July 1998. The Company was converted from private limited to public limited company on 4 May 2005 and listed with both Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) on 30 October 2008. Advanced Chemical Industries Limited incorporated in Bangladesh is the immediate as well as ultimate parent of the Company.

1.2 Nature of business

The principal activities of the Company are manufacturing and marketing of a number of agrochemical and consumer products. All the consumer products were sold to Advanced Chemical Industries Limited, which acted as the sales and marketing agent of the Company.

The entire agro chemical products (Crop Care) are however, directly marketed by the Company without using Advanced Chemical Industries Limited as selling and marketing agent with effect from 1 January 2009.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

2.2 Other regulatory compliances

In addition to the aforesaid, the Company is also required to comply with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

The Income Tax Ordinance 1984

The Income Tax Rules 1984

The Value Added Tax Act 1991

The Value Added Tax Rules 1991

2.3 Date of authorisation

The Board of Directors has authorised the financial statements on 19 April 2010 for public issue.



2.4 Basis of measurement

The financial statements have been prepared on historical cost basis except for certain assets which are stated at revalued amount.

2.5 Functional and presentation currency and level of precision

These financial statements are presented in Bangladesh Taka (Taka/Tk), currency, which is the Company's functional currency. All financial information presented in Taka have been rounded off to the nearest Taka.

2.6 Use of estimates and judgments

The preparation of financial statements in conformity with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS) requires management to make judgments, estimates and assumptions that affects the reported amounts of the assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the year reported. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note-6	inventories
Note-7	trade debtors
Note-12.1	deferred tax liability
Note-16	provision for taxation
Note-24	off balance sheet items

2.7 Reporting period

The financial period of the Company encompasses the period from 1 January to 31 December each year. These financial statements cover one year from 1 January to 31 December 2009.

3. Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

3.1 Property, plant and equipment

3.1.1 Recognition and measurement

Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation less impairment loss, if any. The items of property, plant and equipment were revalued in the year 2004 by a firm of professional valuers on the basis of open market value.

Capital work in progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that were not ready for use at the end of 2009 and these are stated at cost.

Cost includes expenditure that is directly attributable to the acquisition of an asset. The cost of self constructed asset includes the cost of material and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

3.1.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

3.1.3 Depreciation

All items of property, plant and equipment (except land) have been depreciated on straight line basis. Depreciation on additions is charged at 50% of normal rates only in the year of acquisition and no depreciation is charged in the year of disposal. Depreciation is charged at the rates varying from 2.5% to 20% depending on the estimated useful lives of assets. No depreciation is charged for land and capital work in progress.

The revalued items of property, plant and equipment are depreciated based on their revalued amount at the date of revaluation over their remaining estimated useful lives.

The estimated useful lives for the current and comparative periods are as follows:

	<u>2009</u>	<u>2008</u>
Building	40 years	40 years
Plant and machinery	10 years	10 years
Furniture and fixture	10 years	10 years
Electrical and other office appliances	5-10 years	5-10 years
Equipment and machinery	5-10 years	5-10 years
Vehicles	5 years	5 years
Deep tube well	10 years	10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date. No revision in respect of items of property, plant and equipment was done in 2009.

3.1.4 Impairment

The carrying amount of the entity's non financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. However, no such conditions that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

3.2 Trade and other receivables

Trade and other receivables are initially recognised at cost which is the fair value of the consideration given in return. After initial recognition these are carried at cost less provision for doubtful debts due to uncollectibility of any amount so recognised.



3.3 Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to income statement.

3.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at banks which are held and available for use by the Company without any restriction. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of cash flow statement.

3.5 Provision

A provision is recognised if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.6 Contingencies

Contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

3.7 Income tax expenses

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognised in equity.

3.7.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The applicable tax rate for the Company is 27.5% for the year. Provision for taxation has been made on the basis of Finance Act 2009.

3.7.2 Deferred tax

Deferred tax is recognised using the balance sheet method. Deferred tax arises due to temporary difference deductible or taxable for the events or transactions recognized in the income statement. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount/reported amount in the balance sheet. Deferred tax asset or liability is the amount of income tax recoverable or payable in future period(s) recognised in the current period. The deferred tax asset/income or liability/expense does not create a legal liability/recoverability to and from the income tax authority. Deferred tax also arises due to revaluation of property, plant and equipment. The resulting impact of deferred tax assets/liabilities on revaluation reserve is included in the statement of changes in equity.

3.8 Foreign currency transactions

Foreign currency transactions are converted at the rates ruling on the dates bank advices are received. Monetary assets and liabilities denominated in foreign currencies, if any, at the reporting date are reconverted at rates ruling at the balance sheet date. All exchange differences are charged/credited to income statement after being absorbed in the respective head of income or expenditure.

3.9 Revenue recognition

3.9.1 Goods sold

Revenue comprises sale of goods and service provided (if any) by the Company and excludes VAT.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, and net of returns, allowances and trade discounts.

Revenue is recognised when:

- Significant risk and reward of ownership is transferred to the buyer. Transfers of risk and reward vary depending on the individual items of the contract of sale. Sale of products and trading items of the Company usually occurs at the time of delivery of goods along with invoices.
- The Company has no managerial involvement of the ownership of the goods, the amounts of revenue and the cost of the transaction can be measured reliably, and it is probable that the economic benefit associated with the transaction will flow to the Company.

3.10 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operation capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Stock in transit represents the cost incurred up to the date of the balance sheet for the items that were not received till to the date of balance sheet. Inventory losses and abnormal losses are recognised as expenses.

3.11 Finance costs

Finance costs comprise interest expense on bank loan, finance lease and other borrowings and are recognised in the income statement using effective interest method.

3.12 Finance income

Finance income comprises of interest income of fund invested. Interest income is recognised on accrual basis.

3.13 Cash flow statement

Cash flow statement has been prepared under direct method.



3.14 Workers' Profit Participation Fund

The Company has created a 'Workers' Profit Participation Fund' and 5% of profit before charging such expense is transferred to this fund.

3.15 Employees benefit

The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its permanent eligible employees. This scheme is qualified as defined benefit plan. There is also a recognised provident fund for all permanent employees of the Company. This qualifies as defined contribution plan. The Company also has a group insurance policy for all its management staff. Actuarial valuation of gratuity scheme was last made in 2006 to assess the adequacy of the liabilities provided for the schemes as per BAS 19: *Employee Benefits*.

3.15.1 Defined contribution plans (provident fund)

Defined contribution plan is a post employment benefit plan under which the Company provides benefits to one or more employees. The recognised Employees Provident Fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the Company also makes equal contribution.

The Company recognises contribution to defined contribution plan as an expense when an employee has rendered services in exchange for those contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

3.15.2 Defined benefit plans (gratuity)

Defined benefit plan is a retirement benefit plan under which amounts to be paid as retirement benefits are determined by reference to employees' earnings and/or year of services. The recognised Employees' Gratuity Fund is being considered as defined benefit plan as it meets the recognition criteria. The Company's obligation is to provide the agreed benefits to current employees as per condition of the fund.

Present value of defined benefit obligation and the fair value of the plan assets were determined by professional actuary. Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service cost and mutually compatible actuarial assumptions about demographic and financial variables were used. The difference between fair value of the plan assets and present value of obligation is recognised as a liability or an asset in the balance sheet.

The rate used to discount post employment benefit obligations is determined by reference to the rate stated in actuarial report. The expected return on plan assets is based on market expectation and is one of the component of expenses recognised in the income statement. Total expenses recognised in the income statement comprise of current service cost, interest cost, expected return on plan assets.

3.15.3 Leave encashment

The Company makes provision for annual leave encashment based on last basic salary as allowed by the Company policy.

3.15.4 Short-term benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.16 Earning per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting profit or loss for the year attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. This has been shown on the face of income statement and computation of EPS is stated in note 23.

3.17 Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment is based on business segments.

3.18 New standards and interpretations not yet applicable

A number of new standards, amendments to standards and interpretations remain yet to be effective for the year ended 31 December 2009 have not been considered in preparing these financial statements.

Bangladesh Financial Reporting Standards (BFRS) 8 "*Operating Segments*" introduces the "management approach" to segment reporting. Bangladesh Financial Reporting Standards (BFRS) 8 which becomes mandatory for the company's 2010 financial statements will require a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Advanced Chemical Industries Group's chief operating decision maker in order to assess each segment's performance and to allocate resources to them.

4. Property, plant and equipment At cost

Name of assets	Cost					Depreciation				Written down value as at 31 December 2009
	Balance as at 1 January 2009	Addition during the Year	Transferred from CWIP	Adjustment during the year	Balance as at 31 December 2009	Balance as at 1 January 2009	Addition during the Year	Adjustment during the year	Balance as at 31 December 2009	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Land	16,445,851	4,160,774	-	-	20,606,625	-	-	-	-	20,606,625
Building	119,337,305	-	28,530,941	-	147,868,246	18,746,166	3,340,070	-	22,086,236	125,782,010
Plant	167,448,675	-	53,846,479	-	221,295,154	81,111,520	19,437,191	-	100,548,711	120,746,443
Equipment and machinery	12,040,572	1,444,200	3,386,096	2,228,108	19,098,976	7,035,432	1,621,020	940,222	9,596,674	9,502,302
Electric and other appliance	11,602,568	1,451,859	333,118	1,258,919	14,646,464	5,060,865	1,652,573	857,992	7,571,430	7,075,034
Furniture and fixture	9,372,659	2,005,522	447,992	659,984	12,486,157	4,091,624	1,060,606	138,126	5,290,356	7,195,801
Vehicles	5,568,500	6,100,000	-	602,000	12,270,500	5,252,428	594,305	601,999	6,448,732	5,821,768
Deep tube well	140,000	-	-	-	140,000	140,000	-	-	140,000	-
	341,956,130	15,162,355	86,544,626	4,749,011	448,412,122	121,438,035	27,705,765	2,538,339	151,682,139	296,729,983

Revaluation

Name of assets	Cost					Depreciation				Written down value as at 31 December 2009
	Balance as at 1 January 2009	Addition during the Year	Transferred from CWIP	Adjustment during the year	Balance as at 31 December 2009	Balance as at 1 January 2009	Addition during the Year	Adjustment during the year	Balance as at 31 December 2009	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Land	61,312,837	-	-	-	61,312,837	-	-	-	-	61,312,837
Building	9,955,323	-	-	-	9,955,323	1,119,974	248,883	-	1,368,857	8,586,466
Plant	31,565,634	-	-	-	31,565,634	14,204,535	3,156,563	-	17,361,098	14,204,536
Equipment and machinery	400,842	-	-	34,425	435,267	180,378	43,527	15,491	239,396	195,871
Electric and other appliance	340,118	-	-	(11,462)	328,656	153,055	32,865	(5,157)	180,763	147,893
Furniture and fixture	(124,950)	-	-	15,480	(109,470)	(56,228)	(10,947)	6,966	(60,209)	(49,261)
Vehicles	1,184,348	-	-	449,999	1,634,347	947,479	281,868	404,999	1,634,346	1
Deep tube well	34,000	-	-	-	34,000	22,300	11,699	-	33,999	1
	104,668,152	-	-	488,442	105,156,594	16,571,493	3,764,458	422,299	20,758,250	84,398,344
Total	446,624,282	15,162,355	86,544,626	5,237,453	553,568,716	138,009,528	31,470,223	2,960,638	172,440,389	381,128,327

4.1 Property, plant and equipment: comparative-2008 At cost

Name of assets	Cost					Depreciation				Written down value as at 31 December 2008
	Balance as at 1 January 2008	Addition during the Year	Transferred from CWIP	Adjustment during the year	Balance as at 31 December 2008	Balance as at 1 January 2008	Addition during the Year	Adjustment during the year	Balance as at 31 December 2008	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Land	15,149,107	1,296,744	-	-	16,445,851	-	-	-	-	16,445,851
Building	108,762,633	21,772	10,552,900	-	119,337,305	15,894,917	2,851,250	-	18,746,167	100,591,138
Plant	121,131,300	1,501,103	44,816,272	-	167,448,675	66,682,521	14,428,999	-	81,111,520	86,337,155
Equipment and machinery	11,415,437	37,536	587,600	-	12,040,573	5,722,493	1,312,939	-	7,035,432	5,005,141
Electric and other appliance	11,258,076	224,200	120,292	-	11,602,568	3,805,815	1,255,050	-	5,060,865	6,541,703
Furniture and fixture	8,889,332	235,902	247,424	-	9,372,658	3,178,524	913,100	-	4,091,624	5,281,034
Vehicles	5,568,500	-	-	-	5,568,500	5,090,460	161,967	-	5,252,427	316,073
Deep tube well	140,000	-	-	-	140,000	133,000	7,000	-	140,000	-
	282,314,385	3,317,257	56,324,488	-	341,956,130	100,507,730	20,930,305	-	121,438,035	220,518,095

Revaluation

Name of assets	Cost					Depreciation				Written down value as at 31 December 2008
	Balance as at 1 January 2008	Addition during the Year	Transferred from CWIP	Adjustment during the year	Balance as at 31 December 2008	Balance as at 1 January 2008	Addition during the Year	Adjustment during the year	Balance as at 31 December 2008	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Land	61,312,837	-	-	-	61,312,837	-	-	-	-	61,312,837
Building	9,955,323	-	-	-	9,955,323	871,091	248,883	-	1,119,974	8,835,349
Plant	31,565,634	-	-	-	31,565,634	11,047,971	3,156,563	-	14,204,534	17,361,100
Equipment and machinery	400,842	-	-	-	400,842	140,294	40,084	-	180,378	220,464
Electric and other appliance	340,118	-	-	-	340,118	119,043	34,012	-	153,055	187,063
Furniture and fixture	(124,950)	-	-	-	(124,950)	(43,733)	(12,495)	-	(56,228)	(68,722)
Vehicles	1,184,348	-	-	-	1,184,348	710,610	236,870	-	947,480	236,868
Deep tube well	34,000	-	-	-	34,000	11,900	10,400	-	22,300	11,700
	104,668,152	-	-	-	104,668,152	12,857,176	3,714,317	-	16,571,493	88,096,659
Total	386,982,537	3,317,257	56,324,488	-	446,624,282	113,364,906	24,644,622	-	138,009,528	308,614,754



5. Capital work-in-progress

	2009			2008
	Building and furniture	Plant and machinery	Total	Total
	Taka	Taka	Taka	Taka
Opening balance as on 1 January 2009	11,554,169	97,451,109	109,005,278	55,520,930
Addition during the year	54,377,753	55,504,925	109,882,678	109,808,836
Transferred to fixed asset	(28,978,933)	(57,565,693)	(86,544,626)	(56,324,488)
Closing balance as on 31 December 2009	36,952,989	95,390,341	132,343,330	109,005,278

6. Inventories

	2009	2008
	Taka	Taka
Raw materials	171,892,143	406,901,350
Packing materials	78,625,233	115,061,079
Finished goods	278,149,505	120,831,554
Stock in transit	78,923,637	75,837,074
Other inventories (engineering stores and diesel)	8,407,481	9,229,162
	615,997,999	727,860,219
Less: Provision for slow moving inventory	(13,748,262)	(7,798,916)
	602,249,737	720,061,303

In view of innumerable items of inventories and diversified quantities it is not feasible to disclose quantities against each item of inventory.

7. Trade debtors

	2009			2008
	Dues over 6 months	Dues below 6 months	Total	Total
	Taka	Taka	Taka	Taka
Crop Care & Public Health	120,299,245	645,440,938	765,740,183	469,650
Mosquito Coil	-	-	-	435,000
	120,299,245	645,440,938	765,740,183	904,650
Less: Provision for doubtful debts			(7,618,377)	(469,650)
			758,121,806	435,000

8. Advances, deposits and prepayments

	Notes	2009	2008
		Taka	Taka
Advance tax	8.1	84,532,664	36,675,400
Advances to suppliers		7,624,415	25,389,140
Staff advances		9,871,926	-
Security money and tender deposits		8,143,985	4,267,992
Prepayments		2,875	3,001
		110,175,865	66,335,533

8.1 Advance tax

Balance as at 1 January	36,675,400	28,084,926
Add: Paid during the year	47,857,264	51,596,597
	84,532,664	79,681,523
Less: Adjustment during the year	-	(43,006,123)
Balance as at 31 December	84,532,664	36,675,400

9. Inter-company receivables

Advanced Chemical Industries Limited	45,923,541	698,374,756
ACI Motors Limited	1,164,773	805,303
Premiaflex Plastics Limited	-	2,401,401
	47,088,314	701,581,460

	Notes	2009 Taka	2008 Taka
10. Cash and cash equivalents			
Cash in hand		150,000	150,000
Cash at banks		53,071,622	4,630,393
		<u>53,221,622</u>	<u>4,780,393</u>
Bank overdraft used for cash management purpose	10.1	(48,766,928)	(84,311,411)
Cash and cash equivalents in the cash flow statement		<u>4,454,694</u>	<u>(79,531,018)</u>
10.1 Bank overdraft			
Standard Chartered Bank	13.1	26,261,894	56,617,116
The Hongkong and Shanghai Banking Corporation Ltd.	13.2	11,383,826	9,207,710
Citibank N. A.	13.3	37,763	917,333
Commercial Bank of Ceylon plc	13.4	11,083,445	17,569,252
		<u>48,766,928</u>	<u>84,311,411</u>

11. Share capital

Authorised

50,000,000	Ordinary shares of Tk. 10 each	500,000,000	500,000,000
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Issued and paid up

6,600,000	Ordinary shares of Tk. 10 each	66,000,000	66,000,000
17,500,000	Bonus shares of Tk. 10 each	175,000,000	125,000,000
5,900,000	Right shares of Tk. 10 each	59,000,000	59,000,000
<u>30,000,000</u>		<u>300,000,000</u>	<u>250,000,000</u>

The aforesaid share capital is subscribed as under:

	No. of shares	Percentage
Directors/sponsors	19,806,670	66.03%
Institutions	4,801,325	16.00%
General shareholders	5,392,005	17.97%
	<u>30,000,000</u>	<u>100.00%</u>

A distribution schedule of the above shares is given below as required by the Listing Rules:

Number of shareowners	Share owning	Number of shares	Percentage of total shareholdings
7,614	Less than 500	1,487,668	4.96%
1,951	501- 5,000	2,668,447	8.89%
79	5,001- 10,000	577,950	1.93%
49	10,001- 20,000	705,380	2.35%
16	20,001- 30,000	424,930	1.42%
8	30,001- 40,000	288,290	0.96%
6	40,001- 50,000	280,090	0.93%
11	50,001- 100,000	743,235	2.48%
11	1,00,001- 1,000,000	4,017,300	13.39%
3	Over- 10,000,000	18,806,710	62.69%
<u>9,748</u>		<u>30,000,000</u>	<u>100.00%</u>



	Notes	2009 Taka	2008 Taka
12. Long term liabilities			
Staff gratuity provision		4,943,177	-
Deferred tax liabilities	12.1	61,044,704	57,510,123
Long term bank loan	12.2	59,792,043	55,900,374
		<u>125,779,924</u>	<u>113,410,497</u>

12.1 Deferred tax liability

(a) Deferred tax on temporary differences

(i) Taxable temporary differences			
Fixed assets		143,009,016	112,603,183
(ii) Deductible temporary difference			
Stock		(13,748,262)	(7,798,916)
Debtors		(7,618,378)	(469,650)
Gratuity		(4,943,176)	-
Net taxable temporary differences		<u>116,699,200</u>	<u>104,334,617</u>
Tax rate		27.50%	27.50%
Deferred tax liability on temporary differences as of 31 December		32,092,280	28,692,020

(b) Deferred tax on revaluation surplus

(a+b) Closing balance		<u>28,952,424</u>	<u>28,818,103</u>
		<u>61,044,704</u>	<u>57,510,123</u>

12.2 Long term bank loan

The City Bank Limited		<u>59,792,043</u>	<u>55,900,374</u>
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12.2.1 Term Loan

Amount : Tk 100,000,000

Purpose : To retire documents of imported machineries and to procure machineries from local sources and to meet up the cost of civil constructions.

Tenure : 05 years

Securities for the facilities mentioned under notes 12.2.1 are as follows:

- i) Hypothecation on specific plant, machinery and pre-fabricated structure financed by bank.
- ii) Corporate guarantee of Advanced Chemical Industries limited

13. Short term bank loan

Standard Chartered Bank	13.1	68,990,037	320,433,050
The Hongkong and Shanghai Banking Corporation Ltd.	13.2	363,382,216	210,326,951
Citibank N. A.	13.3	25,033,326	55,083,333
Commercial Bank of Ceylon plc	13.4	179,379,000	111,124,000
		<u>636,784,579</u>	<u>696,967,334</u>

13.1 Standard Chartered Bank

The company is enjoying following facilities from Standard Chartered Bank (SCB) under the following terms and conditions:

13.1.1 Overdraft

Limit : Tk 10,000,000

Purpose : Working capital

Tenure : On demand

13.1.2 Letter of Credit / Loan Against Trust Receipt (LATR)

Amount : Tk 400,000,000
 Purpose : To retire the documents under letters of credit issued by the Standard Chartered Bank.
 Tenure : 120 days
 Payment: On maturity each trust receipt outstanding will be adjusted by debiting company's bank account and quarterly interest will be charged into the same account.

13.1.3 Standard Chartered Bank - Revolving Loan

Amount : Tk 150,000,000
 Purpose : To finance payment of Government duty and tax against import of raw materials and also for procurement of local raw materials against suppliers' invoice.
 Tenure : 120 Days
 Payment: On maturity each Revolving Loan outstanding will be adjusted by debiting company's bank account and quarterly interest will be charged into the same account.

13.1.4 Short term loan

Amount : Tk 100,000,000
 Purpose : Working capital finance
 Tenure : 120 days

Securities for the facilities mentioned under notes 13.1.1, 13.1.2 , 13.1.3 and 13.1.4 are as follows:

- i) Demand Promissory Note and Letter of Continuation for Tk 540,000,000 each
- ii) Registered first charge over stock and book debts of the company for Tk 540,000,000.
- iii) First charge by way of registered mortgage over the tangible fixed assets of the company both existing and future where Standard Chartered Bank's share being at least Tk 15,000,000.
- iv) Corporate guarantee from Advanced Chemical Industries Limited supported by Board Resolution.
- v) Agreement and indemnity relating to the issuing of documentary credits.
- vi) Board Resolution of the company covering the entire facility.

13.2 The Hongkong and Shanghai Banking Corporation Limited

The company is enjoying following facilities from The Hongkong and Shanghai Banking Corporation Limited (HSBC) under the following terms and conditions:

13.2.1 Overdraft

Limit : Tk 10,000,000
 Purpose : Working capital
 Tenure : On demand

13.2.2 Letters of Credit / Loan Against Trust Receipt (LATR) / Short term loan

Amount : Tk 402,549,000
 Purpose : To retire sight documents by creating import loan and usance documents against borrowers acceptance and issue shipping guarantee. To finance imported raw materials/ spares/small machinery on sight and deferred basis.
 Tenure : 180 days for imports (loan) and deferred payment bills and 30 days for shipping guarantee.

Securities for the facilities mentioned under notes 13.2.1 and 13.2.2 are as follows:

- i) Demand promissory note of Tk 422,549,000 with letter of revival and continuity.
- ii) Letter of set off between different accounts maintained with the bank.



- iii) Corporate guarantee to be executed by Advanced Chemical Industries Limited for Tk 430,000,000 supported by Board Resolution for credit facilities granted to ACI Formulations Limited.
- iv) First pari-passu charge with other lenders over the borrower's stock of raw materials, work-in-progress and finished goods for Tk. 430,000,000 registered with the Registrar of Joint Stock Companies and Firms (RJSC).
- v) First pari-passu charge with other lenders over the borrower's book debts/receivables for Tk. 430,000,000 registered with the Registrar of Joint Stock Companies (RJSC) on pari-passu basis with SCB where HSBC's share is 430,000,000.

13.3 Citibank, N.A.

The company is enjoying following facilities from Citibank N. A. under the following terms and conditions:

13.3.1 Letters of Credit/Loan Against Trust Receipts/ Short term loan

Amount : Tk 300,000,000

Purpose : For import of raw materials, spares and finished goods required for normal course of business.

Tenure : 180 days for imports (loan) and deferred payment bills and 30 days for shipping guarantee.

Securities for the facilities mentioned under notes 13.3.1 is as follows:

- i) Registered first charge over stock and book debts of the company for Tk 470,000,000.
- ii) Cross corporate guarantee from Advanced Chemical Industries Limited and ACI Formulations Limited.

The agreement permits the use of funds by both Advanced Chemical Industries Limited and ACI Formulations Limited. However the joint utilization limit is capped to Tk. 400,000,000.

13.4 Commercial Bank of Ceylon plc

The company is enjoying following facilities from Commercial Bank of Ceylon plc under the following terms and conditions:

13.4.1 Overdraft

Limit : Tk 20,000,000

Purpose : Working capital

Tenure : On demand

13.4.2 Letters of Credit / Loan Against Trust Receipt (LATR)

Amount : Tk 60,000,000

Purpose : To retire import documents for raw materials and chemicals.

Tenure : 180 days

13.4.3 Short term loan

Amount : Tk 100,000,000

Purpose : Working capital finance

Tenure : 180 days

Securities for the facilities mentioned under notes 13.4.1, 13.4.2 and 13.4.3 are as follows:

Registered first hypothecation charge over stocks and book debts on pari-pasu basis with SCB and HSBC, CBC's share being Tk 180,000,000.

14. Other creditors

	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
Creditors for expenses	60,580,523	8,268,296
Interest payable	6,280,489	14,877,054
Security money payable	1,483,129	498,694
Unpaid dividend	547,075	-
Provision for workers' profit participation fund	11,306,715	50,434,002
	<u>80,197,931</u>	<u>74,078,046</u>

15. Inter-company liabilities

ACI Pure Flour Limited	-	3,450,000
Premiaflex Plastics Limited	8,623,510	-
ACI Salt Limited	-	3,917,524
ACI Foods Limited	-	369,248
	<u>8,623,510</u>	<u>7,736,772</u>

16. Provision for taxation

Opening balance	83,480,672	49,622,803
Provision made during the year	52,282,232	76,863,992
Adjustment against advance tax	-	(43,006,123)
Closing balance	<u>135,762,904</u>	<u>83,480,672</u>

17. Revenue

Agrochemical products	1,256,925,063	1,252,796,889
Consumer products	823,019,180	840,677,046
	<u>2,079,944,243</u>	<u>2,093,473,935</u>

100% revenue of consumer products were received from Advanced Chemical Industries Limited which acts as the sales agent of the company. In view of innumerable items of sales and diversified quantities, it is not feasible to disclose the quantities against each items of sale.



18. Cost of sales

Particulars	2009				2008
	Crop Care & Public Health	Mosquito Coil	Aerosol	Total	Total
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Raw and packing materials:					
Opening stock	335,038,121	76,363,509	110,560,800	521,962,430	273,235,159
Purchase	448,716,486	361,344,648	217,299,565	1,027,360,699	1,864,740,682
	<u>783,754,607</u>	<u>437,708,157</u>	<u>327,860,365</u>	<u>1,549,323,129</u>	<u>2,137,975,841</u>
Closing stock	(136,185,977)	(53,164,771)	(61,166,627)	(250,517,375)	(521,962,430)
	<u>647,568,630</u>	<u>384,543,386</u>	<u>266,693,738</u>	<u>1,298,805,754</u>	<u>1,616,013,411</u>
Manufacturing expenses(Ref: Note-19)	42,145,732	102,281,890	16,972,407	161,400,029	156,337,322
Cost of goods manufactured	<u>689,714,362</u>	<u>486,825,276</u>	<u>283,666,145</u>	<u>1,460,205,783</u>	<u>1,772,350,733</u>
Finished goods					
Opening stock	120,829,706	1,848	-	120,831,554	30,126,536
Purchase	280,113,192	-	-	280,113,192	-
Closing stock	(278,149,505)	-	-	(278,149,505)	(120,831,554)
	<u>122,793,393</u>	<u>1,848</u>	<u>-</u>	<u>122,795,241</u>	<u>(90,705,018)</u>
Provision for inventory	8,292,023	110,900	70,189	8,473,112	6,365,836
	<u>820,799,778</u>	<u>486,938,024</u>	<u>283,736,334</u>	<u>1,591,474,136</u>	<u>1,688,011,551</u>

As per Part II of Schedule XI of the Companies Act 1994, the quantities of raw materials, purchases and stocks should be expressed in quantitative denomination, however this could not be provided as the company deals with large number of products both locally made and imported.

Raw and packing materials have been procured from local sources and also imported from the following countries:

India
Malaysia
Italy
Japan
China

Raw and packing materials consumed are 65% (approximately) imported.

19. Allocation of expenses

Particulars	2009					2008
	Administrative expenses	Distribution expenses	Manufacturing expenses	Selling expenses	Total	Total
	Taka (A)	Taka (A)	Taka (B)	Taka (A)	Taka	Taka
Salary and wages	46,327,660	13,894,088	70,246,882	51,014,141	181,482,771	89,956,781
Traveling and conveyance	1,062,054	353,287	1,168,821	23,088,568	25,672,730	2,642,813
Rent and rates	2,227,324	661,082	3,371,270	505,408	6,765,084	2,354,697
Repair and maintenance	4,368,993	679,692	17,721,097	122,556	22,892,338	17,124,327
Fuel and power	733,253	246,338	32,178,218	-	33,157,809	49,531,906
Postage, Telephone, Fax etc.	113,098	-	381,387	1,532,489	2,026,974	379,188
Printing and stationery	332,265	109,528	1,043,461	691,042	2,176,296	1,140,939
Promotional expenses	359,595	-	640,418	19,475,394	20,475,407	2,035,430
Entertainment	718,225	199,329	1,381,360	1,419,029	3,717,943	1,167,268
Vehicle maintenance	2,071,096	608,660	1,666,240	5,545,687	9,891,683	3,320,503
Bad debts	-	-	-	89,560	89,560	-
Truck and handling	24,800	9,293,740	1,868,074	-	11,186,614	2,056,431
Legal and professional charge	467,090	-	-	61,000	528,090	538,769
Audit fees	300,000	-	-	-	300,000	200,000
Insurance	109,660	-	2,961,586	262,289	3,333,535	3,015,673
Directors' fees	5,725	-	-	-	5,725	1,500
Bank charges	549,055	-	29,470	153,551	732,076	120,964
Sundry expenses	-	-	179,510	6,543	186,053	2,894,952
Product development expenses	-	-	47,280	1,009,873	1,057,153	652,824
Training expenses	67,773	-	371,473	311,179	750,425	265,019
Depreciation	906,841	-	29,921,166	642,215	31,470,222	24,644,623
Lab chemical and apparatus	-	-	230,534	-	230,534	350,503
Donation and subscription	-	-	31,122	-	31,122	573,729
Meeting expenses	134,000	-	-	1,289,315	1,423,315	-
Share department expenses	1,676,036	-	-	-	1,676,036	1,090,660
License and renewals	954,845	-	-	436,504	1,391,349	66,701
	<u>63,509,388</u>	<u>26,045,744</u>	<u>165,439,369</u>	<u>107,656,343</u>	<u>362,650,844</u>	<u>206,126,200</u>

Recovery of expenses for toll manufacturing service charges:

Advanced Chemical Industries Limited	-	-	3,739,340	-	3,739,340	1,373,737
ACI Motors Limited	-	-	300,000	-	300,000	683,265
EAC II	-	-	-	-	-	800,000
	-	-	<u>4,039,340</u>	-	<u>4,039,340</u>	<u>2,857,002</u>
	<u>63,509,388</u>	<u>26,045,744</u>	<u>161,400,029</u>	<u>107,656,343</u>	<u>358,611,504</u>	<u>203,269,198</u>

(A) Administrative, selling and distribution expenses*	197,211,475	46,931,876
(B) Manufacturing expenses	161,400,029	156,337,322
	<u>358,611,504</u>	<u>203,269,198</u>

* Increased cost due to transfer of entire Crop Care marketing and field force cost from Advanced Chemical Industries Limited to ACI Formulations Limited effective from 1 January 2009 as per business plan.



20. Other income

	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
Crop Care & Public Health	6,311,439	2,785,421
Mosquito Coil	378,990	960,205
Aerosol	2,299,261	1,126,947
	<u>8,989,690</u>	<u>4,872,573</u>

21. Finance costs

Interest expenses

Interest on bank loan	66,222,418	90,560,308
Inter-company	8,122,290	-
	<u>74,344,708</u>	<u>90,560,308</u>

Interest income

Inter-company	-	(11,639,857)
Supplier/others	(160,581)	(1,154,730)
Bank	(70,108)	-
	<u>(230,689)</u>	<u>(12,794,587)</u>
	<u>74,114,019</u>	<u>77,765,721</u>

22. Deferred tax income

Net taxable temporary differences	116,699,200	104,334,618
Tax rate	27.50%	27.50%
Deferred tax liability as of 31 December	32,092,280	28,692,020
Less: Opening balance as of 1 January	28,692,020	37,489,911
	<u>(3,400,260)</u>	<u>8,797,891</u>

23. Earnings per share

23.1 Basic earnings per share

The calculation of basic earnings per share at 31 December 2009 was based on the profit attributable to ordinary shareholders as follows:

Profit for the year	159,145,096	203,289,391
Weighted average number of shares outstanding during the year	30,000,000	30,000,000
Basic earnings per share	<u>5.30</u>	<u>6.78</u>

EPS for the year 2008 was restated (from Tk. 8.13 to Tk. 6.78) due to issuance of 5,000,000 bonus shares for 2008.

23.2 Diluted earnings per share

No diluted EPS was required to be calculated for the year since there was no scope for dilution of shares for the year 2009.

24. Off balance sheet items

24.1 Commitments

On the balance sheet date, the company is enjoying unfunded credit facilities from the following banks:

	<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
Letters of credit		
Standard Chartered Bank	26,792,401	41,948,383
Commercial Bank of Ceylon plc	14,576,361	-
The Hongkong and Shanghai Banking Corporation Limited	52,463,841	-
Citibank N. A.	11,794,821	48,266,057
	<u>105,627,424</u>	<u>90,214,440</u>

24.2 Contingent liabilities

Bank guarantee

The Hongkong and Shanghai Banking Corporation limited	24,679	24,679
	<u>24,679</u>	<u>24,679</u>

25. Related party transaction

During the year, the company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of BAS 24: *Related Party Disclosures*:

a)	Name of the party	Relationship	Nature of transactions	Transaction value Year ended 31 December		Outstanding balance as at 31 December	
				<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
				<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
	ACI Limited	Holding company	Sale of products	823,019,180	2,039,016,708	45,923,541	698,374,756
	ACI Motors Limited	Subsidiary of holding company	Service rendering	359,470	805,303	1,164,773	805,303
	Premiaflex Plastics Limited	Subsidiary of holding company	Working capital financing	17,836,869	2,401,401	(8,623,510)	2,401,401
	ACI Foods Limited	Subsidiary of holding company	Working capital financing	5,766,446	1,164,249	-	(369,249)
	ACI Pure Flour Limited	Subsidiary of holding company	Working capital financing	-	3,450,000	-	(3,450,000)
	ACI Salt Limited	Subsidiary of holding company	Working capital financing	25,124,725	31,983,239	-	(3,917,524)
b)	Directors' emoluments					<u>2009</u> <u>Taka</u>	<u>2008</u> <u>Taka</u>
	Salary					4,041,990	3,960,462
	Benefits					797,568	-
	Provident fund					173,784	-
						<u>5,013,342</u>	<u>3,960,462</u>

26. General

26.1 Previous year's figures have been rearranged where necessary to conform to current year's presentation.

26.2 The number of employees drawing Tk 3,000 or more per month was 533 in 2009 (as against 271 in 2008).



26.3 Production capacity

The production status (business wise) for the year ended 31 December 2009 are as follows:

<u>Business segment</u>	<u>Capacity</u>	<u>Unit</u>	<u>Actual</u>	<u>% of utilization</u>
Crop Care and Public Health	17,004	M ton	7,383	43%
Mosquito Coil	1,185,000	Carton	695,124	59%
Aerosol	7,500,000	Pcs	3,111,572	41%

26.4 Capital expenditure commitment

There is a capital expenditure commitment of Tk.15.77 million in respect of import of plant and machinery, quality control development and vehicle.

26.5 Foreign currency transaction

	<u>2009</u>	<u>2008</u>
	<u>Taka</u>	<u>Taka</u>
During the year under review following payments were made in foreign currencies:		
Raw and packing materials	490,169,459	1,248,006,049
Capital machinery	31,099,680	35,830,370
	<u>521,269,139</u>	<u>1,283,836,419</u>

27. Subsequent events

The board of directors of ACI Formulations Limited has recommended cash dividend @ 25%, i.e. Tk. 2.5 per share of Tk. 10 each for the year 2009 subject to approval of the shareholders in the Annual General Meeting scheduled to be held on 16 June 2010.

There are no other events identified after the balance sheet date that might be material.

28. Segment reporting

The Company comprises of the following business segments all of which are reportable:

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.

Particulars	2009					2008
	Reportable business segment			Unallocated	Total	Total
	CC & PH	M Coil	Aerosol			
Taka	Taka	Taka	Taka	Taka	Taka	
Segment revenue:						
To external customers	1,256,925,063	520,120,735	302,898,445	-	2,079,944,243	2,093,473,935
Total revenue	1,256,925,063	520,120,735	302,898,445	-	2,079,944,243	2,093,473,935
Cost of sales	(820,799,778)	(486,938,024)	(283,736,334)	-	(1,591,474,136)	(1,688,011,551)
Gross profit	436,125,285	33,182,711	19,162,111	-	488,470,107	405,462,384
Selling expenses	(107,316,093)	(308,500)	(31,750)	-	(107,656,343)	(4,171,129)
Distribution expenses	(26,045,744)	-	-	-	(26,045,744)	(2,056,431)
Administrative expenses	(36,447,685)	(17,298,687)	(9,763,016)	-	(63,509,388)	(40,704,316)
Other income/(expense)	6,311,439	378,990	2,299,261	-	8,989,690	4,872,573
Segment result	272,627,202	15,954,514	11,666,606	-	300,248,322	363,403,081
Segment assets	1,658,026,140	270,983,776	105,355,086	51,591,107	2,085,956,109	1,912,416,867
Segment equity and liabilities	230,051,944	45,607,812	41,933,279	1,768,363,074	2,085,956,109	1,912,416,867



Corporate Directory

Registered Office

ACI Centre
245 Tejgaon Industrial Area
Dhaka 1208
Phone # (8802) 9885694
Fax # (8802) 9884784 & 9886029

Share Office

9 Motijheel C/A
Dhaka 1000
Phone # (8802) 9556254
Fax # (8802) 9565257

Manufacturing Facilities

ACI Formulations Plant
Rajabari, Sreepur, Gazipur
Phone # (8802) 9201071, 9201072
Fax # (8802) 9201070



ACI Formulations Limited

Registered Office
ACI Centre, 245 Tejgaon Industrial Area, Dhaka 1208

PROXY FORM

I/We _____
of _____
being a Member of ACI Formulations Limited, hereby appoint _____
_____ of _____

whose signature is appended below as my/our proxy to attend and vote for me/us and on my/our behalf at the 14th Annual General Meeting of the Company to be held on Wednesday, 16 June 2010 at 12:00 noon and/or at any adjournment thereof.

As witness my hands this _____ day of _____ 2010.

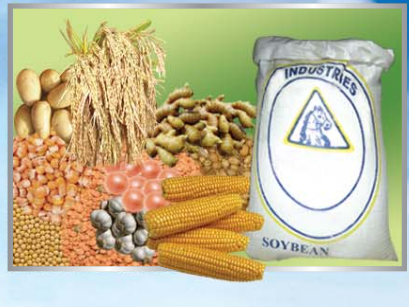
Signature on
Tk. 10
Revenue Stamp

(Signature of the Proxy)

(Signature of the Shareowner)
Registered Folio / BO ID No. _____
No. of Shares held _____

Note : A Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. The Proxy Form, duly completed, must be deposited at the Share Office of the Company at 9 Motijheel C/A, Dhaka 1000, not later than 48 hours before the time fixed for the meeting.





ACI Formulations Limited
ACI Centre, 245 Tejgaon Industrial Area, Dhaka 1208

Please complete the Attendance Slip and hand it over at the venue of the Meeting



ACI FORMULATIONS LIMITED

Registered Office
ACI Centre, 245 Tejgaon Industrial Area, Dhaka 1208

ATTENDANCE SLIP

I hereby record my attendance at the 14th Annual General Meeting being held on Wednesday, 16 June 2010 at 12:00 noon at Bangabandhu International Conference Centre, Agargaon, Sher-E-Bangla Nagar, Dhaka.

Name of member/proxy _____

Registered Folio / BO ID No. _____

Signature