

Committed to Excellence



Annual Report 2008



Our Mission >>>

ACI's Mission is to enrich the quality of life through responsible application of knowledge, skills and technology. ACI is committed to the pursuit of excellence through world-class products, innovative processes and empowered employees, to provide the highest level of satisfaction to our customers.

Our Vision >>>

To realise the Mission, ACI will :

- Endeavor to attain a position of leadership in each category of its business.
- Provide products and services of high and consistent quality, ensuring value for money to its customers.
- Promote an environment for learning and personal growth.
- Attain a high level of productivity in all its operations through effective utilisation of time and adoption of appropriate technology.
- Develop its employees by encouraging empowerment and rewarding innovation.
- Ensure superior return on investment through judicious use of resources and efficient operations, utilizing our core competencies.
- Encourage and assist qualitative improvement of the services of its distributors and suppliers.

Our Values >>>

- Quality
- Customer Focus
- Fairness
- Transparency
- Continuous Improvement
- Innovation



COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

On the occasion of the Inaugural Annual Meeting of the New Champions,
we are pleased to welcome

Advanced Chemical Industries Limited
Bangladesh

as a Founding Member of the Community of Global Growth Companies

Klaus Schwab
Founder and Executive Chairman
8 September 2007



ACI has been accepted as a Founding Member of the Community of Global Growth Companies by the World Economic Forum which is the most prestigious business networking organisation, this membership is a matter of pride for us.





ACI Limited



Global Compact

Launched in July 2000, the **UN Global Compact** is both a policy platform and a practical framework for companies that are committed to sustainability and responsible business practices. It is a global platform which convenes companies together with UN agencies, labour and civil society to support fundamental principles in the areas of human rights, labour, environment and anti corruption. The UN Global Compact aims to advance two complementary objectives:

- Mainstream - the ten principles in business activities around the world
- Catalyse actions in support of broader UN goals, including the Millennium Development Goals (MDGs)

ACI is a proud member of United Nations Global Compact since 2003 and the only Bangladeshi company to produce a notable Communication on Progress report.

ACI Global Compact activities in 2008

ACI is working towards embracing, supporting and enacting the ten principles of UN Global Compact within company's sphere of influence, strategic policies and operational activities. We constantly strive to implement these core values of UNGC into our company structure and business system. 2008 was a crucial year for us because this year we took a giant step towards our primal ambition which is to improve the food security and economic condition of Bangladesh.

In recent years ACI extended its businesses in Agricultural sector, Commodity market and Logistics business. These businesses required engagement of thousands of agri-workers and moderately educated people; thereby ACI is creating employment opportunities for these people. With the opening of new businesses, ACI has been able to attract and recruit people. In 2008, ACI has employed 1967 employees and created thousands of other indirect employment opportunity for Bangladeshi citizens.

Continuation of last year; this year we kept our pledge towards the oncology sector of Bangladesh and worked extensively on the pain management of Cancer patients. In 2008, total 1485 number of cancer patients of whom 993 with pain were registered in the pain and palliative care clinic.

In 2008, ACI provided 50,000 packs of Savlon medical products for Rohingya refugees at a token price. These products were sealed with UNHCR logos so that it can only be used for the purpose of Rohingya refugees. Year prior to 2008, ACI provided 30,000 packs of medical products to UNHCR to help them to carry out its noble work for Rohingya refugees.

ACI believes that a company should grow with its country and people. The female garment workers of Bangladesh generate enormous amount of foreign currencies. We believe that it is our moral responsibility to improve their life and keeping this thought in mind ACI came up with the initiative of "Low-priced" sanitary protections which would meet up their hygiene needs. ACI also ensured the quality of the product and these products were launched to serve the lower income group of women for whom none of the local or international companies have offered a cost effective quality solution.



About Cover: Pictorial contents of Annual Report 2008 symbolise growth. It reflects quality, customer focus and employee empowerment, at the same time hope and aspiration of our people.

For further information on the Compact, please visit www.unglobalcompact.org

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Report of the Directors and Audited Financial Statements of the Subsidiary Companies



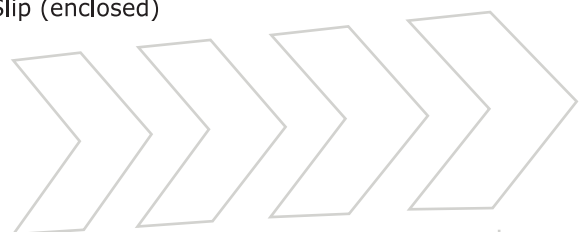
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Safety, Health and Environment (SHE) Policy
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Corporate Management

Board of Directors



Mr. M Anis Ud Dowla
Chairman



Mr. Syed Manzur Elahi
Director



Mr. Md. Ziaul Haque Khondker
Director (Representing ICB upto 18.05.09)



Mrs. Najma Dowla
Director



Mr. Md. Humayun Kabir
Director (Representing ICB from 19.05.09)



Dr. Arif Dowla
Managing Director



Mr. Waliur Rahman Bhuiyan, OBE
Director



Ms. Shusmita Anis Salam
Director



Mr. Waliur Rahman
Director



Mr. Wajed Salam
Director



Ms. Sheema Abed Rahman
Director

Executive Management

Mr. M Mohibuz Zaman
Chief Operating Officer, Pharmaceuticals

Dr. F H Ansarey
Executive Director, Agribusinesses

Mr. Syed Alamgir
Executive Director, Consumer Brands

Mr. Muallem A. Choudhury
Executive Director, Finance & Planning
and Chief Financial Officer

Mr. Asif Iqbal
Chief Operating Officer,
ACI Logistics

Ms. Sheema Abed Rahman
Director, Corporate Affairs

Mr. Towfiqur Rahman
Director, Business Development

Mr. Priyatosh Datta
Director, Quality Assurance

Mr. Abdus Sadeque
Director, Marketing & Sales

Mr. Pradip Kar Chowdhury
Financial Controller

Mr. Imam Ahmed Istiak
General Manager, Operations

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.

Eastern Bank Limited

The City Bank Limited

BRAC Bank Limited

AB Bank Limited

Bank Alfalah Limited

Mercantile Bank Limited

Legal Advisor

Barrister Rafique-ul Huq
Huq and Company

Notice of the 36th Annual General Meeting



Notice is hereby given that the 36th Annual General Meeting of Advanced Chemical Industries Limited will be held on Thursday, 18 June 2009 at 9:00 a.m. at Bangladesh-China Friendship 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 2008 together with Reports of the Auditors and the Directors.
2. To declare dividend for the year ended 31 December 2008.
3. To elect Directors of the Company.
4. To appoint Auditors for the year 2009 and to fix their remuneration.
5. To transact any other business, which may be transacted at an Annual General Meeting with the permission of the Chair.

By Order of the Board



Sheema Abed Rahman
Company Secretary

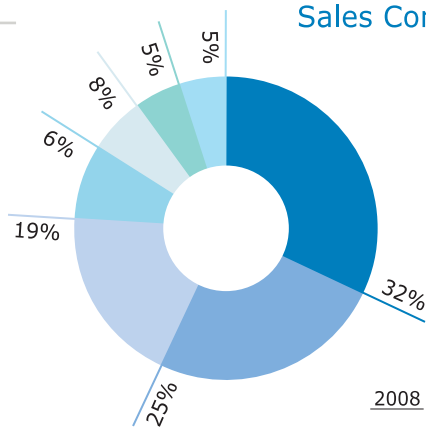
Dhaka
16 April 2009

Notes

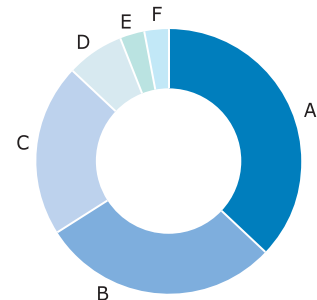
- a. The Record Date in lieu of Book Closure shall be on Thursday, 14 May 2009.
- b. The Shareowners' names appearing in the Register of Members of the Company or in the Depository on the Record Date will be eligible to receive the dividend.
- c. The Directors have recommended dividend as follows:
 - i) Cash dividend : @ 100% per share of Tk. 10 each for the year ended 31 December 2008.
 - ii) Stock dividend: @ 20% i.e. 1 (one) Bonus Share for every 5 (five) Ordinary Share of Tk. 10 each for the year ended 31 December 2008.
- 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 - 2007



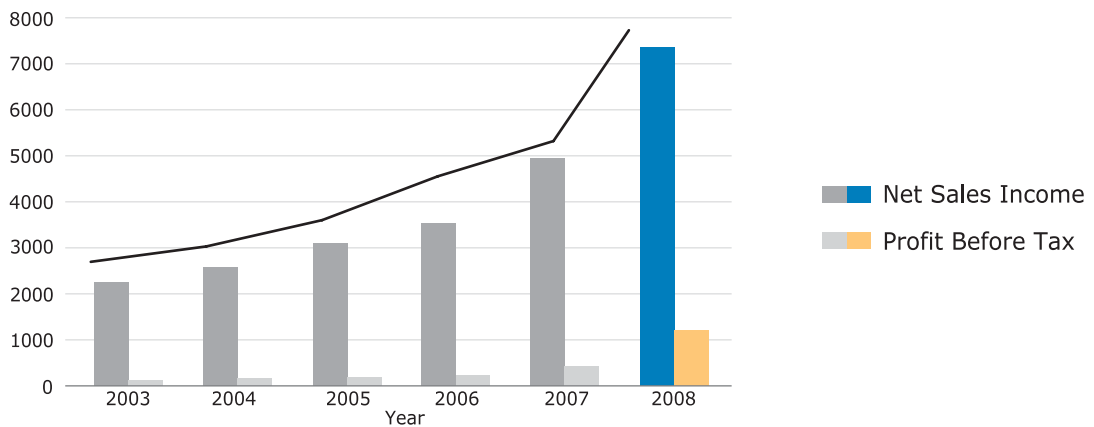
Pharmaceuticals	32%
Consumer Brands	25%
Crop Care & Public Health	19%
Animal Health	6%
Fertilizer	8%
Seeds	5%
Cropex	5%



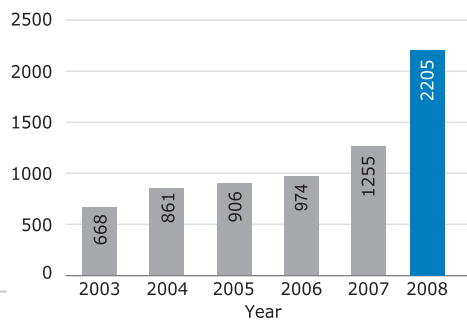
A Pharmaceuticals	36.3%
B Consumer Brands	29.2%
C Crop Care & Public Health	20.7%
D Animal Health	7.4%
E Fertilizer	3.5%
F Seeds	2.9%

Year 2008 - at a Glance

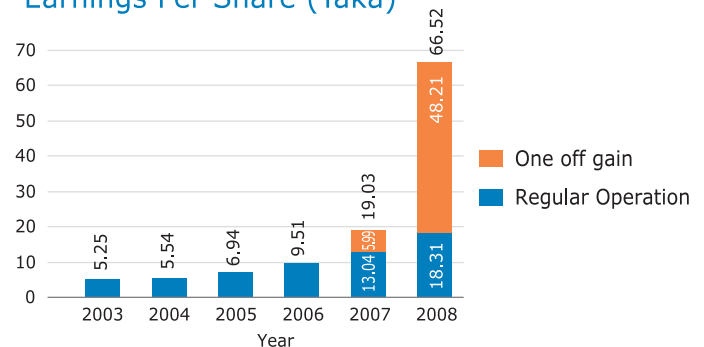
Net Sales Income & Profit Before Tax (Taka in Million)



Shareowners' Equity (Taka in Million)



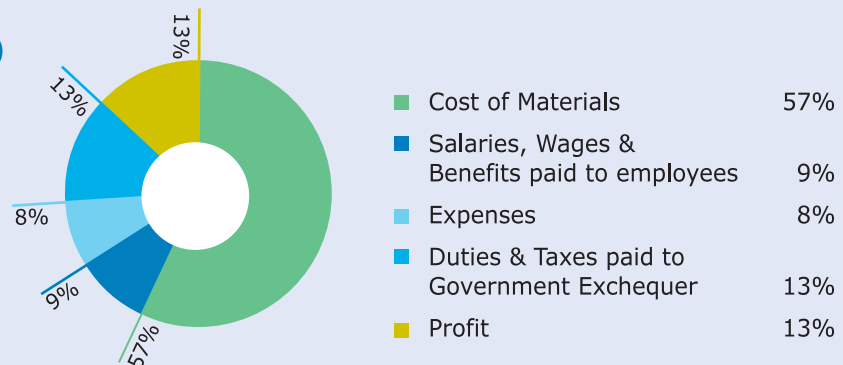
Earnings Per Share (Taka)



Six Years' Comparative Statistics, from 2003-2008

Particulars	2003	2004	2005	2006	2007	2008
Taka in million						
Authorized Capital	500	500	500	500	500	500
Issued & Paid Capital	162	162	162	162	162	162
Current Assets	1,396	1,342	1,537	1,755	3,121	4,987
Tangible Fixed Assets (Gross)	668	1,006	1,087	1,131	1,541	1,810
Shareowners' Equity	668	861	906	974	1,255	2,205
Turnover (Net)	2,240	2,558	3,089	3,516	4,917	7,365
Gross Profit	639	740	957	1,176	1,667	2,278
Profit Before Tax	93	141	169	233	426	1,184
Profit After Tax	85	90	112	154	308	1,076
Dividend	65	69	73	97	137	194
Current Ratio (Times)	1.2	1.2	1.0	1.0	1.0	1.13
Quick Ratio (Times)	0.5	0.5	0.6	0.6	0.6	0.66
Return on Equity (%)	12.7	10.4	12.4	15.8	24.6	48.8
Inventory Turnover (Times)	2.3	2.4	3.0	3.3	3.6	3.20
Debtors Turnover (Times)	16	12	11	10	8	6.68
Fixed Assets Turnover (Times)	7.3	3.8	4.2	5.1	5.7	6.56
Net Asset Per Share (Taka)	41.3	53.3	56.0	60.2	77.6	136.34
Market Price Per Share (Taka)	66.7	94.4	69.6	70.2	181.7	521.3
Earnings Per Share (Taka)	5.25	5.54	6.94	9.51	19.03	66.52
Dividend Per Share (Taka)	4.00	4.25	4.50	6.00	8.50	12
Dividend Rate (%)	40.0	42.5	45.0	60.0	85.0	120
Dividend Payout Ratio (%)	76.2	76.7	64.8	63.1	44.7	18.0
Price Earnings Ratio (Times)	12.7	17.0	10.0	7.4	9.5	7.8
Dividend Yield (%)	6.0	4.5	6.5	8.5	4.7	2.3
Number of Employees	1,883	1,931	2,000	2,476	3,050	3,339

Analysis of Turnover (%)



Comparison of Turnover & Costs over last year

	2008	%	2007	%
Turnover (Gross)	8,047.94	100	5,397.49	100
Cost of Materials	4,540.30	56.42	2,908.32	53.88
Salaries, Wages & Benefits paid to employees	718.58	8.93	590.12	10.93
Expenses	641.39	7.97	852.75	15.80
Duties & Taxes paid to Government Exchequer	1,072.00	13.32	738.53	13.68
Profit	1,075.67	13.37	307.77	5.70
Total	8,047.94	100.00	5,397.49	100.00



Message from the Chairman



*Dear Shareowners, Friends
and Well-Wishers of A&J,*

Assalamu Alaikum,

ACI is in leadership position in Agri business and we have to play a pioneering role in improving productivity of our land, impart knowledge of good agronomic practices to our farmers, educate the farmers in the use of micronutrients to improve soil fertility and advocate extensive use of high-yielding variety and hybrid seeds to improve yield of crop per unit of land available for agriculture.

I am pleased to welcome you to this 36th AGM. We look forward to this day to get your valuable suggestions, constructive criticism and genuine appreciation where the results are good. I believe that the results have made you happy.

Business environment was volatile in 2008. There were apprehension that the global recession and the crisis of liquidity worldwide will hit us badly; but fortunately the year closed without any major impact of global slow-down on our businesses.

The cyclone Sidr and two successive seasons of drought last year caused depletion of our food reserves and it was a wake-up call for all of us to realise that self-sufficiency in food is one of the fundamental security issue for our nation which must be addressed by the Government as well as by business.

ACI is in leadership position in Agri business and we have to play a pioneering role in improving productivity of our land, impart knowledge of good agronomic practices to our farmers, educate the farmers in the use of micronutrients to improve soil fertility and advocate extensive use of high-yielding variety and hybrid seeds to improve yield of crop per unit of land available for agriculture. We have also studied the economics of traditional ploughing with bullocks versus using power tillers and tractors and have come to the conclusion that the latter gives the farmers a better tillage at an equivalent cost.

We made greater efforts to expand our network of distribution of agri products and provided appropriate guidance to farmers through our large field force with specialized knowledge and skills of persuasion.

We are happy to note that our efforts resulted in a win-win situation. Our agri businesses of insecticide, herbicide, fungicide, micronutrients, fertilizers, hybrid as well as open pollinated seeds and the hire purchase scheme for power tillers and tractors have flourished. We take satisfaction in the fact that farmers are taking interest in using the recommended inputs to improve the yield.

Dear Shareowners, you will be happy to see the results of our new businesses. Introduction of new products within our established businesses have also been received well by our valued consumers.

Finally, I want to thank our employees for their innovative approach, attention to the concept of continuous improvement, their tireless efforts and loyalty. They have achieved the success that you see reflected in the financial results.

I find that the management is following a path of high growth and creating a brand 'ACI'. I have no doubt that the Company will achieve remarkable growth in the years to come, notwithstanding the expected minor down turn in the economy. The fundamental business portfolio of ACI, the concept of conglomerate, are based on essentials and therefore less vulnerable.

Last but not the least, I am grateful to the members of the board for their wise counsel and keen interest in conducting the affairs of the Company.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Anis Ud Dowla', is positioned below the closing of the letter.

M Anis Ud Dowla

Chairman





Corporate Governance >>>

ACI 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 10 members drawn from amongst the major shareowners, business professionals. Mr. M Anis Ud Dowla currently occupies the position of the Chairman of the Board and Dr. Arif Dowla as its Managing Director.

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 2008 was seven. 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 Mr. Syed

Manzur Elahi as its Chairman. The Committee met once during the year and reported its findings and submitted its recommendation for consideration of the Board. Frequency of this meeting will be increased from 2009.

Management through People

The Board has approved the organogram of the Company, ensuring clear lines of reporting for each Strategic Business Unit. The Board is kept informed of the goals and targets of the Business Units and takes account of the financial performance on a quarterly basis.

Management Committee

The Board has delegated adequate operational and financial authority to the Managing Director to manage the operations of

the Company. The Managing Director conducts the affairs of the Company through further delegation down the line and in consultation with a Management Committee. Senior managers of the Company with responsibilities for the business, operations and functional services are members of the Management Committee which meets once a month to

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

the Company has adopted the principals of Global Compact, an initiative taken by the Secretary General of the United Nations and adopted world-wide by big and progressive companies.

Reporting and Communication

The Managing Director reviews and approves the strategic plans of each Business Unit 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.



Communication with Shareowners

The Company holds the Annual General Meeting regularly in time. The Directors attending the Annual General Meeting take careful notes of the views and suggestions of the shareowners and institutional stakeholders offered at the AGM and consider them with utmost seriousness. The Managing Director also brings to the notice of the Board any written communication received by him from the shareowners.

discuss the business results, to review the prevailing business conditions and discuss policy matters. Consensus building as a management style is encouraged in the deliberations of the Management Committee meetings. The Managing Director is responsible for implementing the Board's decision and he uses the Management Committee as a consultative body to advise and assist him on issues under consideration. The Management Committee also advises the Managing Director on new products, major items of capital expenditure and overall supervision of the affairs of the Company.

place through appropriate MIS and employment of Internal Audit team to check and validate the expenses and the systems in operation. To further strengthen the controls, the Company has introduced ISO 9001 Quality Management System under which all activities are carried out on the basis of Standard Operating Procedures. These standard procedures are updated on a regular basis in line with ISO requirement. The Company also has introduced ISO 14001 Environmental Management System, the first Company in Bangladesh to do so and as a result has undertaken a task of continuing improvement through annual goals. Recently, Internal Audit department has been strengthened further with induction of qualified and experienced personnel showing Board's commitment to ensure adequate risk management and internal control system is in place across the Company. In addition

Going Concern

The Board, through appropriate enquiries and analyses, ensures that the resources are adequate to support the operation and that sufficient business opportunities exist to qualify the organisation as a going concern and the Directors analyse the financial statements to ensure that.

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





Report of the Directors to the Shareowners

Overview

2008 was a year of remarkable growth for ACI, both in turnover and in the diversity of products, services and competencies. ACI as a group has crossed the 1000 crore (Taka 10 Billion) turnover milestone - a growth of 50% over 2007. We have many new people in our team along with new skills and experience that has fortified the ACI core competency portfolio.

During the year Bangladesh economy grew over 6% battling through a kaleidoscope of challenges. The growth was achieved despite serious infrastructure constraints. Irregular and insufficient power supply has been a clear growth dampener for the economy. Slow implementation of economic reforms combined with uncertainty in the political situation led to lower investments, which is the key to future growth. In addition, the global meltdown of the financial system created anxiety among the business community, although this may be perceived as a serious opportunity for Bangladesh to redefine itself in the international arena. Garment exports and remittances from Bangladeshis working abroad helped to raise the foreign exchange reserve to a high level of USD 6 billion.

ACI grew above the industry growth in all the businesses. In 2008 ACI Pharma has achieved a growth of 37% and became the 6th ranked company in the league table from last year's 9th position. Our agribusiness has reached the distinction of becoming the number one agricultural integrator in the country. Our core

Consumers Brands business attained a growth of 39% in turnover. ACI Foods, ACI Flour and Crop Exchange are new businesses that have made considerable impact in the marketplace.

In order to adequately support our agri-businesses, ACI took a bold and pragmatic step to divest a significant part of its holding in ACI Formulations Limited through Direct Listing. This allowed general shareowners to participate in the growth and development of ACI Formulations Limited. We were rewarded favourably through overwhelming support from the investors. As a part of this development we made some fundamental changes in our business structure. The Crop Care and Public Health business from January 2009 has been transferred to ACI Formulations Limited. However, ACI will continue to be involved in other areas of Agribusinesses like Fisheries and Livestock, Seeds, Fertilizers and the recently launched Crop Exchange.

Looking at the future, we expect that GDP trend to slow to around 5% - down from last year on the back of deteriorating global growth which is likely to have a cascading impact on trends of our exports and remittances from people working abroad. ACI is reviewing the progress and prospect of the initiatives that we took in recent years and making appropriate changes and adjustments in our strategy. We are also looking at the emerging opportunities and taking adequate steps to strengthen our balance sheet to realize our goals.

Strategic Business Units and Subsidiaries

ACI remains committed to providing customers with a broad range of quality products from its business operations.





Health Care Division >>>>

The business recorded an outstanding growth of 37%. As mentioned earlier industry rank of ACI Pharma has also improved to 6th position compared to 9th position of the previous year.

ACI Health Care Business made remarkable progress during the year 2008. The business recorded an outstanding growth of 37%. As mentioned earlier industry rank of ACI Pharma has also improved to 6th position compared to 9th position of the previous year.

This has been achieved due to higher growth than the market across the entire product portfolio, particularly in antibiotics, anti-ulcerants, cardiovascular, vitamin and mineral supplements, and respiratory products. Products like Aciphin, Cefim-3, Odazyth, Paricel, Cerox-A, Leflox and Vave have registered over 50% sales growth compared to previous year. Almost all of the major therapeutic classes have been strengthened from this growth. Moreover, knowledge based promotion, correct product positioning to the appropriate segments, innovative marketing strategies blended with our field colleagues' enthusiastic effort have enabled us to achieve this excellent result.

Our endeavour into new therapeutic classes as well as our continuing effort in offering new products to our customers has been a key driver for business expansion. We have introduced 43 new products in the market for fulfilling unmet customer needs. Among the new products Xeldrin IV, Mastel, Reversair ODT, Oxicam have attained a sizable market share. Last year a number of life saving drugs has also been introduced in different therapeutic segments such as Aronem, Iminem, Cardova, Dobumin, Teviral. We have created a more complete anesthetic portfolio, which is the most comprehensive range in the country.





New technologies were introduced as a part of our innovative approach to serve the fundamental needs of our customers. State-of-the-art technology and machineries were incorporated to meet the challenges of local and international demand. Metered Dose Inhaler (MDI) project is to name one among a pipeline of new technologies. We will launch MDI products within the second half of 2009. A modern Non Potent Injectable plant is operational in our factory to cater to the increasing demand of the injectable portfolio.

High quality pellets of ACI NDDS (Novel Drug Delivery Systems) have now achieved a superior level of customer confidence. We have done particularly well in Omeprazole and Diclofenac pellets. ACI NDDS is not only a backward integration for ACI Pharma, it is also one of the renowned and dependable suppliers of bulk raw materials in the country.

ACI pharmaceutical exports grew by 71% over the previous year. In addition to the existing markets, products were exported to two new countries. Currently, ACI products are in the registration process in Cambodia, Hong Kong, Nepal, Vietnam, Ethiopia and Kenya.

The business has engaged relentlessly to nurture and upgrade the technical, marketing and management skills of the people. This consistent effort to improve combined with a strong commitment to quality and values has enabled ACI pharmaceutical division to be a leading team in the industry.





Consumer Brands Division



ACI Salt received the 'Best Brand Award of 2008' in the category of Food and Beverage through a survey of Bangladesh Brand Forum and Nielsen. This has improved the product image in the mind of the consumers.



2008 was a milestone year for the total portfolio of consumer business. We have added two new businesses to our range, namely ACI Foods and ACI Pure Flour. Consumer Brands core business developed significantly during 2008 and attained an increase in turnover by 39%.

Excellent performance was recorded in mosquito repellent business. We continued to maintain our leadership in Aerosol category and strengthened our position in the mosquito coil business. Mosquito Coil grew by 44% while Aerosol growth was 19% over 2007. As per Nielsen survey report our exit share market for Aerosol Insect Spray was 84% against 2007 share of 81%. We have introduced an advanced ACI Cockroach Killer Spray in 475ml pack size that has strengthened our pest control portfolio, with excellent response from the market.



Savlon registered a substantial growth of 31% over 2007. Our leadership position in household antiseptic market was further developed with millions of satisfied customers throughout the country. Savlon has become a household name for its quality as a potent antiseptic. The exit market share of 2008 was 78% for liquid antiseptic and 74% for antiseptic cream. Savlon liquid soap with two more new varieties is a strong player in the category. We have also strengthened our position in the female hygiene category by launching "Freedom Sanitary Napkin" this year under the Savlon brand. Angelic Air Freshener and Vanish Toilet Cleaner achieved 42% and 59% growth respectively over last year.



ACI Salt has improved significantly in both turnover and profitability. The turnover grew 24% and product has become the number one product in its category. ACI Salt received the 'Best Brand Award of 2008' in the category of Food and Beverage through a survey of Bangladesh Brand Forum and Nielsen. This has improved the product image in the mind of the consumers.

ACI Pure Flour was launched in February 2008 and was well received by the consumers at large. ACI Flour is emerging as the leading product in its category in less than a year of market entry.

We introduced various kinds of food products - ready to cook and ready to eat, under the brand name of 'Pure'. This segment is competing with reputed brands of the country and establishing its strong presence at home and abroad. We are exporting our food products to UAE, Saudi Arabia, Bahrain, Kuwait, Australia, UK and Singapore. More countries where Bangladeshis have strong presence will be part of our export network in the near future.

Performance in products like Colgate, Nivea, Canderel, Equal and Godrej Hair Care showed a considerable growth. We have successfully represented these world reputed companies as exclusive marketing partner and distributor for Bangladesh.

The Consumer Brands division has strengthened the marketing and sales team with the new businesses, people and expertise. We expect that the result in 2009 will be better than the earlier years.





Agribusinesses Division >>>>

Livestock and Fisheries >>>

ACI had entered this business with a view to reducing the gap between the demand and supply of protein. In 2008, the business performed satisfactorily, growing by 19% despite the adverse market condition resulting from the bird flu attack. The poultry division has suffered due to fall in demand because of reduction in poultry population by 50%. The growth was achieved through consistent promotional work, continuous motivation to the field forces, quality service to the customers and educating the farmers about the products.

In 2008, we have launched a total of 16 new products: Poultry (4), Dairy (3), Aqua (7), and Vaccine (2). We have executed our plan of last year to launch entire range of products for aquaculture. The number of cattle and dairy farms is increasing due to high demand of beef and also presence of melamine in foreign powder milk brands.

We are also planning to commercially launch hatchery vaccination and set up fattening procedures in new cattle farms, fisheries and hatcheries. All these activities are expected to contribute considerably to growth.

Crop Care and Public Health >>>

2008 was a successful year for Crop Care and Public Health (CC & PH). It has grown by 41% whereas the industry growth rate was 17%. Within the last two years, CC & PH division has doubled its turnover and profit.

The business performed well despite unfavourable external factors like global price hike of fertilizer and crop protection chemicals. Business environment for crop protection chemicals was erratic due to change in the distribution policy of fertilizer, that negatively

We provide frequent training to our marketing staff to enhance their technical knowledge and skills. We have conducted meetings where we effectively communicated new production technology to two lac farmers.



affected the pesticide retailers. We handled the uncertain situation carefully and conducted massive promotion among the farmers. We promoted our crop pest based total solution using multimedia presentations rather than the direct selling approach of our products. As a result, farmers were more convinced to invest since it would ensure them of a good harvest. Excellent crop price satisfied the farmers and helped them to recover the initial investment.

We have launched two new products, Conza 5EC and Kalion in 2008. These two products significantly enhanced the turnover of our portfolio. We are continuously analyzing our range with a view to launch at least three new molecules per year, which will enable us to provide farmers with crop based customised solution.

In 2008 we became the market leader of several molecules like Carbofuran, Lamda-cyhalothrin, Butachlor, Imedachlopid and Phenthoind. The business aims to help feed Bangladesh by introducing new cultivation technology. We provide frequent training to our marketing staff to enhance their technical knowledge and skills. We have conducted meetings where we effectively communicated new production technology to two lac farmers. We have been giving continuous focus on improving crop yield and proper usage of inputs to ensure farmers' commercial benefit.

Agriculture contributes about 23% of the national GDP. There are enormous opportunities in the crop protection sector to enhance volume, quality and variety of production. ACI has a clear vision to avail this opportunity by introducing sustainable business model to expand the herbicide, liquid insecticide and fungicide markets.





Fertilizer >>>

Both successful crop production and maintenance of soil health requires balanced fertilizer usage. However, our country's soil fertility status is declining due to high intensity of cropping. ACI Fertilizer recognized the crucial importance of fertilizer in raising crop yield and thus entered the business with a view to organize the fertilizer distribution system to enhance the food security of the country.

The year 2008 was a very turbulent one for the fertilizer industry. Prices of fertilizer remained very high during the first half of 2008, hampering availability of fertilizer in the country. This induced both the public and private sector to import huge quantity of fertilizer to secure availability. However, from the 3rd quarter of 2008, price of fertilizer began dropping, which decreased sales as farmers expect prices to fall further. Sharp drop in paddy prices has also decreased demand for fertilizer because the overall profitability for farmers has declined.

ACI Fertilizer successfully launched some Micronutrient Fertilizers, Basic Fertilizers (TSP & MOP) and Plant Growth Regulator (Bioferti). ACI Fertilizer has been branding Micronutrient Fertilizers under the brand name 'Bumper'.

To develop the market and improve these businesses ACI Fertilizer plans to introduce technologically advanced products like liquid and organic fertilizers and Flora. We plan to expand the business of Micronutrient Fertilizers through extensive promotional activities among the farmers.



Seeds >>>

One of the most fundamental aspects of agriculture is the seed industry. In order to ensure sustainable increase in the agricultural input of Bangladesh, it is vital to develop this industry towards high yielding varieties and maintain genetic diversity. ACI has been diligently working toward this goal since it commenced its seed business in 2006.

In 2008, seed business grew by an impressive 110%. ACI holds the leading position in hybrid rice and in watermelon. ACI is still the market leader enjoying around 40% market share with Sugar Emperor Melon seed. Farmers across the country have accepted our seeds validating their high quality and yield. This fact has made it possible to seek further growth of the business through a positive brand image and foundation of trust.

However, hybrid rice sales were lower than expected in 2008 primarily because farmers faced losses in crop sales and could not recover production costs. Consequently, farmers became reluctant to use the more productive but expensive hybrid/quality seed. Uncertainty on subsidies for fertilizers for a prolonged period led farmers to use low quality ordinary seeds instead of hybrid high quality seeds since these seeds require longer time to grow. These reasons have contributed significantly to dampen the performance of seed industry as a whole.

We are conducting further research on 70 varieties of hybrid rice and 20 varieties of maize. We have our own research and development stations in Rural Development Academy, Bogra, Bangabandhu Sheikh Mujibur Rahman Agricultural University (BSMRAU), Gazipur and Bangladesh Agricultural University, Mymensingh. We are also working with South East Asian Entrepreneurship Development for joint promotion of seed production technology. ACI has also strengthened its Research and Development activity to develop own variety of vegetables.

We hope to grow this business through proper communication of agricultural practices and promote use of hybrid seeds. We are shifting our focus towards R&D of biotech products to further ensure food security in the country.





Crop Exchange >>>

ACI has introduced an innovative commodity exchange programme to give higher return on investment for the farmers. ACI buys commodities from farmers and supplies them to animal feed mills, grain processing mills, retail chains and market places. This activity ensure that farmers obtain the right price for their crops and in turn they are encouraged to harvest again.



Crop Exchange (Cropex) was launched in March 2008, and had a positive impact on the Bangladesh commodity market as it penetrated into the poultry raw materials industry. We purchased maize and potato from the farmers themselves. Our other local products included rice polish and imports included soybean extract. There was a positive response from the market and from the customers.

Along with poultry raw materials, Cropex plans to engage in trading in other commodities like wheat, garlic, onion and ginger.

Motors >>>

Key to increasing agricultural yield and productivity in Bangladesh is bringing about increased mechanization of agricultural processes. Since its inception in November 2007, market share of ACI in its own brand of power tillers is 11%, and in tractors it is 19%. In 2008, total business grew by 183%.

We have successfully launched new products like Diesel engine, Combine Harvester and Soil Excavator. ACI Motors enjoys exclusive dealership of Sonalika Tractor which is the fastest growing brand in India. These tractors are especially designed for the small land sizes and the narrow roads of Bangladesh. We have also held free service camps of Sonalika Tractors and Power tiller mechanics meeting all over Bangladesh. We have also gained exclusive dealership of SICMA rotavator, an Italian company that customizes its product for Bangladesh soil types. We plan to introduce lubricants, pumps and sprayers for further expansion of business.



Major Subsidiaries and Associated Companies

Separate directors and auditor's reports on each of the subsidiaries, along with their accounts are provided later in this report.

Sales growth of Asian Consumer care, our joint venture company with Dabur India Ltd. has displayed a remarkable sales growth of 43% over last year. The company has done commendably in Hair Care (Vatika and Amla) and Health Supplement (Chawanprash and Hajmola) categories with growth over 48% and 38% respectively.

Focus on the above-the-line activities have contributed in this progress. The business has revamped distribution system to reach more effectively to the target segment.

Tetley tea sales continued to make steady progress with the restructuring of distribution initiative from early 2008. The two-tier quality control initiative of TATA Tea has yielded a paramount quality appreciation amongst the consumers. This business is improving gradually in a competitive environment.

ACI Godrej Agrovet Private Limited is one of the leading companies in Animal Feed and Poultry Operations. The company is on a first growth track with a top line growth of 70% and bottom line growth of over 300% in the year 2008 over 2007.

The company owns state-of-the-art feed mill at Sirajganj, a Breeding Farm at Panchagarh and a Hatchery at Sreepur.





Financial Results

In 2008, turnover has reached to Tk. 7.37 billion from Tk. 4.92 billion of 2007, an increase of Tk. 2.45 billion, resulting into 50 percent growth over the last year. The cost of sales to turnover has also increased by 3% due to higher raw materials cost and adverse sales mix. Higher turnover, partially offset by higher cost of sales contributed to the increase of gross profit by 37% over last year. Profit after tax has also increased to Tk. 1.08 billion from Tk. 0.31 billion of 2007 which is higher by 250 percent contributed by increased gross margin (reduced by higher administrative, selling, distribution and financing cost) and exceptional gain from partial divestment of shares of ACI Formulations Limited through direct listing in both the DSE & CSE. Earnings Per Share (EPS) has also increased by 250 percent from Tk. 19.03 to Tk. 66.52 per share bearing the face value of Tk. 10 each. Disregarding exceptional gain of Tk. 0.78 billion from divesting ACI Formulations Limited, PAT comes to Tk. 0.30 billion thereby showing 40 percent increase from last year with EPS of Tk. 18.31 (2007: Tk. 13.04).

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:

	2008 Taka	2007 Taka
Un-appropriated profit from previous year	409,294,197	235,727,339
Add: Net profit after tax for the year	1,075,666,883	307,769,386
Add: Realization of revaluation reserve	3,153,402	3,242,472
Total available for appropriation	<u>1,488,114,482</u>	<u>546,739,197</u>
Appropriation proposed:		
Proposed dividend:		
Cash dividend	161,700,000	137,445,000
Stock dividend	32,340,000	Nil
Total dividend	<u>194,040,000</u>	<u>137,445,000</u>
Balance carried forward	<u>1,294,074,482</u>	<u>409,294,197</u>

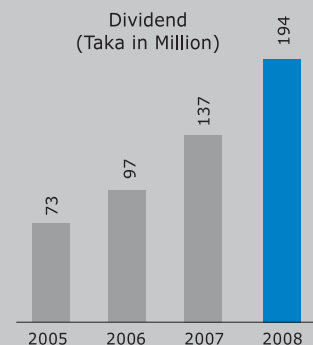
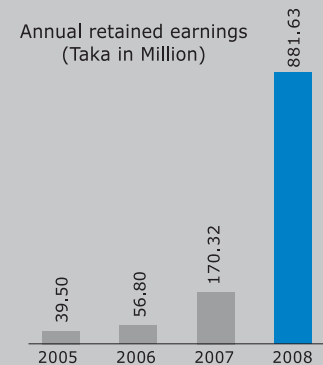
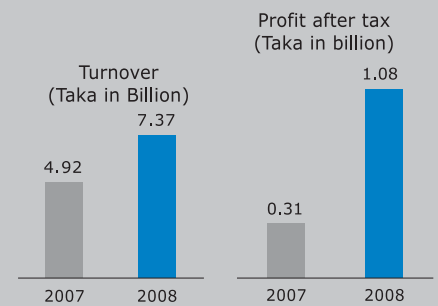
With the balance carried forward in this year and with future ploughing back of part of the profit, directors are confident that company will be able to maintain consistent dividend policy in years to come.

Dividend

The Board of Directors is pleased to recommend declaration of dividend @ 120% which include Tk. 10.00 per share (100%) as cash dividend and 20% stock dividend or 1 share against each 5 shares held for the year 2008 to those shareowners whose names will be appeared in the Share Register of Members of the Company or in the Depository on the Record Date which is Thursday, 14th May 2009.

Contribution to the National Exchequer

During 2008, the company contributed Tk.1.07 billion to the National Exchequer in the form of corporate tax, custom duty, VAT etc. This is equivalent to 14.55 percent of our net sales revenue for the year 2008.





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





The People of ACI

Values form the cornerstone of the activities of the people of ACI. Value communication has been an integral part of managing the company growth and diversification. Fairness and transparency is fostered actively throughout the workplace. Customized value communication to the field force and factory colleagues has also been part of establishing our common ground and unifying the ACI family.

Passion, integrity and talent continue to be recognized and valued in this organization. We strive to create the best work environment. Creativity and innovation are fostered to pave the path of growth. Our corporate culture places learning and personal growth hand in hand with the success of the company. We feel that we have been rewarded as we observe ACI to be one of the employers of choice by the leading educational institutions.

Considerable emphasis is given to training programmes, which is crucial for a learning organization. Strong bonding between businesses,



services, factories and field force is valued to create a dynamic and harmonious organization through clarity and communication of purpose. This quality has made ACI ever stronger to face the challenges of tomorrow.

We continued to play an active role as the Founding Member of the Global Growth Companies as accredited by the World Economic Forum. ACI has played its part in fulfilling its Corporate Social Responsibility by engaging in several sustainable social activities. As a part of Global Compact initiative of UN, of which ACI is a signatory, we took a number of initiatives to address our Corporate Social Responsibilities. All our efforts are recognized in the

Communication in Progress (CoP) documents published by UN. We are trying to ensure ACI's alignment with the 'triple bottom line' concept of measuring success through our contribution to the people, planet, and financial strength of organization. We believe that only through these broader considerations can we create a sustainable and holistic organization.

In the near future ACI expects considerable growth in its businesses. Firstly, several new businesses have displayed significant successes at their inceptions. Secondly, the synergised effect of these businesses is expected to bring alignment and competitive advantage to the entire ACI Group of Companies. Thirdly, there are many enthusiastic and passionate new talents who are beginning to unleash their potential in the company.

We are confident that ACI Group, with its many synergistic businesses will successfully propel into the future along with a brighter Bangladesh.

Finally and most importantly, I thank the employees of ACI in factories, depots, offices and other locations throughout the country, for their untiring efforts. They have worked hard, against uncertainties and adversity to build a more powerful organization, which can create a greater positive impact on the quality of life of people.

Election of Director

By operation of Article 120 of the Company's Articles of Association Mr. Syed Manzur Elahi, Mr. Waliur Rahman and Mr. Wajed Salam retire by rotation and being eligible, offer themselves for re-election.

Appointment of a Director

In terms of clause no. 126 of Articles of Association of the Company, the Board of Directors in its Meeting held on Tuesday, 19 May 2009 appointed Mr. Md. Humayun Kabir, Managing Director of Investment Corporation of Bangladesh in place of Mr. Md. Ziaul Haque Khondker, former Managing Director of Investment Corporation of Bangladesh who has been appointed by the Government as Chairman of Securities and Exchange Commission.

The Board has recorded its appreciation for the services rendered by Mr Md. Ziaul Haque Khondker and congratulated him on the appointment.



We thank the partners of ACI, shareowners, suppliers, customers, bankers, media and all other known and unknown wishers for their support and patronage to bring us to this level. We pray for their continued support to fulfill our mission to improve the lives of people.

Auditors

Our Auditor Messrs Rahman Rahman Huq, Chartered Accountants has sought re-appointment for the year 2009 and the Directors recommend their re-appointment.

On behalf of the Board



Dr. Arif Dowla

Managing Director



Mr. Waliur Rahman Bhuiyan, OBE

Director



Annexure- I

Attendance of Board meetings

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

Name	No. of Meeting Attended
Mr. M Anis Ud Dowla	7
Mrs. Najma Dowla	7
Mr. Syed Manzur Elahi	6
Mr. Md. Ziaul Haque Khondker	7
Dr. Arif Dowla	6
Ms. Shusmita Anis Salam	4
Mr. Waliur Rahman	2
Mr. Wajed Salam	1
Ms. Sheema Abed Rahman	7
Mr. Waliur Rahman Bhuiyan, OBE	5

Annexure- II

Pattern of Shareholding

As per SEC guideline condition no-1.4(k), the pattern of share holding status as on 31 December 2008 is given below:

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

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

Name	Position	No of shares
Mr. M Anis Ud Dowla	Chairman	4,042,462
Mrs. Najma Dowla	Director	45,220
Mr. Syed Manzur Elahi	Director	5,850
Mr. Md. Ziaul Haque Khondker - representing ICB	Director	-
Dr. Arif Dowla	Managing Director	185,153
Ms. Shusmita Anis Salam	Director	1,124
Mr. Waliur Rahman- representing ACI Foundation	Director	-
Mr. Waliur Rahman Bhuiyan, OBE - representing ACI Foundation	Director	-
Mr. Wajed Salam - representing ACI Foundation	Director	-
Ms. Sheema Abed Rahman	Company Secretary and Director	8,250

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

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

Name	Position	No of shares	% of shares
Mr. M Anis Ud Dowla	Chairman	4,042,462	25

Annexure- III

Status of Compliance

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

Condition No	Title	Compliance Status		Explanation for non-compliance with the condition
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
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.	✓		

Contd....

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



Dr. Arif Dowla
Managing Director



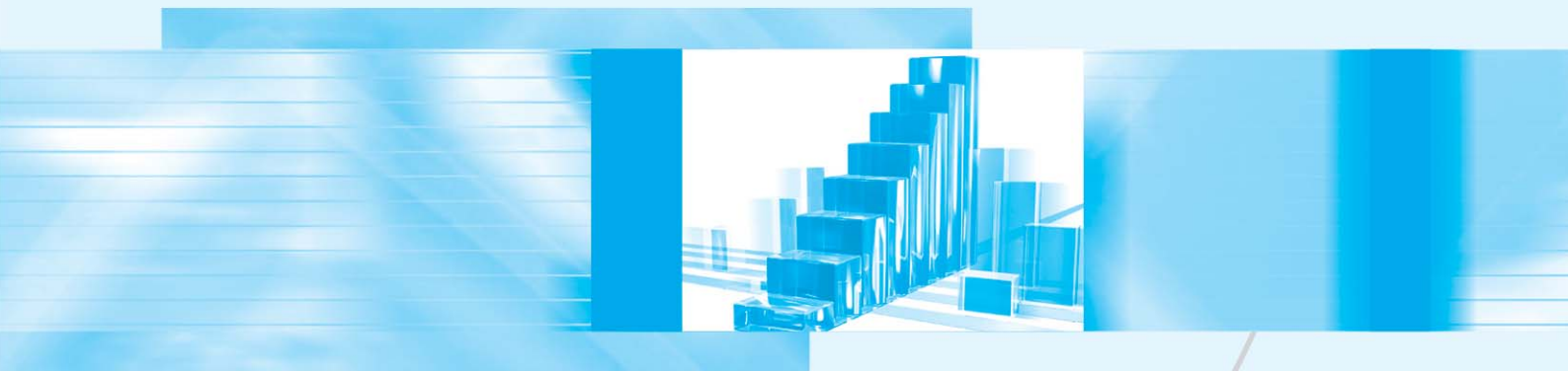
Mr. Waliur Rahman Bhuiyan, OBE
Director



Advanced Chemical Industries Limited



***Report and Audited Financial Statements
for the year ended 31 December 2008***





Auditors' Report to the shareowners of Advanced Chemical Industries Limited

We have audited the accompanying balance sheet of Advanced Chemical Industries Limited (the "Company") as at 31 December 2008 and the related profit and loss account, cash flow statement and statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes. We have also audited the attached consolidated balance sheet, profit and loss account, cash flow statement, statement of changes in equity and a summary of significant accounting policies and other explanatory notes of Advanced Chemical Industries Limited and its subsidiaries as at 31 December 2008. The financial statements of 9 subsidiaries disclosed in note 11.1 to the financial statements, are not audited by us. These financial statements are 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. These 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of the Company's 9 subsidiaries disclosed in note 11.1 to the financial statements, reflect total assets of Tk 2,572,008,162 as at 31 December 2008 and total revenue Tk 2,880,268,796 for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the Company's 9 subsidiaries, is based solely on the reports of the other auditors.

Opinion

In our opinion, the financial statements of the Company along with the notes thereon and the consolidated financial statements, drawn up on the consideration of the separate audit reports of the subsidiaries as at 31 December 2008, prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the Company's affairs and of its subsidiaries, and of the results of their operations and 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 purposes 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 Companies so far as it appeared from our examination of these books;
- c) the balance sheets and profit and loss accounts dealt with by the report are in agreement with the books of accounts; and
- d) the expenditure incurred were for the purposes of the Companies' businesses.

Dhaka, 28 April 2009



Advanced Chemical Industries Limited

Balance Sheet

as at 31 December 2008

<u>Assets</u>	<u>Notes</u>	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u> <u>(Restated)</u>
Property, plant and equipment:	4		
At cost/revaluation		1,675,193,452	1,327,151,308
Accumulated depreciation		(552,340,225)	(467,726,369)
		1,122,853,227	859,424,939
Capital work-in-progress	5	135,098,300	213,870,224
		1,257,951,527	1,073,295,163
Investments	6	670,267,741	536,629,241
Total non-current assets		1,928,219,268	1,609,924,404
Inventory	7	2,085,053,250	1,091,397,629
Trade debtors	8	1,304,815,553	898,891,044
Other debtors	9	81,605,053	136,565,703
Advances, deposits and prepayments	10	245,796,966	179,761,041
Advance income tax		177,028,869	205,661,524
Inter-company receivables	11	862,058,775	551,416,377
Cash and bank balance	12	211,924,637	57,195,473
Assets classified as held for sale	13	18,601,750	-
Total current assets		4,986,884,853	3,120,888,791
Total assets		6,915,104,121	4,730,813,195
Equity			
Share capital	14	161,700,000	161,700,000
Share premium	15	250,022,474	250,022,474
Capital reserve	16	1,671,386	1,671,386
Revaluation surplus	16.2	303,147,632	294,901,646
Retained earnings		1,488,114,482	546,739,197
Total equity		2,204,655,974	1,255,034,703
Liability			
Long term liabilities	17	309,663,981	342,231,018
Total non-current liabilities		309,663,981	342,231,018
Bank overdraft	18	732,188,602	271,195,982
Short term bank loan	19	1,816,568,620	1,142,396,717
Long term bank loan- current portion	20	104,776,269	62,504,602
Trade creditors		325,560,055	132,277,207
Other creditors	21	469,811,403	478,332,706
Inter-company liabilities	22	709,609,851	758,658,669
Obligation under finance lease- current portion	17.2	5,718,892	10,220,408
Provision for taxation	23	236,550,474	277,961,183
Total current liabilities		4,400,784,166	3,133,547,474
Total liabilities		4,710,448,147	3,475,778,492
Total equity and liabilities		6,915,104,121	4,730,813,195

The annexed notes 1 to 38 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our report of same date.

Auditors

Dhaka, 28 April 2009



Advanced Chemical Industries Limited

Profit and Loss Account

for the year ended 31 December 2008

	Notes	2008 Taka	2007 Taka (Restated)
Revenue	24	7,365,103,541	4,917,304,331
Cost of sales	25	(5,087,311,724)	(3,250,711,677)
Gross profit		2,277,791,817	1,666,592,654
Administrative, selling and distribution expenses	26	(1,629,967,083)	(1,240,364,781)
Operating profit		647,824,734	426,227,873
Other income	27	58,209,036	23,346,716
Profit from sale of shares	28	779,634,140	118,818,000
		1,485,667,910	568,392,589
Financing cost	29	(280,811,155)	(119,087,159)
		1,204,856,755	449,305,430
Provision for contribution to WPPF		(21,261,132)	(22,728,564)
Profit before tax		1,183,595,623	426,576,866
Income tax expenses			
Current tax expenses	23	(98,683,532)	(124,518,213)
Deferred tax income/(expense)	30	(9,245,208)	5,710,733
		(107,928,740)	(118,807,480)
Net profit after tax		1,075,666,883	307,769,386
Earnings per share			
Basic earnings per share	31.1	66.52	19.03

The annexed notes 1 to 38 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our report of same date.

Auditors

Dhaka, 28 April 2009

Advanced Chemical Industries Limited

Statement of Changes in Equity

for the year ended 31 December 2008

Particulars	Share capital		Share premium		Capital reserve		Revaluation surplus		Retained earnings		Total	
	Taka		Taka		Taka		Taka		Taka		Taka	
Balance as at 1 January 2007-reported	161,700,000	-	250,022,474	-	1,671,386	-	216,135,224	-	344,542,827	-	974,071,911	-
Adjustments for paid annual leave*	-	-	-	-	-	-	-	-	(11,795,488)	-	(11,795,488)	-
Balance as at 1 January 2007-restated	161,700,000	-	250,022,474	-	1,671,386	-	216,135,224	-	332,747,339	-	962,276,423	-
Net profit after tax **	-	-	-	-	-	-	-	-	307,769,386	-	307,769,386	-
Revaluation surplus (net of deferred tax)	-	-	-	-	-	-	81,036,152	-	-	-	81,036,152	-
Realization of revaluation reserve	-	-	-	-	-	-	(2,269,730)	-	3,242,472	-	972,742	-
Dividend	-	-	-	-	-	-	-	-	(97,020,000)	-	(97,020,000)	-
Balance as at 31 December 2007	161,700,000	-	250,022,474	-	1,671,386	-	294,901,646	-	546,739,197	-	1,255,034,703	-
Net profit after tax	-	-	-	-	-	-	-	-	1,075,666,883	-	1,075,666,883	-
Deferred tax due to change in tax rate	-	-	-	-	-	-	10,532,202	-	-	-	10,532,202	-
Realization of revaluation reserve	-	-	-	-	-	-	(2,286,216)	-	3,153,402	-	867,186	-
Dividend	-	-	-	-	-	-	-	-	(137,445,000)	-	(137,445,000)	-
Balance as at 31 December 2008	161,700,000	-	250,022,474	-	1,671,386	-	303,147,632	-	1,488,114,482	-	2,204,655,974	-

* In 2008, the company rectified an earlier error with respect to paid annual leave for which the corresponding balances in the financial statements had been restated as per Bangladesh Accounting Standards 8: Accounting Policies, Changes in Accounting Estimates. The effect of restatement has been reported as adjustments for paid annual leave in the statement of changes in equity.

** Reported profit after tax in 2007 was Tk 313,035,231 which has been restated during this year by an amount of Tk 5,265,845 for provision of paid annual leave.



Advanced Chemical Industries Limited

Cash Flow Statement

for the year ended 31 December 2008

	Note	2008 Taka	2007 Taka
A) Cash flow from operating activities			
Cash receipts from customers		7,639,454,724	4,908,736,690
Cash receipts from other income		61,681,506	21,223,737
Receipts from/(payments to) other debtors		50,838,352	(69,587,526)
		7,751,974,582	4,860,372,901
Cash paid for:			
Purchase of inventory		(5,752,551,464)	(3,460,939,880)
Operating expenses		(1,593,931,585)	(1,085,495,897)
Other creditors		(28,452,240)	40,737,264
Advances, deposits and prepayments		(89,296,633)	(35,593,801)
Value added tax (VAT)		(730,631,148)	(539,079,179)
Workers' profit participation fund		1,924,708	(10,793,892)
		(8,192,938,362)	(5,091,165,385)
Cash generated from operations		(440,963,780)	(230,792,484)
Financing cost		(280,811,155)	(119,319,310)
Income tax paid		(111,461,586)	(133,260,448)
		(392,272,741)	(252,579,758)
Net cash used in operating activities		(833,236,521)	(483,372,242)
B) Cash flow from investing activities			
Purchase of property, plant and equipment		(63,264,697)	(33,053,436)
Payments for capital work in progress		(225,710,412)	(266,499,330)
Investment in shares		(178,576,000)	(108,531,000)
Sale proceeds from property, plant and equipment		1,631,300	2,595,400
Sales of shares of subsidiaries		805,969,890	119,538,000
Net cash from (used in) investing activities		340,050,081	(285,950,366)
C) Cash flow from financing activities			
Inter-company debts (paid)/received		(349,990,479)	137,916,229
Dividend paid		(134,219,424)	(95,201,895)
Payment for finance lease		(10,220,406)	(14,387,713)
Short term loan (paid)/received		716,443,570	506,402,344
Long term loan (paid)/received		(35,090,276)	104,298,644
Net cash from financing activities		186,922,985	639,027,609
D) Net increase in cash and cash equivalent (A+B+C)		(306,263,455)	(130,294,999)
E) Cash and cash equivalent at 1 January		(214,000,509)	(83,705,510)
F) Cash and cash equivalent at 31 December (D+E)	12	(520,263,964)	(214,000,509)



Advanced Chemical Industries Limited

Consolidated Balance Sheet

as at 31 December 2008

	Notes	2008 Taka	2007 Taka
Assets			
Property, plant and equipment	4 (a)	3,822,413,578	2,610,354,214
At cost / revaluation		(846,901,870)	(660,423,664)
Accumulated depreciation		2,975,511,708	1,949,930,550
Capital work-in-progress	5 (a)	264,954,252	567,484,589
Intangible assets	5 (b)	108,283,142	104,677,902
Investment	6 (a)	134,462,220	62,045,192
Total non-current assets		3,483,211,322	2,684,138,233
Inventories	7 (a)	3,144,253,361	1,583,048,365
Trade debtors	8 (a)	1,874,694,143	907,118,206
Other debtors	9 (a)	83,780,504	144,476,543
Advance, deposits and prepayments	10 (a)	357,873,991	248,197,121
Advance income tax		218,770,050	234,733,841
Inter-company receivables	11 (a)	12,959,132	27,552,426
Cash and bank balance	12 (a)	233,787,128	82,609,212
Total current assets		5,926,118,309	3,227,735,714
Total assets		9,409,329,631	5,911,873,947
Equity			
Share capital		161,700,000	161,700,000
Share premium		250,022,474	250,022,474
Capital reserve		1,671,386	1,671,386
Revaluation surplus	16.2 (a)	597,276,040	600,284,264
Retained profit		1,493,311,739	693,691,029
Total equity attributable to equity holders of the company		2,503,981,639	1,707,369,153
Minority interest		308,046,695	92,764,072
Total equity		2,812,028,334	1,800,133,225
Liabilities			
Long term liabilities	17 (a)	625,749,542	629,798,677
Total non-current liabilities		625,749,542	629,798,677
Bank overdraft	18 (a)	1,209,590,748	314,191,451
Short term bank loan	19 (a)	2,870,816,761	1,915,031,415
Long term bank loan-Current portion	20 (a)	232,920,021	154,804,698
Trade creditors		473,108,340	152,025,307
Other creditors	21 (a)	840,292,792	607,422,628
Current portion of lease obligation		5,718,892	10,220,408
Provision for tax	23 (a)	339,104,201	328,246,138
Total current liabilities		5,971,551,755	3,481,942,045
Total liabilities		6,597,301,297	4,111,740,722
Total equity and liabilities		9,409,329,631	5,911,873,947

The annexed notes 1 to 38 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our report of same date.

Auditors

Dhaka, 28 April 2009



Advanced Chemical Industries Limited

Consolidated Profit and Loss Account

for the year ended 31 December 2008

	Notes	2008 Taka	2007 Taka
Revenue	24(a)	10,341,425,084	5,756,817,829
Cost of sales	25(a)	(7,289,427,526)	(3,749,131,735)
Gross Profit		3,051,997,558	2,007,686,094
Administration, selling and distribution expenses	26(a)	(2,104,511,818)	(1,397,956,550)
		947,485,740	609,729,544
Other income	27(a)	68,088,797	83,171,466
Result from operating activities		1,015,574,537	692,901,010
Profit from sale of shares	28(a)	639,297,191	86,181,149
Share of profit of equity accounted investees		(898,972)	(3,831,367)
		1,653,972,756	775,250,792
Financing cost	29(a)	(523,780,506)	(220,521,137)
		1,130,192,250	554,729,655
Provision for contribution to WPPF		(35,542,999)	(28,671,365)
Profit before income tax		1,094,649,251	526,058,290
Income tax expense			
Current tax expenses		(194,579,195)	(177,604,949)
Deferred tax income		32,839,852	15,711,125
Profit after tax		932,909,908	364,164,466
Attributable to:			
Equity holders of the company		917,905,438	341,808,528
Minority interest		15,004,470	22,355,938
Profit after tax		932,909,908	364,164,466
Earnings per share			
Basic earnings per share	31.2	56.77	21.14

The annexed notes 1 to 38 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our report of same date.

Auditors

Dhaka, 28 April 2009

Advanced Chemical Industries Limited

Consolidated Statement of Changes in Equity

for the year ended 31 December 2008

Particulars	Share capital		Share premium		Capital reserve		Special reserve		Revaluation reserve		Tax holiday reserve		Retained earnings		Total		Minority interest		Total		
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Balance at 1 January 2007- reported	161,700,000	-	250,022,474	1,788,902	129,634	273,096,825	34,470,939	411,422,336	1,132,631,110	79,745,885	1,212,376,995										
Adjustment for deferred tax assets	-	-	-	-	-	-	-	10,464,913	10,464,913	2,951,642	13,416,555										
Adjustment for preliminary expenses of ACI Salt Limited	-	-	-	-	-	-	-	850,179	850,179	(850,179)	-										
Adjustment for paid annual leave	-	-	-	-	-	-	-	(11,795,488)	(11,795,488)	-	-										
Balance at 1 January 2007- restated	161,700,000	-	250,022,474	1,788,902	129,634	273,096,825	34,470,939	410,941,940	1,132,150,714	81,847,348	1,213,998,062										
Net profit after tax	-	-	-	-	-	-	-	341,808,528	341,808,528	22,355,938	364,164,466										
Transferred to tax holiday reserve	-	-	-	-	-	-	982,003	(982,003)	-	-	-										
Transferred from tax holiday reserve no longer required	-	-	-	-	-	-	(35,452,942)	35,452,942	-	-	-										
Dividends	-	-	-	-	-	-	-	(97,020,000)	(97,020,000)	(1,920,000)	(98,940,000)										
Realization of revaluation surplus	-	-	-	-	-	(2,269,730)	-	3,242,472	972,742	-	972,742										
Post acquisition reserve transferred to retained earnings	-	-	-	(117,516)	(129,634)	-	-	247,150	-	-	-										
Revaluation reserve created during the year	-	-	-	-	-	329,457,169	-	-	329,457,169	-	329,457,169										
Sale of share of ACI Trading	-	-	-	-	-	-	-	-	-	-	-										
Deferred tax adjustment for ACI Salt Limited	-	-	-	-	-	-	-	-	-	-	(22,237,900)										
Capital paid by minority	-	-	-	-	-	-	-	-	-	-	2,067,686										
Balance at 31 December 2007	161,700,000	-	250,022,474	1,671,386	-	600,284,264	-	693,691,029	1,707,369,153	92,764,072	1,800,133,225										
Net profit after tax	-	-	-	-	-	-	-	917,905,438	917,905,438	15,004,469	932,909,907										
Dividend paid	-	-	-	-	-	-	-	(137,445,000)	(137,445,000)	-	(137,445,000)										
Realization of revaluation surplus	-	-	-	-	-	(2,286,216)	-	3,153,402	867,186	-	867,186										
Post acquisition reserve transferred to retained earnings	-	-	-	-	-	(16,006,870)	-	16,006,870	-	-	-										
Deferred tax adjustment for change in tax rate	-	-	-	-	-	19,646,058	-	-	19,646,058	-	19,646,058										
Revaluation reserve created during the year	-	-	-	-	-	(4,361,196)	-	-	(4,361,196)	-	(4,361,196)										
Adjustment for sale of share of ACI Formulation Limited	-	-	-	-	-	-	-	-	-	-	166,672,699										
Capital paid by minority	-	-	-	-	-	-	-	-	-	-	32,240,000										
Balance at 31 December 2008	161,700,000	-	250,022,474	1,671,386	-	597,276,040	-	1,493,311,739	2,503,981,639	308,046,695	2,812,028,334										





Advanced Chemical Industries Limited

Consolidated Cash Flow Statement

for the year ended 31 December 2008

	Notes	2008 Taka	2007 Taka
A Cash flow from operating activities			
Cash received from customers		10,058,175,379	5,720,898,542
Cash received as other income		71,561,267	38,198,506
Receipts from (payments to) other debtors		50,207,086	(69,587,526)
		<u>10,179,943,732</u>	<u>5,689,509,522</u>
Cash paid for:			
Inventories		(8,242,282,517)	(3,902,876,736)
Operating expenses		(2,022,002,520)	(1,247,587,544)
Other creditors		117,027,730	40,104,658
Advances, deposits and prepayments		(124,625,657)	(33,923,599)
Value added tax (VAT)		(738,374,482)	(539,079,179)
Paid to workers from WPPF		1,924,708	(10,793,892)
		<u>(11,008,332,738)</u>	<u>(5,694,156,292)</u>
Cash generated from operations		<u>(828,389,006)</u>	<u>(4,646,770)</u>
Financing cost		(518,576,586)	(216,045,054)
Income tax paid		(167,261,741)	(191,344,829)
		<u>(685,838,327)</u>	<u>(407,389,883)</u>
Net cash used in operating activities		<u>(1,514,227,333)</u>	<u>(412,036,653)</u>
B Cash flow from investing activities			
Purchase of fixed assets		(407,950,013)	(173,030,461)
Payments for capital work in progress		(521,283,902)	(676,386,404)
Investment in shares		(73,316,000)	(37,200,000)
Sale proceeds of fixed assets		1,631,300	2,882,090
Proceeds from sale of shares of subsidiary		805,969,890	121,992,778
Proceeds from sale of investment in shares-Mutual Trust Bank		-	52,763,741
Net cash used in investing activities		<u>(194,948,725)</u>	<u>(708,978,256)</u>
C Cash flow from financing activities			
Paid to minority interest		-	(1,920,000)
Inter-company debts received/(paid)		(2,738,155)	15,994,477
Dividend paid		(134,219,424)	(95,201,895)
Short term loan received/(paid)		973,119,339	844,932,351
Long term loan received/(paid)		106,773,324	248,618,953
Issue of shares		32,240,000	10,651,000
Repayment of lease obligation		(10,220,406)	(15,001,038)
Net cash from financing activities		<u>964,954,678</u>	<u>1,008,073,848</u>
D Net decrease in cash and cash equivalent (A+B+C)		(744,221,380)	(112,941,061)
E Cash and cash equivalent 1 January		(231,582,239)	(118,641,178)
F Cash and cash equivalent at 31 December (D+E) 12 (a)		<u>(975,803,619)</u>	<u>(231,582,239)</u>



Advanced Chemical Industries Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2008

1. Reporting entity

Advanced Chemical Industries Limited (ACI Limited) is a public limited company which was incorporated on 24 January 1973 as ICI Bangladesh Manufacturers Limited. The address of the Company's registered office is 245-Tejgoan Industrial Area, Dhaka-1208. The principal activities of the company are to manufacture pharmaceuticals, consumer brands, public health and animal health products and to market them alongwith agrochemicals, seeds and other consumer brand items.

The company is listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

1.1 Description of subsidiaries

1.1.1 ACI Formulations Limited

The company was incorporated on 29 October 1995 as a private limited company under the Companies Act 1994. The principal activities of the company are manufacturing and marketing of a number of agrochemical and consumer products. Most of its sales for the current year are to Advanced Chemical Industries Limited (ACI Limited), which is responsible for marketing these products. The company became publicly listed company through direct listing process effective from 18 November with Dhaka and Chittagong Stock Exchange.

1.1.2 ACI Salt Limited

The company was incorporated on 13 June 2004 as a private limited company under the Companies Act 1994. The principal activity of the Company is manufacturing and marketing of edible branded salt.

1.1.3 ACI Foods Limited

The company was incorporated on 14 September 2006 as a private limited company under the Companies Act 1994. The main objectives of the company are manufacturing, processing and marketing of different food items including spices and different snacks items. The company went into commercial production at the beginning of the current year.

1.1.4 ACI Pure Flour Limited

The company was incorporated on 29 August 2006 as a private limited company under the Companies Act 1994. The main objectives of the company are to carry on the business of millingprocessing, packaging and marketing of wheat flour products. The company has commenced its commercial operation in this year.



1.1.5 Apex Leather Craft Limited

The company was incorporated on 22 May 1990 as a private limited company under the Companies Act 1994. There was no business activity of the company other than letting out its property to ACI Limited.

1.1.6 Flyban Insecticides Limited

The company was incorporated on 5 October 1991 as a private limited company under the Companies Act 1994. The Company's main function was to manufacture and sale of mosquito coil. There was no business operation of the company during the year under review.

1.1.7 ACI Agrochemicals Limited

The company was incorporated on 4 July 2006 as a private limited company under the Companies Act 1994. The main objectives of the company are to carry on the business of manufacturing, formulating and packaging of pesticide, fertilizer, plant nutrient and animal food and other nutrient products. The company is yet to start its commercial operation.

1.1.8 ACI Motors Limited

The company was incorporated on 11 December 2007 as a private limited company under the Companies Act 1994. The main objectives of the company are to carry on the business of buying, selling, importing and assembling of vehicles for both agricultural and non-agricultural use including other agricultural equipment and supplying of spare parts and providing service facilities for these vehicles and equipment. The company has commenced its commercial operation in this this year.

1.1.9 Creative Communication Limited

The company was incorporated on 2 September 2007 as a private limited company under the Companies Act 1994. The principal activities of the company are managing media solutions and similar services for different clients including television commercials and other advertisement and promotion related activities. The company has commenced its commercial operation in this year.

1.1.10 Premiaflex Plastics Limited

The company was incorporated on 11 June 2007 as a private limited company under the Companies Act 1994. The main objectives of the company are to carry out the business of manufacturing and marketing of plastic products, flexible printing and other ancillary business associated with plastic and flexible printing. The company has commenced its commercial production from 1 December 2008.

1.1.11 ACI Logistics Limited

The company was incorporated on 29th April 2008 as a private limited company under the Companies Act 1994. The main objective of the company is to set-up nationwide retail outlets across the country linking ACI's strong presence in the agriculture sector.

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Other regulatory compliances

The Companies are also required to comply with the following major legal provisions in addition to the Companies Act 1994, the Securities and Exchange Rules 1987, 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 authorization

The Board of Directors has authorized the financial statements on 16 April 2009 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 presentational currency

These financial statements are prepared in Bangladesh Taka (Taka/Tk) currency, which is the company's functional currency.

2.6 Use of estimates and judgment

The preparation of these financial statements is in conformity with BASs/BFRSs which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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



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

Note 7	-	inventory valuation
Note 8	-	bad debt provision
Note 17	-	measurement of liability for staff gratuity
Note 21	-	other creditors
Note 23	-	provision for taxation
Note 17.1	-	deferred tax liabilities
Note 17.2	-	lease classification
Note 37.2	-	contingent liability

2.7 Reporting period

The financial period of the companies other than the following two associates namely Stochastic Logic Limited and Asian Consumer Care Limited covers one year from 1 January to 31 December and is followed consistently.

Stochastic Logic Limited	From 1 August to 31 July
Asian Consumer Care Limited	From 1 April to 31 March

The figures involved in the aforesaid two associated companies upto 31 December 2008 from the end of their accounting years are considered to be immaterial to these financial statements.

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 Basis of consolidation

3.1.1 Subsidiaries

Subsidiaries are entities controlled by ACI Limited. Control exists when ACI Limited has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that it ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by ACI Limited.

3.1.2 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of ACI Limited's interest in the investee. Unrealized losses, if any, are eliminated in the same way as unrealized gains, but only to the extent there is no evidence of impairment

3.2 Property, plant and equipment

3.2.1 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 and 2007 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 2008 and these are stated at cost.

Cost includes expenditure that is directly attributable to the acquisition of asset. The cost of self constructed asset includes the cost of material and direct labour, 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.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment disposed off and are recognized net with "other income" in profit or loss account. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

3.2.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized 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 recognized in the profit and loss account as incurred.

3.2.3 Depreciation

All items of property, plant and equipment have been depreciated on straight line basis. Depreciation on additions are 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 by writing off 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:

Building	40 years
Plant and machinery	10 years
Furniture and fixture	10 years
Electrical and other office appliances	10 years
Office machinery	10 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date. No revisions in respect of items of property, plant and equipment were made in 2008.

3.2.4 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 reestimated. However, no such conditions that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

3.3 Intangible asset

3.3.1 Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net value of the identifiable assets and liabilities of the acquiree on the date of acquisition.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

3.3.2 Softwares

Softwares that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is recognized in profit and loss as incurred.

3.3.3 Amortization

Amortization is recognized in the profit or loss on a straight line basis over the estimated useful lives of intangible assets other than goodwill. Amortization on additions are charged at 50% of normal rates only in the year of acquisition. Amortization is charged at the rates of 10% depending on the estimated useful lives of assets.

The estimated useful life for the current intangible asset is as follows:

	Useful life	Normal rate
Software	10 years	10 Percent

3.4 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through retaining as investment are classified as held for sale. Immediately before classification as held for sale, the assets are measured in accordance with the Group's accounting policy. Such assets are measured at the lower of their carrying amount and fair value less cost to sell.

3.5 Leased assets

3.5.1 Finance lease

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Depreciation

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation is charged at the rate of 20% p.a.

Lease payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.



3.5.2 Operating lease

Payments made under operating leases are recognized in profit and loss account on a straight line basis over the term of the lease.

3.6 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, 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 realizable 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 recognized as expenses.

3.7 Trade and other receivables

Trade and other receivables are initially recognized at cost which is the fair value of the consideration given in return. After initial recognition these are carried at cost less impairment losses due to uncollectibility of any amount so recognized.

3.8 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 profit and loss account.

3.9 Cash and cash equivalent

Cash and cash equivalent include cash in hand, cash at banks which are held and available for use by the Company without any restriction.

3.10 Provision

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, 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.

3.11 Contingencies

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

3.12 Income tax expenses

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit or loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

3.12.1 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%. As the company qualifies as a "publicly traded company" it is entitled to a 10% rebate if dividend declared is more than 20% of the paid up capital. Provision for taxation has been made on the basis of the Finance Ordinance 2008.

3.12.2 Deferred tax

Deferred tax is recognized 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 recognized 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.

3.13 Investment in shares

In the separate financial statements of the company, all investments are carried at costs.

In the Consolidated Financial Statements of Advanced Chemical Industries Limited, following valuation principles have been used:

Investments in subsidiaries - Investment in subsidiaries has been accounted for as per BFRS-3 'Business Combination'. The investment is eliminated in full against the equity of acquiree measured at fair value at the date of acquisition.

Long term investments - These are valued at cost or revalued amounts when there is a decline in value which is not temporary. This is as per BAS 25: Accounting for Investment, applicable for periods upto those ending before 31 December 2008.



Associates and joint ventures - Associates are those entities in which the ACI Limited has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities ACI Limited has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and joint ventures are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the ACI Limited's share of the income and expenses of equity accounted invested, after adjustments to align the accounting policies with those of the ACI Limited, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. This is in consistent with BAS 28: Investments in Associates and BAS 31: Interests in Joint Ventures.

3.14 Foreign currency transactions

Foreign currency transactions are translated at rates ruling on the dates advices were received. Monetary assets and liabilities denominated in foreign currencies at reporting date are reconverted at rates ruling at the balance sheet date. All exchange differences are charged/credited to profit and loss account by being absorbed in the respective head of income or expenditure.

3.15 Revenue recognition

3.15.1 Revenue arising from sale of goods

a) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

b) Cash on delivery sales

Revenue is recognized when delivery is made and cash is received by the seller.

3.15.2 Revenue arising from services

Revenue from services rendered is recognized in profit or loss account in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

3.15.3 Revenue arising from commission

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue is recognized in the net amount of commission made by the Group.

3.15.4 Interest income

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

3.15.5 Dividend income

Dividend income is recognized when right to receive payment of such dividend is established.

3.16 Borrowing costs

Finance expenses comprise interest expense on bank loan, finance lease and other borrowings. All borrowing costs are recognized in the profit and loss account using effective interest method.

3.17 Cash flow statement

Cash flow from operating activities have been presented under direct method.

3.18 Workers' profit participation fund

The company had created a fund for workers as 'Workers' Profit Participation Fund' and 5% of the profit before charging such expense has been transferred to this fund.

3.19 Employment 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 a defined benefits scheme. There are two recognized provident funds for all employees of the company. These also qualify as defined contribution scheme. The company also has a group insurance policy for all 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.

3.19.1 Defined contribution plan (provident fund)

Defined contribution plan is a post employment benefit plan under which the company provides benefits to one or more employees. The recognized 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 recognizes 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.

3.19.2 Defined benefit plan (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 recognized 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 recognized 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 the actuarial report. The expected return on plan assets is based on market expectation and is one of the component of expenses recognized in the profit and loss account. Total expenses recognized in the profit and loss account comprise of current service cost, interest cost, expected return on plan assets.

3.19.3 Leave encashment

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

3.19.4 Short-term benefit

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

3.20 Earnings per share

The Company and the Group (which is made up ACI Limited and its subsidiaries and associates) present its 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/Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss account 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 profit and loss account and computation of EPS is stated in note 31.

3.21 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. Segment information is presented only on the basis of the consolidated financial statements.

3.22 New standards and interpretations yet to be applicable

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2008, and have not been applied in preparing these financial statements.

Bangladesh Financial Reporting Standards (BFRS)-3 'Business Combinations'

Revised BFRS 3, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

Bangladesh Financial Reporting Standards (BFRS)-7 'Financial Instruments Disclosures'

BFRS 7 is effective from 2010. The Company will disclose information about financial assets and financial liabilities in the 2010 financial statements.

Bangladesh Financial Reporting Standards (BFRS)-8 'Operating Segments'

BFRS-8 'Operating Segments' introduces the "management approach" to segment reporting. 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 ACI Group's chief operating decision maker in order to assess each segment's performance and to allocate resources to them.

Bangladesh Accounting Standards (BAS)-32 'Financial Instruments: Presentation' and Bangladesh Accounting Standards (BAS)-39 'Financial Instruments: Recognition and Measurements'

BAS 32 and 39 are effective from January 2010, which require to adopt policy and disclosure for financial assets and financial liabilities.

4. Property, plant and equipment

a) Own assets

i) Cost

Particulars	Cost					Depreciation					Written down value as at 31 December 2008		
	As at 1 January 2008	Additions during the year	Transferred from CWIP	Disposal during the year	Adjustment during the year	As at 31 December 2008	Rate	As at 1 January 2008	Charged during the year	Disposal during the year		Adjustment during the year	As at 31 December 2008
Land	46,318,282	-	-	-	-	46,318,282	-	-	-	-	-	-	46,318,282
Building	143,065,832	-	12,811,049	-	-	155,876,881	2.5%	21,534,881	3,736,784	-	-	25,271,665	130,605,216
Plant and machinery	435,101,146	2,210,134	291,671,287	(1,019,925)	(150,000)	727,812,642	10.0%	213,804,885	46,373,286	(486,859)	(37,500)	259,653,812	468,158,830
Furniture and fixture	43,380,122	16,377,300	-	-	(3,500)	59,753,922	10.0%	25,955,279	4,888,292	-	(175)	30,843,396	28,910,526
Electrical and other appliances	48,032,874	10,884,593	-	-	-	58,917,467	10.0%	30,533,747	4,251,775	-	-	34,785,522	24,131,945
Office machinery	41,342,842	6,289,507	-	-	(442,600)	47,189,749	10.0%	23,395,903	3,880,356	-	(22,130)	27,254,129	19,935,620
Vehicles	104,124,365	27,503,163	-	(2,061,759)	(12,873,703)	116,692,066	20.0%	77,108,298	8,748,189	(1,988,750)	(4,332,432)	79,535,305	37,156,761
Total (i)	861,365,463	63,264,697	304,482,336	(3,081,684)	(13,469,803)	1,212,561,009		392,332,993	71,878,682	(2,475,609)	(4,392,237)	457,343,829	755,217,180

ii) Revaluation

Particulars	Revaluation					Depreciation					Written down value as at 30 December 2008		
	As at 1 January 2008	Additions during the year	Transferred from CWIP	Disposal during the year	Adjustment during the year	As at 31 December 2008	Rate	As at 1 January 2008	Charged during the year	Disposal during the year		Adjustment during the year	As at 31 December 2008
Land	284,047,862	-	-	-	-	284,047,862	-	-	-	-	-	-	284,047,862
Building	39,764,561	-	-	-	-	39,764,561	2.5%	8,806,636	994,114	-	-	9,800,750	29,963,811
Plant and machinery	70,435,559	-	-	(7,271)	-	70,428,288	10.0%	24,652,715	7,042,829	(2,545)	-	31,692,999	38,735,289
Furniture and fixture	(703,383)	-	-	-	-	(703,383)	10.0%	(246,183)	(70,338)	-	-	(316,521)	(386,862)
Electrical and other appliances	(1,572,866)	-	-	-	-	(1,572,866)	10.0%	(550,505)	(157,287)	-	-	(707,792)	(865,074)
Office machinery	1,350,619	-	-	-	-	1,350,619	10.0%	472,714	135,061	-	-	607,775	742,844
Vehicles	25,714,964	-	-	(1,068,897)	(2,077,234)	22,568,833	20.0%	18,000,474	4,513,767	(748,225)	(1,454,063)	20,311,953	2,256,880
Total (ii)	419,037,316	-	-	(1,076,168)	(2,077,234)	415,883,914		51,135,851	12,458,146	(750,770)	(1,454,063)	61,389,164	354,494,750
Total assets (i+ii)	1,280,402,779	63,264,697	304,482,336	(4,157,852)	(15,547,037)	1,628,444,923		443,468,844	84,336,828	(3,226,379)	(5,846,300)	518,732,993	1,109,711,930

b) Leased assets

Vehicles	46,748,529	-	-	-	-	46,748,529	20.0%	24,257,525	9,349,707	-	-	33,607,232	13,141,297
Total 2008 (a+b)	1,327,151,308	63,264,697	304,482,336	(4,157,852)	(15,547,037)	1,675,193,452		467,726,369	93,686,535	(3,226,379)	(5,846,300)	552,340,225	1,122,853,227

Property, plant and equipment-comparative-2007

a) Own assets

i) Cost

Particulars	Cost						Depreciation						Written down value as at 31 December 2007
	As at 1 January 2007	Additions during the year	Transferred from CWIP	Disposal during the year	Adjustment during the year	As at 31 December 2007	Rate	As at 1 January 2007	Charged during the year	Disposal during the year	Adjustment during the year	As at 31 December 2007	
	Taka	Taka	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	Taka	
Land	46,318,282	-	-	-	-	46,318,282		-	-	-	-	-	46,318,282
Building	133,829,992	-	9,235,840	-	-	143,065,832	2.5%	18,073,683	3,461,198	-	-	21,534,881	121,530,951
Plant and machinery	357,955,773	1,064,994	76,080,379	-	-	435,101,146	10.0%	184,768,238	29,036,647	-	-	213,804,885	221,296,261
Furniture and fixture	38,439,592	2,554,527	2,386,003	-	-	43,380,122	10.0%	22,054,259	3,901,020	-	-	25,955,279	17,424,843
Electrical and other appliances	44,948,846	1,152,850	1,931,178	-	-	48,032,874	10.0%	26,942,707	3,591,040	-	-	30,533,747	17,499,127
Office machinery	34,749,698	6,593,144	-	-	-	41,342,842	10.0%	19,793,071	3,602,832	-	-	23,395,903	17,946,939
Vehicles	73,704,425	21,687,921	-	(5,552,591)	14,284,610	104,124,365	20.0%	63,851,902	6,441,034	(5,541,778)	12,357,140	77,108,298	27,016,067
Total (i)	729,946,608	33,053,436	89,633,400	(5,552,591)	14,284,610	861,365,463		335,483,860	50,033,771	(5,541,778)	12,357,140	392,332,993	469,032,470

ii) Revaluation

Particulars	Revaluation						Depreciation						Written down value as at 30 December 2007
	As at 1 January 2007	Additions during the year	Transferred from CWIP	Disposal during the year	Adjustment during the year	As at 31 December 2007	Rate	As at 1 January 2007	Charged during the year	Disposal during the year	Adjustment during the year	As at 31 December 2007	
	Taka	Taka	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	Taka	
Land	168,547,862	115,500,000	-	-	-	284,047,862		-	-	-	-	-	284,047,862
Building	39,473,129	291,432	-	-	-	39,764,561	2.5%	7,819,808	986,828	-	-	8,806,636	30,957,925
Plant and machinery	70,435,559	-	-	-	-	70,435,559	10.0%	17,609,159	7,043,556	-	-	24,652,715	45,782,844
Furniture and fixture	(703,383)	-	-	-	-	(703,383)	10.0%	(175,845)	(70,338)	-	-	(246,183)	(457,200)
Electrical and other appliances	(1,572,866)	-	-	-	-	(1,572,866)	10.0%	(393,218)	(157,287)	-	-	(550,505)	(1,022,361)
Office machinery	1,350,619	-	-	-	-	1,350,619	10.0%	337,653	135,061	-	-	472,714	877,905
Vehicles	28,957,436	-	(3,242,472)	-	-	25,714,964	20.0%	14,478,714	5,142,996	(1,621,236)	-	18,000,474	7,714,490
Total (ii)	306,488,356	115,791,432	-	(3,242,472)	-	419,037,316		39,676,271	13,080,816	(1,621,236)	-	51,135,851	367,901,465
Total assets (i+ii)	1,036,434,964	148,844,868	89,633,400	(8,795,063)	14,284,610	1,280,402,779							

b) Leased assets

Vehicles	57,755,139	3,278,000	-	-	(14,284,610)	46,748,529		24,735,836	11,878,829	-	(12,357,140)	24,257,525	22,491,004
Total 2007 (a+b)	1,094,190,103	152,122,868	89,633,400	(8,795,063)	-	1,327,151,308		399,895,967	74,993,416	(7,163,014)	-	467,726,369	859,424,939

4(a) Consolidated property plant and equipment

a) Freehold assets

i) Cost

Particulars	Cost					Depreciation					Written down value as at 31 December 2008		
	At 1 January 2008	Additions during the year	Transferred from CWIP	Disposal during the year	Adjustment during the year	As at 31 December 2008	Rate	At 1 January 2008	Charged during the year	Disposal during the year		Adjustment during the year	As at 31 December 2008
Land	205,109,868	22,496,472	33,667,678	-	-	261,274,018		-	-	-	-	-	261,274,018
Building	513,140,440	46,189,887	131,825,621	-	144,478	691,300,426	2.5%	58,664,220	15,829,922	-	-	74,494,142	616,806,284
Plant & Machinery	830,393,874	188,648,825	647,291,040	(1,019,925)	1,509,318	1,666,823,132	10.0%	336,667,645	114,396,404	(486,859)	(37,500)	450,539,690	1,216,283,442
Furniture & Fixtures	54,297,248	57,994,041	26,484	-	485,217	112,802,990	10.0%	29,969,943	10,309,336	-	(175)	40,279,104	72,523,886
Electric & other appliances	76,379,911	26,606,341	10,907,786	-	(2,292,513)	111,601,525	10.0%	36,861,900	8,907,284	-	-	45,769,184	65,832,341
Office Machinery & Equip.	53,743,924	23,457,047	95,630	-	(442,600)	76,854,001	10.0%	27,739,618	7,081,121	-	(22,130)	34,798,609	42,055,392
Vehicles	113,514,551	42,557,401	-	(2,061,759)	(11,097,078)	142,913,115	20.0%	81,712,572	11,466,241	(1,988,750)	(2,733,469)	88,456,594	54,456,521
Total (i)	1,846,579,816	407,950,013	823,814,240	(3,081,684)	(11,693,178)	3,063,569,207		568,794,805	167,990,308	(2,475,609)	(2,793,274)	734,337,323	2,329,231,884

ii) Revaluation

Particulars	Revaluation					Depreciation					Written down value as at 31 December 2008		
	At 1 January 2008	Additions during the year	Transferred from CWIP	Disposal during the year	Adjustment during the year	As at 31 December 2008	Rate	At 1 January 2008	Charged during the year	Disposal during the year		Adjustment during the year	As at 31 December 2008
Land	524,624,489	-	-	-	-	524,624,489		-	-	-	-	-	524,624,489
Building	56,637,466	-	-	-	-	56,637,466	2.5%	7,402,570	2,438,319	-	-	9,840,889	46,796,577
Plant & Machinery	102,436,037	-	-	(7,271)	-	102,428,766	10.0%	35,728,959	10,249,876	(2,545)	-	45,976,290	56,452,476
Furniture & Fixtures	2,241,373	-	-	-	-	2,241,373	10.0%	248,116	423,502	-	-	671,618	1,569,755
Electric & other appliances	1,059,947	-	-	-	-	1,059,947	10.0%	264,187	59,550	-	-	323,737	736,210
Office Machinery & Equip.	1,350,619	-	-	-	-	1,350,619	10.0%	596,366	288,986	-	-	885,352	465,267
Vehicles	26,899,313	-	(1,068,897)	(2,077,234)	(2,077,234)	23,753,182	20.0%	18,711,080	4,750,637	(748,225)	(1,454,063)	21,259,429	2,493,753
Total (ii)	715,249,244	-	(1,076,168)	(2,077,234)	(2,077,234)	712,095,842		62,951,278	18,210,870	(750,770)	(1,454,063)	78,957,315	633,138,527
Total assets (i + ii)	2,561,829,060	407,950,013	823,814,240	(4,157,852)	(13,770,412)	3,775,665,049		631,746,083	181,671,301	(3,226,379)	(4,247,337)	813,294,638	2,962,370,411

b) Leased assets

Vehicle	48,525,154	-	-	-	(1,776,625)	46,748,529	20%	25,856,488	9,349,707	-	(1,598,963)	33,607,232	13,141,297
Total 2008 (a + b)	2,610,354,214	407,950,013	823,814,240	(4,157,852)	(15,547,037)	3,822,413,578		657,602,571	191,021,008	(3,226,379)	(5,846,300)	846,901,870	2,975,511,708

Consolidated property plant and equipment-comparative-2007

a) Freehold assets

i) Cost

Particulars	Cost						Depreciation						Written down value as at 31 December 2007
	At 1 January 2007	Additions during the year	Transferred from CWIP	Disposal during the year	Adjustment during the year	As at 31 December 2007	Rate	At 1 January 2007	Charged during the year	Disposal during the year	Adjustment during the year	As at 31 December 2007	
	Taka	Taka	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	Taka	
Land	161,171,953	35,799,260	8,228,203	(89,548)	-	205,109,868		-	-	-	-	-	205,109,868
Building	426,086,148	46,998,045	40,340,724	(284,477)	-	513,140,440	2.5%	48,762,187	10,089,691	(187,658)	-	58,664,220	454,476,220
Plant & Machinery	697,798,818	42,286,787	90,308,269	-	-	830,393,874	10.0%	274,353,628	62,314,017	-	-	336,667,645	493,726,229
Furniture & Fixtures	50,386,917	2,975,333	2,582,326	(1,647,328)	-	54,297,248	10.0%	25,659,511	5,399,610	(1,089,178)	-	29,969,943	24,327,305
Electric & other appliances	59,380,247	11,834,607	5,371,117	(206,060)	-	76,379,911	10.0%	31,029,431	5,935,860	(103,391)	-	36,861,900	39,518,011
Office Machinery & Equip.	46,077,449	8,617,298	1,141,640	(2,092,463)	-	53,743,924	10.0%	23,761,366	4,951,654	(973,402)	-	27,739,618	26,004,306
Vehicles	85,343,356	24,519,131	283,020	(10,915,566)	14,284,610	113,514,551	20.0%	69,594,765	7,603,778	(7,843,111)	12,357,140	81,712,572	31,801,979
Total (i)	1,526,244,888	173,030,461	148,255,299	(15,235,442)	1,846,579,816		473,160,888	96,294,610	(10,196,740)	12,357,140		571,615,898	1,274,963,918

ii) Revaluation

Particulars	Revaluation						Depreciation						Written down value as at 31 December 2007
	At 1 January 2007	Additions during the year	Transferred from CWIP	Disposal during the year	Adjustment during the year	As at 31 December 2007	Rate	At 1 January 2007	Charged during the year	Disposal during the year	Adjustment during the year	As at 31 December 2007	
	Taka	Taka	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	Taka	
Land	188,738,635	335,885,854	-	-	-	524,624,489		-	-	-	-	-	524,624,489
Building	29,133,832	27,503,634	-	-	-	56,637,466	2.5%	6,166,860	1,235,710	-	-	7,402,570	49,234,896
Plant & Machinery	102,436,037	-	-	-	-	102,436,037	10.0%	25,528,839	10,200,120	-	-	35,728,959	66,707,078
Furniture & Fixtures	(828,336)	3,069,709	-	-	-	2,241,373	10.0%	330,949	(82,833)	-	-	248,116	1,993,257
Electric & other appliances	(1,232,747)	2,292,694	-	-	-	1,059,947	10.0%	387,462	(123,275)	-	-	264,187	795,760
Office Machinery & Equip.	1,350,619	-	-	-	-	1,350,619	10.0%	417,821	178,545	-	-	596,366	754,253
Vehicles	30,141,785	-	-	(3,242,472)	-	26,899,313	20.0%	14,952,455	5,379,861	(1,621,236)	-	18,711,080	8,188,233
Total (ii)	349,739,825	368,751,891	-	(3,242,472)	-	715,249,244		47,784,386	16,788,128	(1,621,236)	-	62,951,278	652,297,966
Total assets (i + ii)	1,875,984,713	541,782,352	148,255,299	(18,477,914)	-	2,561,829,060		520,945,274	113,082,738	(11,817,976)	12,357,140	634,567,176	1,927,261,884

b) Leased assets

Vehicle	62,131,764	3,278,000	-	(2,600,000)	(14,284,610)	48,525,154	20%	26,239,474	12,585,154	(611,000)	(12,357,140)	25,856,488	22,668,666
Total 2007 (a + b)	1,938,116,477	545,060,352	148,255,299	(21,077,914)	(14,284,610)	2,610,354,214		547,184,748	125,667,892	(12,428,976)	-	660,423,664	1,949,930,550



5. Capital work-in-progress-2008

	Balance as at 1 January	Additions during the year	Transferred to fixed assets	Balance as at 31 December
	Taka	Taka	Taka	Taka
Building	28,207,698	16,022,988	12,811,049	31,419,637
Plant and machinery	185,662,526	207,284,164	291,671,287	101,275,403
Furniture and fixture	-	755,430	-	755,430
Electrical and other office appliances	-	1,647,830	-	1,647,830
	<u>213,870,224</u>	<u>225,710,412</u>	<u>304,482,336</u>	<u>135,098,300</u>

Capital work-in-progress-comparative -2007

Building	7,503,608	29,939,930	9,235,840	28,207,698
Plant and machinery	29,477,404	232,265,501	76,080,379	185,662,526
Furniture and fixture	23,282	2,362,721	2,386,003	-
Electrical and other office appliances	-	1,931,178	1,931,178	-
	<u>37,004,294</u>	<u>266,499,330</u>	<u>89,633,400</u>	<u>213,870,224</u>

5 (a) Consolidated Capital work-in-progress-2008

Land	308,658	34,605,195	33,667,678	1,246,175
Building	78,010,642	101,722,221	131,825,621	47,907,242
Plant and machinery	486,102,013	374,544,573	647,291,040	213,355,546
Furniture & fixture	21,882	800,032	26,484	795,430
Pantoon and gangway	2,648,109	323,840	2,971,949	-
Electrical and other office appliances	393,285	9,192,411	7,935,837	1,649,859
Office machinery	-	95,630	95,630	-
Vehicles	-	-	-	-
	<u>567,484,589</u>	<u>521,283,902</u>	<u>823,814,239</u>	<u>264,954,252</u>

Consolidated capital work-in-progress-comparative-2007

Land	-	8,536,861	8,228,203	308,658
Building	8,214,858	110,136,508	40,340,724	78,010,642
Plant and machinery	31,115,344	545,294,938	90,308,269	486,102,013
Furniture & fixture	23,282	2,580,926	2,582,326	21,882
Pantoon and gangway	-	2,648,109	-	2,648,109
Electrical and other office appliances	-	5,764,402	5,371,117	393,285
Office machinery	-	1,141,640	1,141,640	-
Vehicles	-	283,020	283,020	-
	<u>39,353,484</u>	<u>676,386,404</u>	<u>148,255,299</u>	<u>567,484,589</u>

5(b) Consolidated intangible assets

	Balance as at 1 Jan 2008	Additions during the year	Retirement and disposal	Balance as at 31 Dec 2008
	Taka	Taka	Taka	Taka
Goodwill on acquisition	104,677,902	-	-	104,677,902
Software	-	3,794,990	-	3,794,990
Cost	<u>104,677,902</u>	<u>3,794,990</u>	<u>-</u>	<u>108,472,892</u>
Less: Accumulated amortization and impairment losses	-	189,750	-	189,750
Carrying amounts	<u>104,677,902</u>	<u>3,605,240</u>	<u>-</u>	<u>108,283,142</u>

6. Investments

	2008					2007
	No. of shares	Face value	Called and	Share-holding	Value	Value
		per share	paid up capital per share			
	Taka	Taka	%	Taka	Taka	
Investment in subsidiaries						
Flyban Insecticides Limited	25,500	100	100	51.00	2,550,000	2,550,000
ACI Formulations Limited	12,755,000	10	10	66.00	63,775,000	108,712,500
ACI Salt Limited	78,000	1,000	1,000	78.00	78,000,000	78,000,000
ACI Foods Limited	380,000	100	100	95.00	38,000,000	38,000,000
ACI Pure Flour Limited	380,000	100	100	95.00	38,000,000	38,000,000
Apex Leathercraft Limited	365,700	100	100	100.00	79,984,291	79,984,291
ACI Agrochemicals Limited	180	100	100	90.00	18,000	18,000
Creative Communication Limited	6,000	100	100	60.00	600,000	600,000
ACI Motors Limited	7,500	100	100	75.00	750,000	750,000
Premiaflex Plastic Limited	32,000	1,000	1,000	80.00	32,000,000	32,000,000
ACI Logistics Limited	105,260	1,000	1,000	76.00	105,260,000	-
					438,937,291	378,614,791
Investment in Associates and Joint Ventures:						
Asian Consumer Care (Pvt.) Limited	1,079,445	10	10	24.00	10,794,450	10,794,450
ACI Godrej Agrovet (Pvt.) Limited	1,350,000	100	100	50.00	135,000,000	80,000,000
Computer Technology Limited	200	100	100	40.00	20,000	20,000
Stochastic Logic Limited	2,000	100	100	20.00	200,000	200,000
Tetley ACI (Bangladesh) Limited	550,000	100	100	50.00	55,000,000	45,000,000
					201,014,450	136,014,450
Investment in others						
Mutual Trust Bank Limited	498,960	100	100	3.33	28,316,000	20,000,000
Central Depository Bangladesh Limited	2	1,000,000	1,000,000	0.58	2,000,000	2,000,000
					30,316,000	22,000,000
Total investment in shares					670,267,741	536,629,241

6(a). Consolidated Investment

	2008					2007
	No. of shares	Face value	Called and	Share-holding	Value	Value
		per share	paid up capital per share			
	Taka	Taka	%	Taka	Taka	
Investment valued at cost:						
Mutual Trust Bank Limited	498,960	100	100	1	28,316,000	20,000,000
Central Depository Bangladesh Limited	2	1,000,000	1,000,000	1	2,000,000	2,000,000
Computer Technology Limited	200	100	100	40	20,000	20,000
					30,336,000	22,020,000
Investment valued under equity method:						
Tetley ACI (Bangladesh) Limited	550,000	100	100	50	(1,059,354)	(1,859,093)
Asian Consumer Care (Pvt.) Limited	1,079,445	10	10	24	(5,631,037)	907,018
ACI Godrej Agrovet (Pvt.) Limited	1,350,000	100	100	50	111,630,417	41,604,435
Stochastic Logic Limited	2,000	100	100	20	(813,806)	(627,168)
					104,126,220	40,025,192
Total carrying amount of investment					134,462,220	62,045,192



7. Inventory

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
Finished goods	1,223,602,498	611,584,055
Work-in-process	84,741,942	35,434,261
Raw materials	690,497,438	312,808,509
Packing materials	113,365,639	74,034,071
Stores and spares	10,578,583	7,528,820
Stock in transit	67,593,045	108,529,354
	<u>2,190,379,145</u>	<u>1,149,919,070</u>
Less: Provision for slow moving and damaged goods and write down to NRV	105,325,895	58,521,441
	<u>2,085,053,250</u>	<u>1,091,397,629</u>

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

7 (a) Consolidated inventories

Finished goods	1,452,324,575	644,727,561
Work-in-process	88,794,787	36,229,138
Raw materials	1,254,127,400	602,323,616
Packing materials	262,084,178	141,316,259
Stores & spares	42,349,436	13,998,250
Stock in transit	158,031,685	197,259,809
Others	-	5,715,173
	<u>3,257,712,061</u>	<u>1,641,569,806</u>
Less: Provision for slow moving and damaged goods and write down to NRV	113,458,700	58,521,441
	<u>3,144,253,361</u>	<u>1,583,048,365</u>

8. Trade debtors

	<u>2008</u>			<u>2007</u>
	<u>Dues over</u> <u>6 months</u>	<u>Dues below</u> <u>6 months</u>	<u>Total</u>	<u>Total</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Pharmaceuticals	14,008,187	200,182,951	214,191,138	116,498,581
Agro-business	54,540,654	537,668,512	592,209,166	495,007,467
Animal health	6,127,737	84,189,469	90,317,206	61,567,581
Consumer brands	9,416,852	136,294,910	145,711,762	95,312,025
Seeds	359,350	89,148,721	89,508,071	59,612,740
Fertilizer	19,783,496	150,009,213	169,792,709	112,531,316
Cropex	-	59,480,835	59,480,835	-
	<u>104,236,276</u>	<u>1,256,974,611</u>	<u>1,361,210,887</u>	<u>940,529,710</u>
Less: Provision for doubtful debts			56,395,334	41,638,666
			<u>1,304,815,553</u>	<u>898,891,044</u>

8 (a) Consolidated trade debtors

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
Pharmaceuticals	214,191,138	116,498,581
Agro-chemicals	593,113,816	495,007,467
Consumer brands	145,711,762	95,312,025
Animal health	90,317,206	61,567,581
Seeds	89,508,071	-
Fertilizer	169,792,709	59,612,740
Cropex	59,480,835	112,531,316
Salt	7,042,852	-
Foods	52,701,814	-
Flour	41,462,365	-
Premiaflex	11,798,171	-
Motors	456,438,388	-
Others	-	8,227,162
	<u>1,931,559,127</u>	<u>948,756,872</u>
Less: Provision for doubtful debts	56,864,984	41,638,666
	<u>1,874,694,143</u>	<u>907,118,206</u>
Debts due over six months	51,087,501	23,829,423
Debts due below six months	<u>1,823,606,642</u>	<u>883,288,783</u>
	<u>1,874,694,143</u>	<u>907,118,206</u>

9. Other debtors

	<u>2008</u>			<u>2007</u>
	<u>Dues over</u> <u>6 months</u>	<u>Dues below</u> <u>6 months</u>	<u>Total</u>	<u>Total</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Receivable from Novartis (Bangladesh) Limited	-	606,178	606,178	1,400,908
Receivable from Oram Limited	2,262,050	-	2,262,050	2,262,050
Searle Pakistan Limited	-	-	-	1,478,769
Health Care Pharmaceuticals Limited	-	-	-	3,377,568
EAC Industrial Ingredients Pte. Ltd.	-	973,554	973,554	-
Labx Biotechnology (Pvt.) Limited	938,856	-	938,856	2,638,856
Les Laboratories Servier	-	37,213,012	37,213,012	70,903,945
Godrej Sara Lee A & P Fund	-	-	-	2,314,285
Winall Hi-tech Seed Company Limited	-	-	-	31,779,800
Bank guarantee margin	6,052,147	647,948	6,700,095	7,761,251
Other receivables	-	32,911,308	32,911,308	12,648,271
	<u>9,253,053</u>	<u>72,352,000</u>	<u>81,605,053</u>	<u>136,565,703</u>

9 (a) Consolidated other debtors

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
Debts due over six months	9,303,053	16,243,306
Debts due below six months	<u>74,477,451</u>	<u>128,233,237</u>
	<u>83,780,504</u>	<u>144,476,543</u>



10. Advances, deposits and prepayments

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
Advances:		
Loans and advances to staff	92,603,253	56,210,410
Advances to C & F agents and others	67,086,789	46,171,864
Advance for rent and others	40,922,149	3,671,742
VAT current account	34,673,374	57,934,082
	<u>235,285,565</u>	<u>163,988,098</u>
Deposits:		
Deposits for utilities	3,188,723	2,348,623
Tender deposit	5,820,952	13,260,055
	<u>9,009,675</u>	<u>15,608,678</u>
Prepayments	1,501,726	164,265
	<u>245,796,966</u>	<u>179,761,041</u>

10(a) Consolidated advances, deposits and prepayments

Advances:		
Advance to staff	92,603,253	56,210,410
Advance to C & F agent and others	110,182,492	102,484,084
Advance for rent and others	80,308,873	4,130,742
Vat current account.	42,197,388	57,934,082
	<u>325,292,006</u>	<u>220,759,318</u>
Deposits:		
Deposits for utilities	13,537,745	9,978,525
Tender deposit	12,435,590	17,073,525
L/C margin	5,008,216	-
	<u>30,981,551</u>	<u>27,052,050</u>
Prepayments	1,600,435	385,753
	<u>357,873,991</u>	<u>248,197,121</u>

11. Inter company receivables

Flyban Insecticides Limited	976,125	971,125
Apex Leather Craft Limited	52,119,777	53,981,658
Computer Technology Limited	30,000	30,000
Tetley ACI (Bangladesh) Limited	437,294	182,268
Asian Consumer Care (Pvt.) Limited	7,555,218	17,292,310
ACI Salt Limited	161,993,597	296,541,803
ACI Godrej Agrovat (Pvt.) Limited	869,726	6,913,095
ACI Foods Limited	300,914,860	46,203,735
ACI Pure Flour Limited	53,175,971	126,138,290
ACI Agrochemical Limited	54,638	27,340
Stochastic Logic Limited	4,066,894	3,134,753
Premiaflex Plastics Limited	77,866,482	-
ACI Motors Limited	175,217,496	-
ACI Logistics Limited	26,780,697	-
	<u>862,058,775</u>	<u>551,416,377</u>

11(a) Consolidated inter company receivables

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
Tetley ACI Bangladesh Ltd	437,294	182,268
Asian Consumer Care (Pvt.) Ltd	7,555,218	17,292,310
Computer Technology Ltd.	30,000	30,000
ACI Godrej Agrovet (Pvt.) Limited	869,726	6,913,095
Stochastic Logic Limited	4,066,894	3,134,753
	<u>12,959,132</u>	<u>27,552,426</u>

11.1 Name of auditors of the group companies

<u>Name of the company</u>	<u>Relationship</u>	<u>Auditors</u>
ACI Formulations Limited	Subsidiary	Rahman Rahman Huq
ACI Logistics Limited	"	Rahman Rahman Huq
ACI Godrej Agrovet (Pvt.) Limited	Joint venture	Rahman Rahman Huq
Tetley ACI (Bangladesh) Limited	"	Rahman Rahman Huq
ACI Salt Limited	Subsidiary	Hoda Vasi Chowdhury & Co.
ACI Foods Limited	"	M. J. Abedin & Co.
ACI Pure Flour Limited	"	M. J. Abedin & Co.
Apex Leathercraft Limited	"	M. J. Abedin & Co.
Creative Communication Limited	"	Ashraful Haque Nabi & Co.
ACI Motors Limited	"	Ashraful Haque Nabi & Co.
Premiaflex Plastics Limited	"	Ashraful Haque Nabi & Co.
Flyban Insecticides Limited	"	Shiraz Khan Bashak & Co.
ACI Agrochemical Limited	"	Shiraz Khan Bashak & Co.
Asian Consumer Care (Pvt.) Limited	Associate	Ahmed Mashuque & Co.
Stochastic Logic Limited	Associate	Shiraz Khan Bashak & Co.



12. Cash and bank balance

	2008 Taka	2007 Taka
Cash in hand	10,775,189	8,982,229
Collection in hand	67,769,455	24,041,251
Cash at bank	133,379,993	24,171,993
Cash and bank balance	<u>211,924,637</u>	<u>57,195,473</u>
Bank overdrafts used for cash management purposes (Note-18)	(732,188,602)	(271,195,982)
Cash and cash equivalent in the cash flow statement	<u>(520,263,965)</u>	<u>(214,000,509)</u>

12(a) Consolidated cash and bank balance

Cash in hand	12,165,386	9,794,426
Cash at bank (in current accounts)	153,852,287	48,773,535
Collection in hand	67,769,455	24,041,251
Cash and bank balance	<u>233,787,128</u>	<u>82,609,212</u>
Bank overdrafts used for cash management purposes (Note-18-a)	(1,209,590,748)	(314,191,451)
Cash and cash equivalent in the cash flow statement	<u>(975,803,620)</u>	<u>(231,582,239)</u>

13. Non-current assets held for sale

Non-current assets held for sale represents investment in shares of ACI Formulations Ltd amounting to Taka 18,601,750 (3,720,350 shares at carrying value of Tk 5 per share with a face value of Tk 10 each) The decision to sell this asset was taken in 132nd board meeting dated 2 July 2008 and accounted for as per BFRS-5-'Non-current Assets Held for Sale and Discontinued Operations'. This investment is measured at cost as per BAS-25: Investments.

14. Share capital

Authorised:

<u>50,000,000</u>	Ordinary shares of Tk. 10 each	<u>500,000,000</u>	<u>500,000,000</u>
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Issued and paid up:

1,680,700	Ordinary shares of Tk. 10 each	16,807,000	16,807,000
1,049,300	Ordinary shares of Tk. 10 each issued for consideration other than cash	10,493,000	10,493,000
6,090,000	Bonus shares of Tk. 10 each	60,900,000	60,900,000
7,350,000	Right shares of Tk. 10 each	73,500,000	73,500,000
<u>16,170,000</u>		<u>161,700,000</u>	<u>161,700,000</u>

The aforesaid share capital is subscribed as under :

	Number of shares	Percentage
Directors/Sponsors	5,951,399	36.81
Institutions	3,425,541	21.18
General shareholders	6,793,060	42.01
	<u>16,170,000</u>	<u>100.00</u>

A distribution schedule of the above shares is given below as required by the listing rules:

<u>Number of shareholders</u>	<u>Shareholdings</u>	<u>No of shares</u>	<u>Percentage of total shareholdings</u>
9,228	Less than 500 shares	986,364	6.10
1,021	501- 5,000 shares	1,240,715	7.67
54	5,001- 10,000 shares	369,283	2.28
30	10,001- 20,000 shares	468,010	2.89
15	20,001- 30,000 shares	335,899	2.08
4	30,001- 40,000 shares	142,220	0.88
10	40,001- 50,000 shares	366,870	2.27
8	50,001- 100,000 shares	604,020	3.74
15	100,001- 1,000,000 shares	5,044,475	31.20
3	Over 1,000,000 shares	6,612,144	40.89
<u>10,388</u>		<u>16,170,000</u>	<u>100.00</u>

15. Share premium- Tk. 250,022,474

This represents the amount received against issue of shares at premium in the years 1995 and 1998.

16. Capital and revaluation surplus

16.1 Capital reserve

This represents the total grant received from Imperial Chemical Industries plc, London towards the cost of fixed assets.

16.2 Revaluation surplus

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
Opening balance as at 1 January	294,901,646	216,135,224
Addition during the year	-	81,036,152
Realized during the year due to disposal of fixed assets	(2,286,216)	(2,269,730)
Adjustment due to change in tax rate	10,532,202	-
	<u>303,147,632</u>	<u>294,901,646</u>

16.2(a) Consolidated revaluation surplus

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
Opening balance as at 1 January	600,284,264	273,096,825
Addition during the year	(4,361,196)	329,457,169
Realized during the year due to disposal of fixed assets	(2,286,216)	(2,269,730)
Adjustment due to change in tax rate	19,646,058	-
Post acquisition reserve transferred to retained earnings	(16,006,869)	-
	<u>597,276,041</u>	<u>600,284,264</u>



17. Long term liabilities

	Notes	2008 Taka	2007 Taka
Staff gratuity provision		96,922,813	83,087,269
Other long term employee benefits		27,457,642	17,061,333
Deferred tax liabilities	17.1	128,217,456	130,371,634
Employees group insurance fund		400,000	400,000
Loan from other sources - unsecured		215,245	215,245
Obligation under finance lease	17.2	2,363,791	8,082,683
Long term bank loan	17.3	54,087,034	103,012,854
		<u>309,663,981</u>	<u>342,231,018</u>
17(a) Consolidated long term liabilities			
Staff gratuity provision		96,922,813	83,087,269
Other long term employee benefits		27,457,642	17,061,333
Deferred tax liabilities		129,625,281	184,343,829
Employees group insurance fund		400,000	400,000
Loan from other sources - unsecured		55,631,573	55,631,573
Obligation under finance lease		2,363,791	8,082,683
Long term bank loan	17.3 (a)	313,348,442	281,191,990
		<u>625,749,542</u>	<u>629,798,677</u>
17.1 Deferred tax liabilities			
(a) Deferred tax on temporary differences			
(i) Taxable temporary differences			
fixed assets		301,696,063	190,915,049
lease obligation		5,058,609	5,616,376
Total taxable temporary differences		<u>306,754,672</u>	<u>196,531,425</u>
(ii) Deductible temporary difference			
Stock		105,325,895	58,521,441
Debtors		56,395,333	41,638,666
Gratuity		96,922,813	83,087,269
Total deductible temporary difference		<u>258,644,041</u>	<u>183,247,376</u>
Net taxable temporary differences		<u>48,110,631</u>	<u>13,284,049</u>
Tax rate		27.5%	30%
Deferred tax liability		13,230,424	3,985,215
(b) Deferred tax liability on revaluation surplus			
		114,987,032	126,386,419
(a+b) Closing balance			
		<u>128,217,456</u>	<u>130,371,634</u>
Deferred tax on revaluation surplus has been restated due to change of tax rate from 30% to 27.5% during the year under review.			
17.2 Obligation under finance lease			
Payment due within one year		5,718,892	10,220,408
Payment due within 5 years but later than one year		2,363,791	8,082,683
Payment due after 5 years		-	-
		<u>8,082,683</u>	<u>18,303,091</u>
17.3 Long term bank loan			
Loan from The Hongkong and Shanghai Banking Corporation Limited	19.3.5	10,774,685	12,328,254
Loan from Standard Chartered Bank	19.1.5	43,312,349	90,684,600
		<u>54,087,034</u>	<u>103,012,854</u>
17.3(a) Consolidated long term bank loans			
Standard Chartered Bank		43,312,349	48,121,577
The Hongkong and Shanghai Banking Corporation Limited		84,049,143	90,684,600
Citibank N.A.		95,789,976	142,385,813
Eastern Bank Limited		34,296,600	-
The City Bank Limited		55,900,374	-
		<u>313,348,442</u>	<u>281,191,990</u>

18. Bank overdraft

	Notes	2008 Taka	2007 Taka
Standard Chartered Bank	19.1	98,533,776	51,449,751
Commercial Bank of Ceylon Plc	19.2	13,522,009	44,816,008
The Hongkong and Shanghai Banking Corporation Limited	19.3	18,139,778	59,918,598
Citibank, N.A.	19.4	126,217,600	115,014,970
Mercantile Bank Limited	19.10	70,693,145	-
Dhaka Bank Limited		(1,345)	(3,345)
The City Bank Limited	19.5	196,512,607	-
Eastern Bank Limited	19.6	13,097,718	-
Bank Alfalah Limited	19.7	59,927,779	-
BRAC Bank Limited	19.8	57,389,094	-
AB Bank Limited	19.9	78,156,441	-
		<u>732,188,602</u>	<u>271,195,982</u>

18(a) Consolidated Bank Overdraft

Standard Chartered Bank	162,126,004	69,893,177
Commercial Bank of Ceylon Plc	31,091,261	44,816,008
The Hongkong and Shanghai Banking Corporation Limited	44,218,473	67,047,759
Citibank N.A.	167,990,308	132,437,852
The City Bank Limited	196,512,607	-
Mercantile Bank Limited	70,693,145	-
Dhaka Bank Ltd.	136,284,129	(3,345)
Eastern Bank Ltd.	32,581,430	-
Bank Alfalah Ltd.	59,927,779	-
BRAC Bank Ltd.	57,389,094	-
AB Bank Ltd.	78,156,441	-
Bangladesh Krishi Bank	171,178,594	-
National Bank Limited	1,441,483	-
	<u>1,209,590,748</u>	<u>314,191,451</u>

19. Short term bank loan

Standard Chartered Bank	19.1	319,575,174	333,159,433
Commercial Bank of Ceylon Plc	19.2	236,640,000	210,414,000
The Hongkong and Shanghai Banking Corporation Limited	19.3	351,469,364	513,606,966
Citibank, N.A.	19.4	283,736,166	85,216,318
AB Bank Limited	19.9	77,620,000	-
The City Bank Limited	19.5	182,947,266	-
Eastern Bank Limited	19.6	183,686,243	-
BRAC Bank Limited	19.8	180,894,407	-
		<u>1,816,568,620</u>	<u>1,142,396,717</u>

19(a) Consolidated short term bank loans

Standard Chartered Bank	640,008,223	624,442,082
Commercial Bank of Ceylon Plc	347,764,000	210,414,000
The Hongkong and Shanghai Banking Corporation Limited	651,721,239	914,701,787
Citibank N.A.	403,819,499	165,473,546
AB Bank Ltd.	108,620,000	-
The City Bank Ltd.	182,947,266	-
Eastern Bank Ltd.	355,042,127	-
BRAC Bank Ltd.	180,894,407	-
	<u>2,870,816,761</u>	<u>1,915,031,415</u>



19.1 Standard Chartered Bank

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

19.1.1 Overdraft

Limit : Tk 75,000,000
Purpose : Working capital financing
Tenor : On demand

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

Amount : Tk 600,000,000
Purpose : To open Letters of Credit and subsequent retirement through the Standard Chartered Bank (SCB).
Tenor : 120 days
Repayment : 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.

19.1.3 Short term bank loan

Amount : Tk 70,000,000 (inner limit of Letters of Credit for Tk. 600,000,000 under Note: 19.1.2)
Purpose : To finance import of machinery and equipment through the Standard Chartered Bank (SCB).
Tenor : 1 Year
Repayment : 12 equal monthly installment

19.1.4 Revolving Loan

Amount : Tk 200,000,000 (inner limit of Letters of Credit for Tk. 600,000,000 under Note: 19.1.2)
Purpose : Working capital finance
Tenor : 120 days

19.1.5 Letters of Credit / Term Loan

Amount : Tk 260,000,000
Purpose : To import Pharmaceuticals capital machinery. A portion of the term loan to the tune of tk.80.00 Million has been disbursed and is now under run-down basis.
Tenor : 4 Years
Payment : 16 equal quarterly installments

19.1.6 Guarantee

Amount : Tk 20,000,000 (inner limit of Letters of Credit for Tk. 600,000,000 under Note: 19.1.2)
Purpose : To issue guarantee for tender and utility facilities
Tenor : 4 Years

Securities for the facilities mentioned under notes 19.1.1, 19.1.2, 19.1.3, 19.1.4, 19.1.5, and 19.1.6 are as follows:

- i) Demand promissory note and letter of continuation for Tk 1,110,454,000.00 each.
- ii) Registered hypothecation over Stock and Book debts on pari-passu basis with other lenders where Standard Chartered Bank's share should be at least Tk. 920,000,000 [Held for Tk. 1,000,000,000 dtd. 06.06.06].
- iii) Registered hypothecation over Plant & Machinery on pari-passu basis with other lenders where Standard Chartered Bank's should be at least Tk.565,000,000 [Held for Tk. 1,000,000,000 dtd. 06.06.06].
- iv) Registered hypothecation over specific Plant & Machinery imported through Standard Chartered Bank for Tk.260,000,000.
- v) Equity Mortgage over Land & Building thereon of the factory property of Advanced Chemical Industries Limited at Godnail, Narayanganj (Held for Tk. 318,042,000 dated 11.08.1998).
- vi) Board resolution of the company covering entire facility.

19.2 Commercial Bank of Ceylon Plc

The Company is enjoying following facilities from Commercial Bank of Ceylon Plc under the following terms and conditions.

19.2.1 Overdraft

Limit	: Tk 50,000,000
Purpose	: Working capital financing
Tenor	: On demand
Expiry	: 31-10-09

19.2.2 Short term bank loan

Amount	: Tk 150,000,000
Purpose	: Working capital finance
Tenor	: 180 days

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

Amount	: Tk 90,000,000
Purpose	: For import of raw materials
Tenor	: 180 days

Securities for the facilities mentioned under notes 19.2.1, 19.2.2 and 19.2.3 are as follows:

- i) Demand promissory notes and letter of continuation for Tk 290,000,000.
- ii) Registered first hypothecation charge over stocks and book debts on pari-passu basis with other lenders where Commercial Bank of Ceylon Plc's should have at least Tk. 290,000,000.

19.3 The Hongkong and Shanghai Banking Corporation Limited

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

19.3.1 Overdraft

Limit	: Tk 30,000,000
Purpose	: To support collection/payment and daily overhead expenses.
Tenor	: On demand
Expiry	: 30-06-2009

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

Amount	: Tk 500,000,000
Purpose	: To open Letters of Credit and their subsequent retirement through the Hongkong and Shanghai Banking Corporation Limited (HSBC)
Tenor	: 180 days
Expiry	: 30-06-2009



19.3.3 Short Term bank Loan

Amount : Tk 300,000,000 (inner limit of Letters of Credit for Tk. 500,000,000 under Note: 19.3.2)
Purpose : Working Capital financing
Tenor : 270 days
Expiry : 30-06-2009

19.3.4 Letters of Credit (One off)

Amount : Tk 2,000,000
Purpose : To import capital machinery and issue shipping guarantee
Tenor : 180 days
Expiry : 30-06-2009

19.3.5 Term Loan

Amount : Tk 17,780,793.02
Purpose : To import capital machinery and issue shipping guarantee
Tenor : 4 Years
Expiry : 08/04/2012
Payment : 16 equal quarterly installments

19.3.6 Guarantee

Amount : Tk 10,000,000
Purpose : To issue guarantee favoring various Government Bodies and Utility companies
Tenor : 1 year/5 years for utility companies

Securities for the facilities mentioned under notes 19.3.1, 19.3.2, 19.3.3, 19.3.4, 19.3.5 and 19.3.6 are as follows:

- i) Demand promissory notes of Tk 675,000,000 with letters of revival and continuity.
- ii) First pari-passu charge with other lenders over the stock of raw materials, work-in-progress, finished goods and book debts/receivables where HSBC's share will Tk 1,000,000,000.
- iii) First pari-passu charge with other lenders over the borrower's plant and machinery on pari-passu basis where HSBC's share should be at least Tk. 455,000,000.
- iv) Power of Attorney for hypothecated Goods.
- v) Trade Financing General Agreement for trade facilities.

19.4 Citibank, N.A.

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

19.4.1 Overdraft

Limit : Tk 70,000,000
Purpose : Working capital financing
Tenor : On demand

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

Amount : Tk 400,000,000
Purpose : For import of raw materials, spares and finished goods.
Tenor : 180 days

19.4.3 Short term bank loan

Amount : Tk 250,000,000 (inner limit of Letters of Credit for Tk. 400,000,000 under Note: 19.4.2)
Purpose : Local purchase loan/duty/VAT payment
Tenor : 90 days

Securities for the facilities mentioned under notes 19.4.1, 19.4.2 and 19.4.3 are as follows:

- i) First registered hypothecation charge on a Pari-Passu basis with other lenders of ACI Ltd. on stocks and book debts where Citibank, N.A's share should be at least Tk. 470,000,000

19.5 The City Bank Limited

The Company is enjoying following facilities from The City Bank Limited under the following terms and conditions:

19.5.1 Overdraft

Limit : Tk 200,000,000
Purpose : Working capital financing
Tenor : On demand
Expiry : 31-03-09
Repayment : Through internal cash generation/own sources

19.5.2 Letters of Credit (Specific)

Amount : Tk 70,000,000
Purpose : To import machinery
Tenor : 210 Days
Expiry : 31-03-09

19.5.3 Term Loan

Amount : Tk 100,000,000 (including the Letters of Credit facility under Note: 19.5.2)
Purpose : For retirement of imported machineries against LC under Letters of Credit mentioned under Notes: 19.5.2 and to finance the cost of civil construction.
Tenor : 210 Days
Expiry : 31-03-09

19.5.4 Letters of Credit / LATR (Regular)

Amount : Tk 250,000,000
Purpose : To import raw material
Tenor : 120 Days
Expiry : 31-03-09

19.5.5 Short term bank loan

Amount : Tk 100,000,000 (inner limit of LATR under Note: 19.5.4)
Purpose : Working capital financing
Tenor : 90 Days
Expiry : 22-03-2009

Securities for the facilities mentioned under notes 19.5.1, 19.5.2, 19.5.3, 19.5.4 and 19.5.5 are as follows:

- i) 1st ranking Paripassu Charge on all floating assets including stock, book debts of ACI Limited with other lenders.



19.6 Eastern Bank Limited

The Company is enjoying following facilities from Eastern Bank Limited under the following terms and conditions.

19.6.1 Overdraft

Limit : Tk 20,000,000
Purpose : Working capital financing
Tenor : On demand
Expiry : 13-02-09
Repayment : From own cash flow / sales proceeds of the business.

19.6.2 Letters of Credit/Import Loan (Revolving)

Amount : Tk 400,000,000
Purpose : To import raw materials, finished goods, spare parts and others to be used in the product and sale by the company
Tenor : 120 days
Expiry : 13-02-09
Repayment : Letters of Credit will be adjusted upon receipt of shipping documents, Letters of Credit liability will be switched over to import loan liability. Import Loan will be repaid from own cash flow/sales proceeds of its products.

19.6.3 Letters of Credit/Term Loan (One Time)

Amount : Tk 25,000,000
Purpose : To import capital machinery and equipment of the Company.
Tenor : 4 Years
Expiry : 13-02-09
Repayment : To be repaid in 14 equal quarterly installment.

19.6.4 Demand Loan

Amount : Tk 125,000,000
Purpose : For local procurement / Duty / Tax / VAT
Tenor : 120 days
Expiry : 13-02-09
Repayment : From own cash flow / sales proceeds of the products.

Securities for the facilities mentioned under notes 19.6.1, 19.6.2, 19.6.3 and 19.6.4 are as follows:

- i) Registered (1st charge pari passu) hypothecation over entire stock and book debts with other lenders where Eastern Bank Limited's share should be at least Tk. 470,000,000 on pari-passu basis.

19.7 Bank Alfalah Limited

The company is enjoying following facilities from Bank Alfalah Limited under the following terms and conditions:

19.7.1 Overdraft

Limit : Tk 70,000,000
Purpose : Working capital financing
Tenor : On demand
Expiry : 30-06-09
Repayment : From own cash flow / sales proceeds of the products.

19.7.2 Letters of Credit/Loan Against Trust Receipts

Amount : Tk 100,000,000
Purpose : To import raw material
Tenor : 150 days
Expiry : 31-06-09
Repayment : From company's own source.

Securities for the facilities mentioned under notes 19.7.1 and 19.7.2 are as follows:

- i) First registered hypothecation charge on a Pari-Passu basis with other lenders of Advanced Chemical Industries Limited on Stocks and Book Debts where Bank Alfalah Limited's share should be at least Tk. 180,000,000.
- ii) Trust Receipt

19.8 BRAC Bank Limited

The company is enjoying following facilities from BRAC Bank Limited under the following terms and conditions:

19.8.1 Overdraft

Limit : Tk 60,000,000
Purpose : Working capital financing
Tenor : On demand
Repayment : From operational cash flow of the company.
Expiry : One year from the date of sanction

19.8.2 Letters of Credit /LATR(revolving)

Amount : Tk 500,000,000
Purpose : To import raw materials, finished products and other items for various business division of Advanced Chemical Industries Limited.
Tenor : 120 days
Expiry : One year from the date of sanction
Repayment : From operational cash flow of the company.

19.8.3 Short term loan

Amount : Tk 100,000,000 (inner limit of Letters of Credit for Tk. 500,000,000 under Note: 19.8.2)
Purpose : To finance local purchases and other various trading items of Advanced Chemical Industries Limited.
Tenor : 120 days
Expiry : One year from the date of sanction
Repayment : From operational cash flow of the company.

19.8.4 Revolving Loan

Amount : Tk 50,000,000
Purpose : To finance duty payment and local purchase
Tenor : 120 days
Expiry : One year from the date of sanction
Repayment : From operational cash flow of the company.



19.8.5 Guarantees

Amount : Tk 10,000,000
Purpose : To meet various contractual obligations
Tenor : 120 days

Securities for the facilities mentioned under notes 19.8.1, 19.8.2, 19.8.3, 19.8.4 and 19.8.5 are as follows:

- i) Registered (1st charge pari passu) hypothecation with other lenders over entire stock of Advanced Chemical Industries Limited where BRAC Bank Ltd. should have a share of Tk. 610,000,000 on pari-passu basis.
- ii) Registered (1st charge pari passu) hypothecation with other lenders over entire book debts of Advanced Chemical Industries Ltd. where BRAC Bank Ltd. should have a share of Tk. 610,000,000 on pari-passu basis.
- iii) Other usual charge documents (DP notes, Letter of Continuity, Letter of Agreement, General Loan, Agreement, Letter of Counter Guarantee)

19.9 AB Bank Limited

The Company is enjoying following facilities from AB Bank Limited under the following terms and conditions:

19.9.1 Overdraft

Amount : Tk 80,000,000
Purpose : Working capital financing
Tenor : On demand
Expiry : 28-02-09
Repayment : From sales proceed of the company's products

19.9.2 Letters of Credit/Loan Against Trust Receipts

Amount : Tk 500,000,000
Purpose : To import raw materials, finished goods, additives etc.
Tenor : 120 days
Expiry : 28-02-09
Repayment : From sale proceeds

19.9.3 Revolving Time Loan

Amount : Tk 120,000,000
Purpose : To procure raw material/finished goods and pay duty/VAT
Tenor : 120 days
Expiry : 28-02-09
Repayment : From operational cash flow

19.9.4 Revolving Bank Guarantee

Amount : Tk 10,000,000
Purpose : To issue guarantee for tender and utility facilities
Expiry : 28-02-09
Repayment : By return of duly released original guarantee

Securities for the facilities mentioned under notes 19.9.1, 19.9.2, 19.9.3 and 19.9.4 are as follows:

- i) Registered (1st charge pari passu) hypothecation over all floating assets of the company under Pari-passu security share agreement with other lenders where AB Bank should have a minimum share of Tk. 710,000,000.
- ii) Corporate guarantee of ACI Formulations Limited, ACI Pure Flour Limited, ACI Foods Limited.

19.10 Mercantile Bank Limited

The Company is enjoying following facilities from Mercantile Bank Limited under the following terms and conditions:

19.10.1 Overdraft

Limit	: Tk 75,000,000
Purpose	: Working capital financing
Tenor	: On demand
Repayment	: From sales proceed of company's products

19.10.2 Letters of Credit/Loan Against Trust Receipts

Amount	: Tk 200,000,000
Purpose	: To import pharmaceutical raw materials, chemicals, medicines, consumer goods raw material for production of veterinary items.
Tenor	: 120 days
Repayment	: From sale proceeds of company's products

Securities for the facilities mentioned under notes 19.10.1 and 19.10.2 are as follows:

- i) Registered (1st charge pari passu) hypothecation over all floating assets of the company under Pari-passu security share agreement with other lenders where Mercantile Bank Limited's should have a minimum share of Tk. 275,000,000.
- ii) Corporate guarantee of ACI Formulations Limited, ACI Pure Flour Limited, ACI Foods Limited

20. Long term Bank loan - Current portion

	Notes	2008 Taka	2007 Taka
Standard Chartered Bank	19.1.5	99,171,382	58,021,601
The Hongkong and Shanghai Banking Corporation Limited	19.3.5	5,604,887	4,483,001
		<u>104,776,269</u>	<u>62,504,602</u>

20(a) Consolidated long term loans - Current portion

Standard Chartered Bank	99,171,382	58,021,601
The Hongkong and Shanghai Banking Corporation Limited	23,127,235	46,943,021
Citibank N.A.	53,333,304	49,840,076
The City Bank Limited	5,183,939	-
Eastern Bank Limited	52,104,161	-
	<u>232,920,021</u>	<u>154,804,698</u>

21. Other creditors

Creditors for expenses	241,205,456	247,735,933
Security money received from customers	37,971,126	43,549,675
Workers profit participation fund	78,212,732	55,026,894
Unpaid dividend	14,133,311	10,907,735
Tax deduction at source	10,083,431	9,567,757
Employees welfare fund	72,950,623	55,671,220
Right share deposit to be refunded	563,722	562,644
Family day fund	4,212,869	2,068,364
Non-management staff provident fund	2,378,529	2,234,976
Godrej Sara Lee (Bangladesh) Pvt. Limited	-	735,405
Pidilight advertisement and promotional fund	-	68,114
Perfetti advertisement and promotional fund	-	12,925
Godrej consumer product advertisement and promotional fund	3,628,267	4,678,866
Nivea advertisement and promotional fund	-	1,112,887
Godrej Sara Lee replacement fund	-	66,366
Management staff provident fund	1,769,687	1,086,681
ACI Trading Limited	-	43,246,264
Laser advertisement and promotional fund	2,701,650	-
	<u>469,811,403</u>	<u>478,332,706</u>



21(a) Consolidated other creditors

	2008 Taka	2007 Taka
Creditors for expenses	553,600,009	340,391,873
Security money received from customers	45,623,960	43,748,369
Workers' profit participation fund	128,646,734	91,179,028
Unpaid dividend	14,133,311	10,907,735
Provident fund	1,769,687	1,086,681
Tax deducted from suppliers and employees	10,083,431	9,650,911
Employees savings fund	72,950,623	55,671,220
Right share deposit to be refunded	563,722	562,644
Family day fund	4,212,869	2,068,364
Non-management staff provident fund	2,378,529	2,234,976
Godrej Sara Lee (Bangladesh) Pvt. Limited	-	735,405
Pidilight advertisement and promotional fund	-	68,114
Perfeti advertisement and promotional fund	-	12,925
Godrej consumer product advertisement and promotional fund	3,628,267	4,678,866
Nevia advertisement and promotional fund	-	1,112,887
Godrej Sara Lee replace fund	-	66,366
Laser advertisement and promotional fund	2,701,650	-
ACI Trading Limited	-	43,246,264
	<u>840,292,792</u>	<u>607,422,628</u>
22. Inter-company liabilities		
ACI Formulations Limited	698,672,186	726,212,549
Premiaflex Plastics Limited	-	31,250,543
ACI Motors Limited	-	522,230
Creative Communication Limited	10,937,665	673,347
	<u>709,609,851</u>	<u>758,658,669</u>
23. Provision for taxation		
Opening balance	277,961,183	153,442,970
Provision made during the year	98,683,532	124,518,213
	<u>376,644,715</u>	<u>277,961,183</u>
Adjustment of advance payment of tax	140,094,241	-
Closing balance	<u>236,550,474</u>	<u>277,961,183</u>
23(a) Consolidated provision for tax		
Opening balance	328,246,138	214,162,306
Provision for the year	194,579,195	172,168,213
	<u>522,825,333</u>	<u>386,330,519</u>
Advance payment of tax during the year	(183,721,132)	(58,084,381)
Closing balance	<u>339,104,201</u>	<u>328,246,138</u>

24. Revenue

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
Pharmaceuticals*	2,450,979,832	1,783,144,340
Agrochemicals and public health	1,406,251,276	1,016,584,961
Animal health	432,506,569	363,101,078
Consumer brands	1,816,932,587	1,434,539,829
Seeds	346,403,255	143,017,038
Newspaper	-	5,495,478
Fertilizer	580,258,469	171,421,607
Cropex	331,771,553	-
	<u>7,365,103,541</u>	<u>4,917,304,331</u>

* Pharmaceuticals turnover includes sales of the following in units:

	<u>Quantity</u>	<u>Quantity</u>
Tablets (Pcs)	9,143,122	7,623,909
Capsules (Pcs)	3,009,865	1,910,148
Injection (Pcs)	2,853,647	1,949,992
Bottled products (Pcs)	16,193,958	14,294,046
Creams (Pcs)	2,553,883	3,114,500

The rest relates to agrochemical, animal health, seeds, fertilizer, cropex and consumer goods.

24(a) Consolidated revenue

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
Gross sales	12,427,075,182	7,075,958,101
Inter-company sales	(2,085,650,098)	(1,319,140,272)
Net sales	<u>10,341,425,084</u>	<u>5,756,817,829</u>

25. Cost of sales

Particulars	2008						2007		
	Pharmaceuticals	Agro-chemicals	Animal health	Consumer brands	Seeds	Fertilizer	Cropex	Total	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Raw and packing materials:									
Opening stock	264,841,675	-	36,404,399	10,500,767	558,138	74,537,601	-	386,842,580	252,860,033
Purchase	1,213,567,955	11,500	111,885,821	58,286,083	10,820,525	736,352,904	-	2,130,924,788	1,209,386,194
Closing stock	(370,496,254)	-	(67,502,095)	(27,452,867)	(3,148,200)	(335,263,661)	-	(803,863,077)	(386,842,580)
	1,107,913,376	11,500	80,788,125	41,333,983	8,230,463	475,626,844	-	1,713,904,291	1,075,403,647
Manufacturing expenses	196,660,516	-	8,090,171	5,969,626	10,826,554	7,220,351	-	228,767,218	169,557,113
Quality control and development expenses	36,945,465	-	55,366	-	-	-	-	37,000,831	33,285,654
Cost of samples, product bonus and stock write off	(46,600,368)	(2,172,386)	(3,958,015)	1,126,492	39,589	54,254,005	-	2,689,317	(2,275,963)
Opening work-in-process	29,415,804	-	903,538	-	5,114,919	-	-	35,434,261	35,998,760
Closing work-in-process	(58,282,519)	-	(4,733,030)	-	(21,726,393)	-	-	(84,741,942)	(35,434,261)
Cost of goods manufactured/sold	1,266,052,274	(2,160,886)	81,146,155	48,430,101	2,485,132	537,101,200	-	1,933,053,976	1,276,534,950
Finished goods:									
Opening stock	173,045,784	121,888,944	103,729,271	144,169,679	41,960,752	26,789,625	-	611,584,055	446,057,066
Purchase	44,456,371	1,197,224,847	150,502,568	1,397,259,115	312,799,112	324,000,409	340,033,769	3,766,276,191	2,139,703,716
Closing stock	(151,577,835)	(247,080,950)	(105,046,068)	(259,965,699)	(92,409,714)	(367,085,357)	(436,875)	(1,223,602,498)	(611,584,055)
Inter-business adjustment	(125,866,069)	-	26,079,023	99,787,046	-	-	-	-	-
	(59,941,749)	1,072,032,841	175,264,794	1,381,250,141	262,350,150	(16,295,323)	339,596,894	3,154,257,748	1,974,176,727
Cost of sales	1,206,110,525	1,069,871,955	256,410,949	1,429,680,242	264,835,282	520,805,877	339,596,894	5,087,311,724	3,250,711,677

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:

China	India	Malaysia
France	Pakistan	Germany
USA	Italy	Korea
UK	Japan	Singapore

Raw and packing materials consumed are 75% (approximately) imported.

25(a) Consolidated cost of sale

Opening stock	1,454,820,172	1,166,762,791
Purchase	8,357,928,759	3,611,518,147
Closing stock	9,812,748,931	4,778,280,938
Manufacturing expenses	(3,135,786,405)	(1,456,332,288)
	6,676,962,526	3,321,948,650
	612,465,000	427,183,085
	7,289,427,526	3,749,131,735

26. Allocation of expenses

Particulars	2008						2007
	Administrative expenses	Distribution expenses	Manufacturing expenses	QC and development expenses	Selling expenses	Total	Total
	Taka (A)	Taka (A)	Taka (B)	Taka (C)	Taka (A)	Taka	Taka
Salary and wages	84,429,052	51,784,748	104,326,131	26,417,571	451,622,527	718,580,029	590,119,982
Traveling and conveyance	5,011,502	30,057,590	1,147,040	219,475	153,963,190	190,398,797	150,497,110
Rent and rates	4,788,054	12,107,572	5,443,913	-	11,692,543	34,032,082	24,024,206
Repair and maintenance	5,299,461	3,169,618	17,010,257	503,353	4,472,437	30,455,125	22,863,335
Fuel and power	1,455,862	1,970,134	14,814,955	-	1,927,137	20,168,088	15,944,177
Postage	3,918,892	1,869,660	602,729	87,565	11,264,923	17,743,769	13,194,784
Printing and stationery	2,596,861	5,439,008	914,916	136,830	14,172,454	23,260,069	18,796,790
Promotional expense	2,563,124	2,783,280	11,863,567	-	517,866,293	535,076,264	359,828,989
Entertainment	1,214,914	744,132	1,393,447	-	3,665,660	7,018,153	3,122,871
Vehicle maintenance	4,351,518	34,433,550	2,045,988	309,799	18,348,386	59,489,241	49,299,946
Bad debts	-	-	-	-	14,923,181	14,923,181	12,996,654
Truck and handling	-	19,628,978	2,391,160	-	50,254,942	72,275,080	48,559,045
Legal and professional charges	1,194,456	110,735	198,228	-	996,827	2,500,246	5,717,286
Audit fees	300,000	-	-	-	-	300,000	255,000
Insurance	448,009	3,057,689	4,694,606	-	3,249,654	11,449,958	9,189,416
Directors' fees	24,000	-	-	-	-	24,000	22,500
Bank charges	7,766,852	3,220,075	943	-	1,185,521	12,173,391	7,539,763
Sundry expenses	-	244,552	-	-	-	244,552	276,025
Product development expenses	-	-	622,386	964,532	1,944,033	3,530,951	3,858,391
Training expenses	1,319,752	10,764	59,225	707,284	6,954,719	9,051,744	5,427,169
Depreciation	10,475,898	8,329,959	60,227,058	1,289,811	13,363,809	93,686,535	74,993,416
Lab chemical and apparatus	-	-	1,010,669	6,364,611	-	7,375,280	4,670,125
Quality Control research and development	-	-	-	-	-	-	27,000
Meeting expenses	542,602	430	-	-	18,178,376	18,721,408	11,093,515
Share department expenses	3,444,108	-	-	-	-	3,444,108	2,897,429
Export expenses	-	-	-	-	3,863,944	3,863,944	2,882,855
ISO/TQM related expenses	441,031	-	-	-	-	441,031	387,128
Market research	-	-	-	-	5,508,105	5,508,105	4,722,641
	141,585,948	178,962,474	228,767,218	37,000,831	1,309,418,661	1,895,735,131	1,443,207,548

(A) Administrative, selling and distribution expenses

1,629,967,083

1,240,364,781

(B) Manufacturing expenses

228,767,218

169,557,113

(C) Quality control and development expenses

37,000,831

33,285,654

1,895,735,131

1,443,207,548

26(a) Consolidated administrative, selling and distribution expenses

Administrative expenses

321,801,962

171,140,276

Distribution expenses

277,057,578

252,361,112

Selling expenses

1,505,652,278

974,455,162

2,104,511,818

1,397,956,550



27. Other income

	2008 Taka	2007 Taka
Service charges	13,458,272	6,822,967
Dividends	28,275,726	9,216,000
Agency commission from ACI Media	-	3,378,273
Rental income	3,116,000	4,404,000
Gain from sale of fixed assets	699,827	963,351
Gain from foreign currency transactions	962,374	29,199
Proceeds from scrap sale	4,087,096	3,184,858
Loss on sale of newspaper business	-	(5,417,088)
Miscellaneous income	7,609,741	765,156
	<u>58,209,036</u>	<u>23,346,716</u>
27(a) Consolidated other income		
Service charges	13,458,272	6,822,967
Dividend received	28,275,726	8,712,000
Agency commission from ACI Media	-	3,378,273
Agency commission from Tetley ACI (Bangladesh) Ltd	2,801,803	-
Rental income	3,116,000	4,404,000
Sales proceeds of scrap	9,270,250	4,941,967
Loss on sale of news paper business	-	(5,417,088)
Gain from foreign currency transactions	962,374	29,199
Income from sale of shares	-	44,007,483
Profit from sale of fixed assets	699,827	1,061,041
Miscellaneous income	9,504,545	15,231,624
	<u>68,088,797</u>	<u>83,171,466</u>

28 Profit from sale of shares

The company off-loaded 24% shares of ACI Formulations Limited numbering 5,267,150 shares out of its total holding of 21,742,500 shares (21.07% of total shares of ACI Formulation Limited) through direct listing with both DSE and CSE in November 2008. In addition, the company also divested its total investment in ACI Trading Limited (60%) on 30 September 2007. The capital gain arose from the divestments are as follows:

Sale proceeds	812,323,176	119,538,000
Less : cost of investment	26,335,750	720,000
: cost to sales	6,353,286	-
	<u>32,689,036</u>	<u>720,000</u>
	<u>779,634,140</u>	<u>118,818,000</u>
28(a) Profit from sale of shares to group		
Net sales proceeds	805,969,890	119,538,000
Less: Carrying amount of investment	166,672,699	33,356,851
Profit from sale of shares of subsidiary	<u>639,297,191</u>	<u>86,181,149</u>

Carrying amount of investment to the Group has been determined as follows:

Net assets at the date of divestment	791,095,275	55,594,752
% of divestment of subsidiary	21.07%	60%
	<u>166,672,699</u>	<u>33,356,851</u>

29. Financing cost

	2008 Taka	2007 Taka
Interest expenses on		
Bank loan	319,095,946	139,249,313
Staff welfare fund	6,933,017	5,879,498
Finance lease	1,950,098	3,088,981
Security deposit	3,023,211	3,742,363
Workers' profit participation fund	5,300,163	3,829,558
Other funds/borrowings	2,110,258	1,250,473
	<u>338,412,693</u>	<u>157,040,186</u>
Interest income from		
Investment/intercompany	(55,779,740)	(37,298,275)
Bank	(677,902)	(193,159)
Suppliers/others	(1,143,896)	(461,593)
	<u>(57,601,538)</u>	<u>(37,953,027)</u>
	<u>280,811,155</u>	<u>119,087,159</u>

29(a) Consolidated financing cost

Finance cost on:

Bank loan	508,716,737	204,733,330
Staff welfare fund	6,933,017	5,879,498
Lease	1,950,098	3,088,981
Security deposit	3,023,211	3,742,363
Workers' profit participation fund	5,300,163	3,829,558
Other funds/borrowings	2,110,258	1,250,473
	<u>528,033,484</u>	<u>222,524,203</u>

Income from:

Investment/inter company	(943,334)	(1,348,314)
Bank	(1,143,896)	(193,159)
Suppliers	(2,165,748)	(461,593)
	<u>(4,252,978)</u>	<u>(2,003,066)</u>
	<u>523,780,506</u>	<u>220,521,137</u>

30. Deferred tax (expenses)/income

Net taxable temporary differences	48,110,631	13,284,049
Tax rate	27.50%	30.00%
Deferred tax liability as at 31 December	13,230,424	3,985,215
Less: Opening balance as at 1 January	3,985,215	9,695,948
	<u>(9,245,209)</u>	<u>5,710,733</u>

31. Earnings per share

31.1 Basic earnings per share

The calculation of basic earnings per share at 31 December 2008 was based on the profit attributable to ordinary shareholders as follows:

Profit for the period	1,075,666,883	307,769,386
Weighted average number of shares outstanding during the year	16,170,000	16,170,000
Basic earnings per share	<u>66.52</u>	<u>19.03</u>



31.2 Consolidated basic earnings per share

The calculation of consolidated basic earnings per share at 31 December 2008 was based on the consolidated profit attributable to ordinary shareholders as follows:

	<u>2008</u>	<u>2007</u>
	Taka	Taka
Consolidated profit for the period (Taka)	917,905,438	341,808,528
Weighted average number of shares outstanding during the year	<u>16,170,000</u>	<u>16,170,000</u>
Basic earnings per share (Taka)	<u>56.77</u>	<u>21.14</u>

31.3 Diluted EPS

No diluted EPS was required to be calculated for the year since there was no scope for dilution of share during the year under review.

32. Operating leases-lessee

Cancelable operating lease rentals are payable as follows:

	<u>2008</u>	<u>2007</u>
	Taka	Taka
Less than one year	29,191,626	20,013,380
Between one and five years	90,630,816	62,795,224
More than five years	6,147,495	-
	<u>125,969,937</u>	<u>82,808,604</u>

The Company obtained leases of 55 Depots and 9 warehouses and 1 office premises under operating leases. The leases typically run for 3 -7 years, with an option to renew the leases after that date. Lease payments are increased at the time of renewal of the rent agreements to reflect market rental.

During the year ended 31 December 2008 Tk 34,032,081 was recognized as expense in the income statement in respect of operating leases (2007: 24,024,000).

33. Sale/adjustment of fixed assets

<u>Particulars</u>	<u>Original cost</u>	<u>Accumulated depreciation</u>	<u>Book value</u>	<u>Sale value</u>	<u>Mode of disposal/adjustment</u>
	Taka	Taka	Taka	Taka	
Motor car	587,273	497,272	90,001	410,500	Sold through tender
Motor car	469,999	424,998	45,001	180,000	Sold through tender
Motor car	617,360	544,651	72,709	390,500	Sold through tender
Covered van	667,625	584,975	82,650	280,000	Sold through tender
Motor car	788,399	685,078	103,321	370,300	Sold through tender
Plant & machinery	1,027,196	489,404	537,792	-	Adjustment
	<u>4,157,852</u>	<u>3,226,378</u>	<u>931,474</u>	<u>1,631,300</u>	

34. Subsequent events

The board of directors of ACI Limited has recommended cash dividend Tk. 161,700,000 and stock dividend Tk.32,340,000 for the year 2008 subject to approval of the shareholders in the Annual General Meeting scheduled to be held on 18 June 2009.

The company is going to issue "ACI 20% Convertible Zero Coupon Bond" of Tk. 1 billion (face value of Tk. 1.34 billion) with a maturity of 5 years to be listed with both of the bourses of the country as approve by its shareholders in the Extraordinary General Meeting held on 12 April 2009 subject to approval from the Securities and Exchange Commission (SEC) of Bangladesh.

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

35. Consolidated segment reporting - business segment

Particulars	2008										2007		
	Reportable business segment										Total Taka		
	Pharmaceuticals		Crop Care and Public Health		Animal health		Consumer brands		ACI Salt Ltd.			ACI Pure Flour Ltd.	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka		Taka	Taka
Non-reportable segments										Total Taka			
Unallocated													
Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka				
Segment revenue:													
To external customers	2,450,979,832	1,476,329,804	432,506,569	1,831,534,884	679,322,895	1,132,311,665	2,338,439,435	-	10,341,425,084	5,756,817,829			
Total revenue	2,450,979,832	1,476,329,804	432,506,569	1,831,534,884	679,322,895	1,132,311,665	2,338,439,435	-	10,341,425,084	5,756,817,829			
Cost of sales	(1,206,110,525)	(804,313,131)	(256,410,949)	(1,381,997,274)	(562,167,610)	(1,026,605,698)	(2,050,893,810)	-	(7,288,498,997)	(3,749,131,735)			
Gross profit	1,244,869,307	672,016,673	176,095,620	449,537,610	117,155,285	105,705,967	287,545,625	-	3,052,926,087	2,007,686,094			
Selling expenses	(680,209,815)	(242,204,843)	(75,541,004)	(200,276,135)	(22,215,730)	(67,878,713)	(217,325,038)	(1,000)	(1,505,652,278)	(1,035,934,186)			
Distribution expenses	(59,057,617)	(38,658,500)	(8,948,124)	(56,262,067)	(37,236,200)	(17,315,780)	(59,382,941)	(196,350)	(277,057,579)	(190,882,088)			
Administrative expenses	(46,723,175)	(54,958,239)	(7,079,269)	(53,498,228)	(6,674,996)	(6,865,244)	(143,376,021)	(2,626,791)	(321,801,963)	(165,387,099)			
Other income/(expense)	8,999,662	4,830,421	8,066,032	1,754,712	2,969,185	1,386,749	6,014,425	34,067,611	68,088,797	169,352,615			
Segment result	467,878,362	341,025,512	92,593,255	141,255,892	53,997,544	15,032,979	(126,523,950)	31,243,470	1,016,503,064	784,835,336			
Segment assets	2,064,393,049	2,161,643,481	351,717,871	1,317,578,451	411,681,122	502,782,580	3,048,988,505	1,774,972,226	11,633,757,285	5,912,361,279			
Segment equity and liabilities	1,314,297,014	498,786,699	326,325,465	495,268,206	411,681,123	502,782,580	2,732,898,989	5,351,717,209	11,633,757,285	5,912,361,279			

36. Related party transactions

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 Disclosure.

(a) Name of related party	Relationship	Nature of transactions	Transactions value during the year				Outstanding balance as at 31 December			
			2008		2007		2008		2007	
			Taka	Taka	Taka	Taka	Taka	Taka	Taka	
ACI Formulations Limited	Subsidiary	Purchase of products	2,039,016,708	1,308,144,018	(698,672,186)	(726,212,549)				
ACI Salt Limited	Subsidiary	Providing working capital finance	773,379,596	622,744,488	161,993,597	296,541,803				
Apex Leathercraft Limited	Subsidiary	Lease of corporate office	9,416,400	18,742,810	52,119,777	53,981,658				
Flyban Insecticides Limited	Subsidiary	Providing working capital finance	5,000	19,000	976,125	971,125				
ACI Pure Flour Limited	Subsidiary	Providing working capital finance	984,104,646	195,675,286	53,175,971	126,138,290				
ACI Foods Limited	Subsidiary	Providing working capital finance	487,817,693	90,227,888	300,914,860	46,203,735				
ACI Agrochemicals Limited	Subsidiary	Providing working capital finance	27,340	22,405	54,638	27,340				
Creative Communication Limited	Subsidiary	Providing working capital finance	47,582,792	600,000	(10,937,665)	(673,347)				
ACI Motors Limited	Subsidiary	Providing working capital finance	677,730,831	750,000	175,217,496	(522,230)				
Premiaflex Plastics Limited	Subsidiary	Providing working capital finance	229,614,527	32,002,400	77,866,482	(31,250,543)				
ACI Logistics Limited	Subsidiary	Providing working capital finance	205,230,678	-	26,780,697	-				
Tetley ACI Bangladesh Limited	Joint Venture	Purchase of products	2,222,544	2,103,154	437,294	182,268				
Asian Consumer Care (Pvt) Limited	Associate	Promotional expenses	4,244,254	26,911,423	7,555,218	17,292,310				
ACI Godrej Agrovet Bangladesh (Pvt) Limited	Joint Venture	Providing working capital finance	448,418	23,650,258	869,726	6,913,095				
(b) Director's emoluments			2008		2007					
Salary			Taka		Taka					
Benefits			8,606,492	7,519,882						
Provident fund contribution			4,480,240	3,736,610						
			636,738	554,784						
			13,723,470	11,811,276						

37. Off balance sheet items

37.1 Commitments

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

	<u>2008</u>	<u>2007</u>
	<u>Taka</u>	<u>Taka</u>
Letters of credit		
Standard Chartered Bank	64,838,451	238,043,902
Commercial Bank of Ceylon Plc	-	1,776,864
The Hongkong and Shanghai Banking Corporation Limited	292,107,556	128,912,418
Citibank, N.A.	-	139,206,764
BRAC Bank Limited	7,022,500	-
Eastern Bank Limited	9,680,822	-
	<u>373,649,329</u>	<u>507,939,948</u>

37.2 Contingent liabilities

Bank guarantees

Standard Chartered Bank	-	9,768,881
The Hongkong and Shanghai Banking Corporation Limited	-	4,019,700
Mercantile Bank Limited	-	424,382
	<u>-</u>	<u>14,212,963</u>

Shipping guarantees

Standard Chartered Bank	13,698,277	14,971,873
The Hongkong and Shanghai Banking Corporation Limited	33,684,252	31,039,565
	<u>47,382,529</u>	<u>46,011,438</u>

Bills receivable

Standard Chartered Bank	-	8,373,864
	<u>-</u>	<u>8,373,864</u>

38. General

38.1 Production capacity

Production capacity of Pharmaceuticals, Consumer Brand and Animal Health business was 3,875,514 units pack per 8 hr/month and current utilization was 114%. It was 3,114,000 units pack per 8 hr/month in 2007 with utilization of 118%.



38.2 Capital expenditure commitment

There is a capital expenditure commitment of Tk. 52 million in respect of import of plant and machinery, building renovation, central warehouse and laboratory.

38.3 During the year under audit, following payments were made in foreign currencies:

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
Raw and packing materials	840,988,609	572,847,107
Finished goods	956,656,825	403,654,393
	<u>1,797,645,434</u>	<u>976,501,500</u>

38.4 The number of employees drawing Tk 3,000 or more per month was 3,339.(2007:3,050) during the year.

38.5 Figures have been rounded off to the nearest Taka and previous year's figures have been rearranged to conform to current year's presentation.



Advanced Chemical Industries Limited



***Report of the Directors and Audited Financial
Statements of the Subsidiary Companies
for the year 2008***





Report to the Directors of ACI Formulations Limited

Despite the recession that has hit worldwide, 2008 was a successful year for ACI Formulations Limited (ACIFL). ACIFL has achieved a consolidated turnover of Tk. 2,093 million for the year ending 2008, which represents a growth of 51% from 2007. All three business segments in ACIFL enjoyed impressive growth rates in 2008. The respective growth rates for each of the business segments Crop Care and Public Health, Mosquito Coil and Aerosol were 58.68%, 45.76% and 35.16% respectively.

The Profit after Tax for ACIFL in the year 2008 was Tk. 203 Million, which represents a growth of 210% over 2007. The respective growth rates in operating profit for the three business segments Crop Care and Public Health, Mosquito Coil and Aerosol were 148%, 43% and 41% respectively.

The growth in both turnover and profit after tax was driven by commitment of ACIFL to contribute significantly to the food security and public health of Bangladesh. To improve food production, farmers need access to proper crop protection measures along with right agricultural practices. ACIFL has ensured complete solution for crop protection measures for the farmers. ACIFL is providing farmers both the required knowledge and skills and the products to bring about an improvement in yield, quality and productivity.

To this day, ACIFL is the organized and professional business house contributing to food security. Our team of technically sound and dedicated field forces all around the country is assisting the farmers to improve agricultural practices and educating farmers with appropriate agricultural knowledge. Such steps have made ACIFL the right choice for farmers and thereby a dominant player in the crop protection sector.

ACIFL is also engaging in a lot of Research and Development geared towards product development in order to provide newer and improved products to the farmers. A sulphur WDG manufacturing plant is under erection and commissioning, which is expected to take care of the sulphur requirements of farmers. Previously sulphur had to be imported, but with this plant farmers will get cost advantage and the availability of sulphur in the market will increase.

To further improve market share and sales turnover, three new business projects have been undertaken.

- Herbicide project - Currently, we are catering for 34.80% of total market share for herbicide which is worth around Tk. 300 million. By implementing this project, we expect our turnover and market share to increase significantly.
- Liquid insecticide project - Currently, we are catering for 5.60% of total market share for liquid insecticide which is worth around Tk. 300 million. By implementing this project, we expect our turnover to increase significantly by 2012.
- Fungicide project - Now, we were catering for 11% of total fungicide market and 16.70% of rice fungicide market. By implementing this project, we expect to our turnover to increase significantly.

ACIFL has brought about significant product development by introducing mosquito repellants in the forms of aerosols, coils and household chemicals like toilet cleaners and air fresheners.

In collaboration with Rural Development Academy in Bogra has undertaken programmes to test the efficacy of different pesticides including botanical and bio-pesticides.

We are working very closely with our suppliers who have strong Research and Development (R&D) wings very careful in choosing our suppliers so that the quality of our products is never compromised and our suppliers are aware of the high standards they have to maintain in order to continue doing business with us. The raw materials used by the company are mainly basic chemicals, auxiliary, solvents and emulsifiers. The raw materials are both locally procured and imported.

Production efficiency in ACIFL has been very satisfactory with high percentage yields and low rejection rates. Some products even exceeded their production targets. The yields of the products were for Granular 98.55%, Powder 99.62%, Aerosol 91.45%, Liquid 99.76%, and for Coil 99.90%.

The percentages of products rejected for Mosquito Coil Unit and Aerosol Unit were 0.0156% and 0% respectively.

The attitude of ACIFL towards quality is reflected through the establishment of two quality control laboratories within the factory premises and its own effluent treatment plant as per the country regulations.

With a view to avoid possible health hazards, ACIFL is planning to upgrade its semi-automated plant and equipment (which needs human intervention) to using a fully automated plant and equipment. ACIFL takes rigorous steps to look after the health of the factory workers through conducting safety inspections, dress washes, and quarterly Crop Care and Public Health (CC & PH) unit blood test.

ACIFL is also very much active in enhancing the human capital of workers through various training programmes on a variety of topics ranging from focused, skill based programmes to highly interactive leadership development session. There was an on-the-job Training in Quality Coil Industries Limited and Sumitomo Chemical Company at Malaysia. The objective of the trip was to increase the technical know-how about the practices involving the manufacturing of mosquito coils and aerosol.



Financial Results

In 2008, turnover increased to Tk. 2,093 million from Tk. 1,383 million of 2007, an increase of Tk. 710 million, resulting into 51 percent growth over the last year. The cost of sales to turnover has decreased by 4.03% due to increased sales price and drop in raw materials price. Higher turnover coupled with lower cost of sales contributed to the increase of gross profit by 91% over the last year. Profit after tax has also increased to Tk. 203 million from Tk. 65.53 million of 2007 which is higher by 210 percent mainly due to increased gross margin added by reduced administrative and selling expenses and partially offset by increased financing cost. Earnings Per Share (EPS) has also increased by 210 percent to Tk. 8.13 from Tk. 2.62 (2007) per share bearing the face value of Tk. 10 each.

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:

Un-appropriated profit from previous year	Tk. 278,771,668
Add: Net profit after tax for the year	Tk. 203,289,391
Total available for appropriation	<u>Tk. 482,061,059</u>
Appropriation proposed:	
Proposed dividend:	
Cash dividend	Tk. 25,000,000
Stock dividend	Tk. 50,000,000
Total dividend	<u>Tk. 75,000,000</u>
Balance carried forward	<u>Tk. 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 dividend @ 30% which include Tk. 1.00 per share of Taka 10 (10%) as cash dividend and 20% stock dividend or 1 share against 5 shares held for the year 2008 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 Monday, 18th May 2009.

Contribution to the National Exchequer

During 2008, the company contributed Tk. 165.38 million to the National Exchequer in the form of corporate tax, custom duty, VAT etc. This is equivalent to 8 percent of our net sales revenue for the year.

Election of Director

By operation of Article 47 of the Company's Articles of Association Dr. Arif Dowla and Dr. F H Ansarey 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 2009 and the Directors recommend their re-appointment.

On behalf of the Board

Dr. Arif Dowla

Director

Dr. F H Ansarey

Director



Auditors' Report to the Shareowners of ACI Formulations Limited

We have audited the accompanying balance sheet of ACI Formulations Limited (the "Company") as of 31 December 2008 and the related profit and loss account, cash flow statement, statement of changes in equity 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 statement 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 (BFRSs) and Bangladesh Accounting Standards (BASs), give a true and fair view of the state of the Company's affairs as of 31 December 2008 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 Company's balance sheet and profit and loss account 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.

A handwritten signature in black ink, appearing to be 'M. K. ...', written over a horizontal line.

Dhaka, 28 April 2009



ACI Formulations Limited Balance Sheet

as at 31 December 2008

Assets

Property, plant and equipment		
At cost/revaluation	446,624,282	386,982,537
Less: Accumulated depreciation less impairment loss	138,009,528	113,364,906
	308,614,754	273,617,631
Capital work-in-progress	109,005,278	55,520,930
Total non-current assets	417,620,032	329,138,561

Current assets

Inventories	720,061,303	396,374,243
Trade debtors	435,000	8,051,925
Other receivable	1,603,146	-
Advances, deposits and prepayments	66,335,533	50,293,772
Inter-company receivable	701,581,460	726,212,549
Cash and bank balances	4,780,393	8,022,605
Total current assets	1,494,796,835	1,188,955,094
Total assets	1,912,416,867	1,518,093,655

Equity and liabilities

Shareholders' equity

Share capital	250,000,000	250,000,000
Revaluation surplus	75,974,999	65,495,689
Retained earnings	482,061,059	278,771,668
Total equity	808,036,058	594,267,357

Liabilities

Deferred tax liability	57,510,123	76,787,324
Long term bank loan	55,900,374	-
Total non current liabilities	113,410,497	76,787,324

Current liabilities

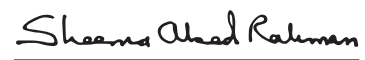
Bank overdraft	84,311,411	20,075,993
Short term bank loan	696,967,334	663,190,412
Long term bank loan - current portion	5,183,939	-
Withholding tax and VAT	-	83,154
Trade creditors and accruals	113,290,184	114,066,612
Inter-company liabilities	7,736,772	-
Provision for tax	83,480,672	49,622,803
Total current liabilities	990,970,312	847,038,974
Total equity and current liabilities	1,912,416,867	1,518,093,655



Director



Director



Company Secretary

As per our report of same date.



Auditors

Dhaka, 28 April 2009



ACI Formulations Limited

Profit and Loss Account

for the year ended 31 December 2008

	2008 Taka	2007 Taka
Revenue	2,093,473,935	1,383,118,708
Cost of sales	(1,688,011,551)	(1,170,928,968)
Gross profit	405,462,384	212,189,740
Administrative, selling and distribution expenses	(46,931,876)	(52,727,239)
Operating profit	358,530,508	159,462,501
Other income	4,872,573	1,187,728
Financing cost	(77,765,721)	(41,794,221)
	285,637,360	118,856,008
Provision for contribution to WPPF	(14,281,868)	(5,942,801)
Profit before tax	271,355,492	112,913,207
Income tax expenses		
Current tax expenses	(76,863,992)	(47,650,000)
Deferred tax income	8,797,891	261,867
	(68,066,101)	(47,388,133)
Profit after tax	203,289,391	65,525,074
Earnings per share (EPS)	8.13	2.62

Director

Director

Company Secretary

As per our report of same date.

Auditors

Dhaka, 28 April 2009



ACI Formulations Limited Cash Flow Statement

for the year ended 31 December 2008

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
A) Cash flows from operating activities		
Cash receipts from customers	2,125,721,949	1,012,480,029
Cash receipts from other income	4,872,573	1,187,728
	<u>2,130,594,522</u>	<u>1,013,667,757</u>
Cash paid:		
to other debtors	(1,603,146)	-
for purchase of inventory	(2,014,547,502)	(1,177,446,084)
for operating expenses	(46,931,876)	(52,727,239)
from/(to) other creditors	12,352,063	(1,395,748)
from/(for) advances, deposits and prepayments	(7,451,287)	3,669,215
	<u>(2,058,181,748)</u>	<u>(1,227,899,856)</u>
Cash generated from operating activities	<u>72,412,774</u>	<u>(214,232,099)</u>
Financing cost	(77,765,721)	(41,794,221)
Income tax	(51,596,597)	(58,084,381)
	<u>(129,362,318)</u>	<u>(99,878,602)</u>
Net cash used in operating activities	<u>(56,949,544)</u>	<u>(314,110,701)</u>
B) Cash flows from investing activities		
Purchase of property, plant and equipment	(3,317,258)	(2,893,730)
Payments for capital work-in-progress	(109,808,836)	(61,777,099)
Net cash used in investing activities	<u>(113,126,094)</u>	<u>(64,670,829)</u>
C) Cash flows from financing activities		
Inter-company debts received	7,736,772	-
Payment for finance lease	-	(235,731)
Short term bank loan (paid)/received	33,776,923	393,290,618
Long term bank loan (paid)/received	61,084,313	-
Net cash from financing activities	<u>102,598,008</u>	<u>393,054,887</u>
D) Net decrease in cash and cash equivalents (A+B+C)	<u>(67,477,630)</u>	<u>14,273,357</u>
E) Cash and cash equivalents at 1 January	<u>(12,053,388)</u>	<u>(26,326,745)</u>
F) Cash and cash equivalents at 31 December (D+E)	<u>(79,531,018)</u>	<u>(12,053,388)</u>



ACI Formulations Limited Statement of Changes in Equity

for the year ended 31 December 2008

<u>Particulars</u>	<u>Share capital</u>	<u>Revaluation Surplus</u>	<u>Tax holiday reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance at 31 December 2006	250,000,000	65,495,689	39,635,436	173,611,158	528,742,283
Net profit after tax	-	-	-	65,525,074	65,525,074
Transferred to tax holiday reserve	-	-	1,129,128	(1,129,128)	-
Transferred from tax holiday reserve	-	-	(40,764,564)	40,764,564	-
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
Deffered 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



Report to the Directors of ACI Logistics Limited

ACI Logistics Limited is a subsidiary of ACI Limited which was formed in 2008 with ACI's shareholding of 76%. The objective of this company is to set up nationwide retail outlets which will eventually utilize ACI's strong presence in agriculture sector through application of world class supply chain mechanism. The company will start its full fledged commercial operation soon.

Key Financial Results

	<u>Taka</u>
Sales	11,371,922
Gross profit	1,989,627
Operating profit/(loss)	<u>(80,703,807)</u>
Profit/ (loss) before Tax	<u><u>(80,574,027)</u></u>

On behalf of the Board

M Anis Ud Dowla

Chairman

Dhaka, 28 April 2009



Auditors' Report to the Shareowners of ACI Logistics Limited

We have audited the accompanying balance sheet of the ACI Logistics Limited (the "Company") as of 31 December 2008 and the related profit and loss account, cash flow statement, statement of changes in equity for the period 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 statement 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 (BFRSs) and Bangladesh Accounting Standards (BASs), give a true and fair view of the state of the Company's affairs as of 31 December 2008 and of the results of its operations and its cash flows for the period then ended and comply with the Companies Act 1994 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 purposes 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; and
- c) the Company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account;

A handwritten signature in black ink, appearing to be 'M. K. M. M.', is written over a horizontal line.

Dhaka, 23 April 2009



ACI Logistics Limited Balance Sheet

as at 31 December 2008

Assets

Taka

Property, plant and equipment:

At cost

68,675,320

Accumulated depreciation

(6,016,780)

62,658,540

Intangible asset:

At cost

3,794,990

Accumulated amortization

(189,750)

3,605,240

Total non-current assets

66,263,780

Inventory

7,884,180

Sundry debtors

321,330

Advances

41,421,656

Cash and cash equivalent

(3,626,538)

Total current assets

46,000,629

Total assets

112,264,408

Equity:

Share capital

1,000,000

Share money deposit

136,500,000

Net loss after tax for the period

(80,574,027)

Total equity

56,925,973

Liabilities:

Trade creditors

11,982,970

Other creditors

16,621,275

Current account with ACI Limited

26,734,191

Total current liabilities

55,338,436

Total equity and liabilities

112,264,408

Chairman

Director

Company Secretary

As per our report of same date.

Auditors

Dhaka, 23 April 2009



ACI Logistics Limited Profit and Loss Account for the period ended 31 December 2008

	Taka
Sales	11,371,922
Cost of sales	(9,382,295)
Gross profit	<u>1,989,627</u>
Pre-operating expenses	(45,084,434)
Administrative expenses	(35,955,008)
Marketing, selling and distribution expenses	(1,653,992)
Operating profit/(loss)	<u>(80,703,807)</u>
Other income	129,780
Profit / (loss) before tax	<u>(80,574,027)</u>
Income tax expenses:	
Current tax	-
Deferred tax	-
	-
Net loss after tax	<u><u>(80,574,027)</u></u>

Chairman

Director

Company Secretary

As per our report of same date.

Auditors

Dhaka, 23 April 2009



ACI Logistics Limited Cash Flow Statement

for the period ended 31 December 2008

	Taka
A) Cash flows from operating activities	
Cash receipts from customers	11,371,922
Cash receipts from other income	129,780
	11,501,702
Cash paid for:	
Purchase of inventory	(5,283,505)
Operating expenses	(60,186,959)
Payments for advances, deposits and prepayments	(41,421,656)
	(106,892,120)
Net cash used in operating activities	(95,390,419)
Financing cost paid	-
Income tax paid	-
Net cash used in operating activities	(95,390,419)
B) Cash flows from investing activities	
Purchase of property, plant and equipment	(68,675,320)
Purchase of softwares	(3,794,990)
Net cash used in investing activities	(72,470,310)
C) Cash flows from financing activities	
Inter-company debts	26,734,191
Proceeds from issuance of share capital	1,000,000
Proceeds from share money deposit	136,500,000
Net cash from financing activities	164,234,191
D) Net decrease in cash and cash equivalent (A+B+C)	(3,626,537)
E) Cash and cash equivalent at 1 January	-
F) Cash and cash equivalent at 31 December (D+E)	(3,626,537)



ACI Logistics Limited

Statement of Changes in Equity

for the period ended 31 December 2008

<u>Particulars</u>	<u>Share capital</u>	<u>Share money deposit</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Net loss after tax	-	-	(80,574,027)	(80,574,027)
Issuance of share capital	1,000,000	-	-	1,000,000
Share money deposit	-	136,500,000	-	136,500,000
Balance as at 31 December 2008	1,000,000	136,500,000	(80,574,027)	56,925,973



Report to the Directors of ACI Pure Flour Limited

ACI Pure Flour Limited is a private limited company which was incorporated in 2006 with the Registrar of Joint Stock Companies, Dhaka, Bangladesh under Companies Act 1994 as a subsidiary with 95% shares owned by Advanced Chemical Industries (ACI) Limited. The plant is situated at Chawrapara, Bandar, Narayangonj with most advanced European technology coupled with a well-equipped laboratory keeping in mind to provide the best quality flour to the consumers.

ACI Pure Flour Limited is the largest flour producing company in the country delivering cleanest, healthiest and most hygienic flour by adopting state of the art technology. The business is enjoying high growth and has become a daily necessity in most households. The company has shown a positive operating profit in its initial year of operation. In a very short time 'Pure' will be able to become a dominant player in the category it is operating.

Key Financial Results

	<u>Taka</u>
Sales	1,132,311,665
Gross profit	105,705,967
Operating profit	13,646,230
Profit/ (loss) after Tax	<u>(26,164,819)</u>

On behalf of the Board

Dr. Arif Dowla
Managing Director

Mr. Syed Alamgir
Director

Dhaka, 28 April 2009



Auditors' Report to the Shareowners of ACI Pure Flour Limited

We have audited the accompanying balance sheet of ACI Pure Flour Limited as at 31 December 2008 and the related profit and loss account, statement of changes in shareholders' equity and cash flow statement for the year then ended. The preparation of these financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements, prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Company's affairs as of 31 December 2008 and its cash flows for the year then ended and comply with the Companies Act, 1994 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which were necessary for the purposes of our audit;
- b) in our opinion, proper books of accounts were maintained by the company so far as it appeared from our examination;
- c) the balance sheet, profit and loss and cash flow statement dealt with by the report are in agreement with the books of account maintained by the company and examined by us; and
- d) the expenditure incurred was for the purpose of the companies business.

Dhaka, 23 April 2009

A handwritten signature in black ink, appearing to read 'M. J. Abedin', is written over a horizontal line.

M. J. Abedin & CO
Chartered Accountants



ACI Pure Flour Limited Balance Sheet

as at 31 December 2008

Property & Assets

Non current assets:

Tangible fixed assets - at cost less accumulated depreciation
Capital work in progress
Advance for capital expenditure
Preliminary and preoperating expenses

Total non-current assets

Deferred tax assets

Current assets:

Inventories
Advances, deposits and prepayments
Accounts receivable
Advance tax
Other receivable
Receivable from intercompany
Cash and bank balances

Total assets

Capital & Liabilities

Shareowners' equity:

Share capital
Accumulated loss

Long term loan

Current liabilities:

Bank overdraft
Short term loan
Current portion of long term loan
Other Creditors
Current account with ACI Limited
Creditors and accruals

Total equity and liabilities

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
	422,394,505	60,373,500
	27,425	294,871,781
	32,531	23,905,251
	-	269,035
	<u>422,454,461</u>	<u>379,419,567</u>
	15,398,891	-
	28,971,396	28,404,572
	987,593	1,576,021
	41,462,365	-
	1,727,184	-
	193,305	93,131
	4,502,046	61,795
	2,484,230	1,610,040
	<u>80,328,119</u>	<u>31,745,559</u>
	<u>518,181,471</u>	<u>411,165,126</u>
	40,000,000	400,000,000
	(26,164,819)	-
	13,835,181	400,000,000
	95,789,976	142,385,813
	184,115,960	18,842,053
	96,000,000	24,865,000
	53,333,304	49,840,076
	6,107,320	-
	53,175,971	126,138,290
	15,823,759	9,093,894
	408,556,314	228,779,313
	<u>518,181,471</u>	<u>771,165,126</u>

Sheema Akhmed Rahman

Company Secretary

[Signature]

Director

Arif Donkha

Managing Director

As per our separate report of even date annexed.

[Signature]

M. J. Abedin & CO
Chartered Accountants


Dhaka, 23 April 2009



ACI Pure Flour Limited Profit and Loss Account

for the year ended 31 December 2008

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
Turnover	1,132,311,665	-
Cost of goods sold	(1,026,605,698)	-
Gross profit	105,705,967	-
Operating expenses	(92,059,737)	-
Operating profit	13,646,230	-
Financial expenses	(56,596,689)	-
Other income	1,386,749	-
Net Profit / (loss) before tax	(41,563,710)	-
Income tax expenses:		
Current tax expenses	-	-
Deferred tax income	15,398,891	-
	15,398,891	-
Net profit / (loss) after tax	(26,164,819)	-



Company Secretary



Director



Managing Director

As per our separate report of even date annexed.



M. J. ABEDIN & CO.
Chartered Accountants

Dhaka, 23 April 2009



ACI Pure Flour Limited Cash Flow Statement

for the year ended 31 December 2008

	2008 Taka	2007 Taka
A Cash flows from operating activities		
Cash received from customer	1,090,849,300	-
Cash received from other income	1,386,749	-
	1,092,236,049	-
Cash paid for:		
Purchase and production	(1,006,933,379)	(19,320,678)
Operating expenses	(82,668,455)	(168,851)
Financing cost	(56,596,689)	-
Other receivable	(100,174)	(93,131)
Payments for advance, deposits and prepayments	588,428	(1,576,021)
Advance income tax	(1,727,184)	-
	(1,147,437,453)	(21,158,681)
Net cash flow from/(used in) operating activities	(55,201,404)	(21,158,681)
B Cash flows from investing activities		
Acquisition of fixed assets	(378,545,210)	(59,247,867)
Advance for capital expenditures	23,872,720	(460,229)
Capita Work in progress	294,844,356	(294,871,781)
Net cash used in investing activities	(59,828,134)	(354,579,877)
C Cash flows from financing activities		
Intercompany debts(paid)/received	(77,402,570)	141,414,656
Short term loan (paid)/received	71,135,000	24,865,000
Long term loan (paid)/received	(43,102,609)	192,225,889
Net cash flows provided by financing activities	(49,370,179)	358,505,545
D Net cash flow (A+B+C)	(164,399,717)	(17,233,013)
E Cash and bank balances at the beginning of the year	(17,232,013)	1,000
F Cash and bank balances at the end of the year	(181,631,730)	(17,232,013)
Closing Balance represents:		
Cash in hand and at bank	2,484,230	1,610,040
Bank Overdraft	184,115,960	18,842,053
	(181,631,730)	(17,232,013)


Company Secretary


Director


Managing Director

As per our separate report of even date annexed.



M. J. ABEDIN & CO.
Chartered Accountants

Dhaka, 23 April 2009



ACI Pure Flour Limited

Statement of Changes in Shareowners' Equity

for the year ended 31 December 2008


<u>Particulars</u>	<u>Share Capital</u>	<u>Accumulated Loss</u>	<u>Total</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance at 01 January 2007	40,000,000	-	40,000,000
Balance at 31 December 2007	40,000,000	-	40,000,000
Net loss for the year	-	(26,164,819)	(26,164,819)
Balance at 31 December 2008	40,000,000	(26,164,819)	13,835,181


Company Secretary


Director


Managing Director

As per our separate report of even date annexed.



M. J. ABEDIN & CO.
Chartered Accountants

Dhaka, 23 April 2009



Report to the Directors of ACI Foods Limited

ACI Foods Limited is a private limited company which was incorporated in 2006 with the Registrar of Joint Stock Companies, Dhaka, Bangladesh under Companies Act 1994 as a subsidiary with 95% shares owned by Advanced Chemical Industries (ACI) Limited. The company is engaged in manufacturing, marketing, and distribution of various branded food products and condiment. The factory of the company is situated at Kutirchar, Bhadrghat, Kamarkhand, Sirajganj. The company went into commercial production in January 2008.

The company has embarked its journey with wholesome food products under the brand name of 'Pure' and trying to establish the brand in a market which is highly competitive. The company has also started exporting its "Pure Brand" products to Australia, UAE, Kuwait, Saudi Arabia, Bahrain, Qatar and exploring other potential markets. Significant improvement is expected in this business in the current year.

Key Financial Results

	<u>Taka</u>
Sales	274,225,820
Gross profit	60,725,643
Operating expenses	(123,089,464)
Operating profit/(loss)	(62,363,821)
Profit/ (loss) after tax	<u>(88,641,137)</u>

On behalf of the Board

Dr. Arif Dowla
Managing Director

Mr. Syed Alamgir
Director

Dhaka, 28 April 2009



Auditors' Report to the Shareowners of ACI Foods Limited

We have audited the accompanying balance sheet of ACI Foods Limited as at 31 December 2008 and the related profit and loss account, statement of changes in shareholders' equity and cash flow statement for the year then ended. The preparation of these financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements, prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Company's affairs as of 31 December 2008 and its cash flow of the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which were necessary for the purposes of our audit;
- b) in our opinion, proper books of accounts were maintained by the company so far as it appeared from our examination;
- c) the balance sheet, profit and loss and cash flow statement dealt with by the report are in agreement with the books of account maintained by the company and examined by us; and
- d) The expenditure incurred was for the purpose of the companies business.

A handwritten signature in black ink, appearing to read 'M. J. Abedin', is written over a horizontal line.

M. J. ABEDIN & CO.
Chartered Accountants

Dhaka, 22 April 2009



ACI Foods Limited Balance Sheet

as of 31 December 2008

Assets

Non current assets:

Property, plant and equipments: at cost
Accumulated depreciation

Capital work-in-progress
Pre-operating expenses
Advance for capital expenditure
Preliminary expenses

Deferred tax asset

Current assets:

Inventories
Trade debtors
Advances, deposits and prepayments
Advance income tax
Inter-company receivable
Cash and cash equivalents

Total assets

Equity and liabilities

Shareowners' equity:

Share capital
Accumulated loss

Current liabilities:

Bank overdraft
Short term bank loan
Long term bank loan - current portion
Trade creditors
Sundry creditors
Interest payable
Inter-company liabilities

Long term loan

Total liabilities and shareholders' equity

	2008 Taka	2007 Taka
	241,409,507	117,111,405
	(11,666,018)	-
	229,743,489	117,111,405
	138,581	2,809,332
	-	149,303
	189,353	11,113,506
	-	72,185
	230,071,423	131,255,731
	4,374,757	-
	95,065,915	8,616,910
	52,701,814	-
	1,194,851	630,081
	61,759	-
	807,999	-
	720,042	(3,061,144)
	150,552,380	6,185,847
	384,998,560	137,441,578
	40,000,000	40,000,000
	(88,641,137)	-
	(48,641,137)	40,000,000
	8,178,289	1,011,938
	10,852,171	-
	17,522,348	6,086,181
	22,589,209	5,736,004
	22,295,552	1,231,349
	-	1,292,253
	298,952,460	46,290,530
	380,390,029	61,648,255
	53,249,668	35,793,323
	384,998,560	137,441,578



Managing Director



Director



Company Secretary

As per our separate report of even date annexed.



M. J. ABEDIN & CO.
Chartered Accountants

Dhaka, 22 April 2009



ACI Foods Limited

Profit and Loss Account

for the year ended 31 December 2008

	2008 Taka	2007 Taka
Sales	274,225,820	-
Cost of goods sales	213,500,177	-
Gross profit	60,725,643	-
Operating expenses	123,089,464	-
Operating profit / (loss)	(62,363,821)	-
Other income	521,474	-
Finance cost	31,173,546	-
Profit / (loss) before tax	(93,015,894)	-
Income tax:		
Current tax	-	-
Deferred tax	4,374,757	-
	4,374,757	-
Net profit / (loss) after tax	(88,641,137)	-

There was no production and trading during last year.

Managing Director

Director

Company Secretary

As per our separate report of even date annexed.

M. J. ABEDIN & CO.
Chartered Accountants

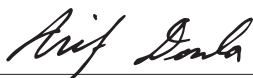
Dhaka, 22 April 2009



ACI Foods Limited Cash Flow Statement

for the year ended 31 December 2008

	2008 Taka	2007 Taka
A) Cash flows from operating activities		
Cash receipts from customers	221,524,006	-
Cash receipts from other income	521,474	-
	222,045,480	-
Cash paid for:		
Purchase of inventory	(271,865,089)	(2,880,906)
Operating expenses	(122,432,846)	-
Receipts from/(payments to) other creditors	21,064,203	1,221,349
Financing cost	(32,465,800)	-
Payments for advances, deposits and prepayments	(564,770)	(300,000)
Income tax	(61,759)	-
	(406,326,061)	(1,959,557)
Net cash flow from/(used in) operating activities	(184,280,581)	(1,959,557)
B) Cash flows from investing activities		
Property, plant and equipment	(110,703,199)	(116,478,559)
Pre-operating expenses	-	(124,862)
Interest payable	-	1,292,253
Net cash used in investing activities	(110,703,199)	(115,311,168)
C) Cash flows from financing activities		
Inter-company debts	251,853,932	31,318,139
Proceeds from issuance of share capital	-	39,980,000
Short term loan (paid)/received	22,288,338	-
Long term loan (paid)/ received	17,456,345	41,879,504
Net cash flows provided by financing activities	291,598,615	113,177,643
D) Net cash inflows/(outflows) from total activities (A+B+C)	(3,385,165)	(4,093,082)
E) Opening balance	(4,073,082)	20,000
F) Closing balance (D+E)	(7,458,247)	(4,073,082)
Closing balance represents:		
Cash in hand and at bank	720,042	(3,061,114)
Bank overdraft	(8,178,289)	(1,011,938)
	(7,458,247)	(4,073,082)



Managing Director



Director



Company Secretary

As per our separate report of even date annexed.



M. J. ABEDIN & CO.
Chartered Accountants

Dhaka, 22 April 2009



ACI Foods Limited

Statement of Changes in Shareowners' Equity

for the year ended 31 December 2008

<u>Particulars</u>	<u>Share Capital</u> <u>Taka</u>	<u>Accumulated Loss</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Balance on 01 January 2008	40,000,000	-	40,000,000
Net loss for the year	-	(88,641,137)	(88,641,137)
Balance at 31 December 2008	<u>40,000,000</u>	<u>(88,641,137)</u>	<u>(48,641,137)</u>

Managing Director

Director

Company Secretary

As per our separate report of even date annexed.

M. J. ABEDIN & CO.
Chartered Accountants

Dhaka, 22 April 2009



Report to the Directors of ACI Salt Limited

ACI Salt Limited is a private limited company which was incorporated in 2004 with the Registrar of Joint Stock Companies, Dhaka, Bangladesh under Companies Act 1994 as a subsidiary of ACI with 78% shareholding.

Within a short span of time, the company has succeeded in becoming the brand leader in its category and turned itself into a profit making company in 2008. ACI Salt has won the "BEST BRAND OF BANGLADESH AWARD 2008" for unparalleled customer loyalty beating all the brands in foods & beverages category.

Key Financial Results

	<u>Taka</u>
Sales	685,430,712
Gross profit	123,263,102
Profit before tax	<u>6,192,798</u>
Net profit	<u><u>15,760,898</u></u>

Auditors

The retiring auditors M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants being eligible offer themselves for re-appointment

On behalf of the Board

Dr. Arif Dowla
Managing Director

Mr. Syed Alamgir
Director

Dhaka, 28 April 2009



Auditors' Report to the Shareowners of ACI Salt Limited

We have audited the accompanying balance sheet of ACI Salt Limited as of 31 December 2008 and the related profit and loss account, statement of changes in equity and cash flow statement for the year then ended. The preparation of these financial statements is the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

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 statement presentation. We believe that our audit provides a reasonable basis for our 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 company's affairs as of 31 December 2008 and of results of its operations and its cash flows for the year then ended and comply with the Companies Act, 1994 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 purposes 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; and
- c) the company's balance sheet and profit and loss account along with the annexed notes 1 to 27 dealt with by the report are in agreement with the books of account.

Dhaka, 22 April 2009

A handwritten signature in black ink, reading 'Hoda Vasi Chowdhury' with a stylized flourish at the end.

Hoda Vasi Chowdhury & Co.
Chartered Accountants



ACI Salt Limited Balance Sheet

as at 31 December 2008

Sources of fund

Shareowners' equity

Share capital
Accumulated loss

2008
Taka

2007
Taka

100,000,000
(82,210,715)
17,789,285

100,000,000
(97,971,613)
2,028,387

Application of fund

Non current assets

Property plant and equipments
Capital work-in-progress
Deferred tax asset

280,924,860
14,522,339
32,383,228
327,830,427

300,382,158
-
22,815,128
323,197,286

Current assets

Inventories
Advances, deposits and prepayments
Intercompany receivable
Accounts receivable
Cash and cash equivalents

78,328,830
10,907,905
4,138,710
7,042,852
15,815,626
116,233,923

87,045,529
8,085,245
-
7,817,709
7,028,119
109,976,602

Less: Current liabilities

Long term loan - current portion
Bank overdraft
Short term loan
Intercompany payables
Security deposit
Creditors and accruals

-
171,178,594
79,072,753
162,998,052
500,000
12,525,666
426,275,065

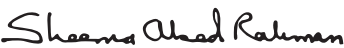
36,373,839
-
84,579,287
296,180,279
600,000
13,412,096
431,145,501

Net current liabilities

Net asset

(310,041,142)
17,789,285

(321,168,899)
2,028,387



Company Secretary




Director



Managing Director

Auditors report to the shareholders
See annexed report of date



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 22 April 2009



ACI Salt Limited Profit and Loss Account

for the year ended 31 December 2008

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
Sales	685,430,712	559,104,672
Cost of goods sold	<u>(562,167,610)</u>	<u>(444,272,973)</u>
Gross profit	123,263,102	114,831,699
Office and administrative expenses	(6,674,996)	(4,226,411)
Selling and distribution expenses	<u>(59,451,930)</u>	<u>(82,664,204)</u>
Operating profit	57,136,176	27,941,084
Financial expenses	(53,912,563)	(51,109,099)
Other income	<u>2,969,185</u>	<u>1,886,560</u>
Profit/(loss) before tax	6,192,798	(21,281,455)
Less: Tax expenses		
Current tax expenses	-	-
Deferred tax income	<u>(9,568,100)</u>	<u>(9,398,573)</u>
Net profit after tax for the year	15,760,898	(11,882,882)
Add: Profit/(loss) brought forward	<u>(97,971,613)</u>	<u>(86,088,731)</u>
Accumulated loss transferred to balance sheet	<u><u>(82,210,715)</u></u>	<u><u>(97,971,613)</u></u>

Sheema Akhmed Rahman

Company Secretary

[Signature]

Director

[Signature]

Managing Director

Auditors report to the shareholders
See annexed report of date

Hoda Vasi Chowdhury & Co

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 22 April 2009



ACI Salt Limited Cash Flow Statement

for the year ended 31 December 2008

	2008 Taka	2007 Taka
A Cash flows from operating activities		
Cash inflows from:		
Sale of goods or services	686,205,569	564,335,439
Other income	2,969,185	3,452,869
	689,174,754	567,788,308
Cash outflows for:		
Purchase and production	(528,839,649)	(362,559,307)
Operating expenses for services	(69,032,346)	(86,476,754)
Financing cost	(53,912,563)	(51,109,099)
	(651,784,558)	(500,145,160)
Net cash generated from operating activities	37,390,196	67,643,148
B Cash flows from investing activities		
Purchase of property plant and equipments	(6,057,634)	(8,980,640)
Payment of capital work-in-progress	(14,522,339)	-
Net cash used in investing activities	(20,579,973)	(8,980,640)
C Cash flows from financing activities		
Proceed from bank overdraft	171,178,594	-
Payment of long term loan	(36,373,839)	(178,388,266)
Payment of short term loan	(5,506,534)	-
Proceed/(Payment) of inter-company loan	(137,320,937)	126,035,301
Net cash used in financing activities	(8,022,716)	(52,352,965)
D Net cash flow (A+B+C)	8,787,507	6,309,543
E Cash and bank balances at the beginning of the year	7,028,119	718,576
F Cash and bank balances at the end of the year	15,815,626	7,028,119


Company Secretary


Director


Managing Director

Dhaka, 22 April 2009



ACI Salt Limited

Statement of Changes in Shareowners' Equity

for the year ended 31 December 2008

<u>Particulars</u>	<u>Share capital</u> <u>Taka</u>	<u>Accumulated loss</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Balance at 01 January 2006	100,000,000	(56,025,075)	43,974,925
Net loss for the year		(39,615,759)	(39,615,759)
Balance on 31 December 2006 - reported	100,000,000	(95,640,834)	4,359,166
Adjustments:			
Preliminary & Pre-operating expenses	-	(3,864,452)	(3,864,452)
Deferred tax assets	-	13,416,555	13,416,555
Balance on 31 December 2006 - restated	100,000,000	(86,088,731)	13,911,269
Net loss for the year	-	(11,882,882)	(11,882,882)
Balance at 31 December 2007	100,000,000	(97,971,613)	2,028,387
Net profit for the year	-	15,760,898	15,760,898
Balance at 31 December 2008	100,000,000	(82,210,715)	17,789,285


Company Secretary


Director


Managing Director

Dhaka, 22 April 2009



Report to the Directors of ACI Motors Limited

ACI Motors Limited is a private limited company which was incorporated in 2007 with the Registrar of Joint Stock Companies, Dhaka, Bangladesh under Companies Act 1994 as a subsidiary with 75% shares owned by Advanced Chemical Industries (ACI) Limited. The company was established with an objective to market high quality agri-machineries and light commercial vehicles. ACI Agribusinesses can now ensure complete solution to the farmers with the introduction of the agri-machineries.

ACI Motors markets various models of Sonalika tractor which is the third leading and fastest growing brand in India. The company has its own sales and service center at Bogra, Comilla, Jessore, and Dinajpur which ensure highest quality after sales service, repairs and availability of spare parts. ACI Motors is adding quite a good number of products in its portfolio. The business has considerable potential in contributing to the agricultural productivity of our country.

Key Financial Results

	<u>Taka</u>
Sales	799,008,299
Gross profit	123,448,542
Operating profit	57,255,875
Profit before tax	<u>41,348,038</u>
Net profit	<u><u>24,808,823</u></u>

On behalf of the Board

Dr. Arif Dowla
Managing Director

Dr. F H Ansarey
Director

Dhaka, 28 April 2009



Auditors' Report to the Shareowners of ACI Motors Limited

We have audited the accompanying balance sheet of ACI Motors Limited as of 31 December 2008 and the related Profit and Loss Account, Statement of Changes in Equity and Statement of Cash Flows for the year then ended. 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.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA) and 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with International Financial Reporting Standards (IFRS), so far adopt in Bangladesh, give a true and fair view of the state of the company's affairs as of 31 December 2008 and its cash flows for the year then ended and comply with the Companies Act 1994 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 purposes 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; and
- c) the company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account;
- d) the expenditure incurred was for the purposes of the company's business.

Dhaka, 02 April 2009

A handwritten signature in black ink, reading 'Ashraful Haque Nabi' followed by a flourish.

Ashraful Haque Nabi & Co.
Chartered Accountants.

Signed by: Md. Shahidun Nabi FCA



ACI Motors Limited Balance Sheet

As at 31 December 2008

Particulars

Assets

Property, Plant and Equipment

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
At Cost/Revaluation	4,231,834	-
Less: Accumulated Depreciation	344,702	-
	3,887,132	-
Capital Work-in-Progress	40,000	-
Preliminary and Preoperating Expenses	-	84,153
	3,927,132	84,153

Current Assets

Inventories	162,681,674	-
Advances, Deposits and Prepayments	12,239,844	-
Trade Debtors	456,438,388	-
Advance Tax	1,019,238	-
Receivable from ACI Ltd.	-	673,347
Cash and Bank Balances	60,000	250,000
	632,439,144	923,347
Total Assets	636,366,276	1,007,500

Shareowners' Equity

Share Capital	1,000,000	1,000,000
Net Profit	24,808,823	-
	25,808,823	1,000,000
Long Term Loan	34,296,600	-

Current Liabilities

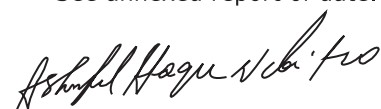
Long Term Bank Loan - Current Portion	52,104,161	-
Bank Overdraft	19,483,712	-
Import Loan	171,355,882	-
Other Creditor	21,942,285	7,500
Intercompany Liabilities	176,022,798	-
Trade Creditors	118,812,800	-
Provision for Tax	16,539,215	-
	576,260,853	7,500
Total Equity and Liabilities	636,366,276	1,007,500


Company Secretary


Director


Director

Auditors' Report to the Shareowners
See annexed report of date.



Ashraful Haque Nabi & Co.
Chartered Accountants

Dhaka, 02 April 2009




ACI Motors Limited Profit and Loss Account

For the year ended 31 December 2008

Particulars

	<u>2008</u> <u>Taka</u>
Sales	799,008,299
Cost of Goods Sold	(675,559,757)
Gross Profit	123,448,542
Operating Expenses	(66,192,667)
Operating Profit	57,255,875
Financial Expenses	(15,907,837)
Profit Before Tax	41,348,038
Provision For Tax	(16,539,215)
Net Profit After Tax	24,808,823


Company Secretary


Director


Director

Auditors' Report to the Shareowners
See annexed report of date.



Ashraf Haque Nabi & Co.
Chartered Accountants

Dhaka, 02 April 2009



ACI Motors Limited Cash Flow Statement

for the year ended 31 December 2008

<u>Particulars</u>	<u>2008</u> <u>Taka</u>
A. Cash Flow from Operating Activities	
Cash Receipts from Customers	342,569,911
Advance from Customers	448,320
Security Money	98,500
	343,116,731
Cash Paid for:	
Finished Goods Purchases	(701,608,169)
Operating Expenses	(48,180,474)
Financial Expenses	(15,907,837)
Advances, Deposit and Prepayments	(12,239,844)
Advance Tax	(1,019,238)
Goods in Transit	(14,008,335)
Audit Fee Paid	(7,500)
	(792,971,397)
Net Cash Flow from/(Used in) Operating Activities	(449,854,666)
B. Cash Flow from Investing Activities	
Acquisition of Fixed Assets	(4,231,834)
Capital-work-in-Progress	(40,000)
Net Cash Used in Investing Activities	(4,271,834)
C. Cash Flow from Financing Activities	
Long Term Loan	34,296,600
Import Loan	171,355,882
Current Portion of Long Term Loan	52,104,161
Inter-company Liabilities	176,696,145
Net Cash Flow Provided by Financing Activities	434,452,788
D. Net Cash inflows/(outflows) from Total Activities (A+B+C)	(19,673,712)
E. Opening Balance	250,000
F. Closing Balance (D+E)	(19,423,712)
Closing Balance Represents:	
Cash in Hand	60,000
Bank Overdraft	(19,483,712)
	(19,423,712)



ACI Motors Limited

Statement of Changes in Shareowners' Equity

For the year ended 31 December 2008

<u>Particulars</u>	<u>Share capital</u> <u>Taka</u>	<u>Accumulated profit</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Balance at 01 January 2007	1,000,000	-	1,000,000
Balance at 31 December 2007	1,000,000	-	1,000,000
Net profit for the year	-	24,808,823	24,808,823
Balance at 31 December 2008	<u>1,000,000</u>	<u>24,808,823</u>	<u>25,808,823</u>

Sheema Akhmed Rahman
Company Secretary

[Signature]
Director

[Signature]
Director

Auditors' Report to the Shareowners
See annexed report of date.

Ashraf Haque Nabi & Co.

Ashraf Haque Nabi & Co.
Chartered Accountants

Dhaka, 02 April 2009



Report to the Directors of Creative Communication Limited

Creative Communication Limited is a private limited company incorporated in 2007 with the Registrar of Joint Stock Companies, Dhaka, Bangladesh under Companies Act 1994 having 60% shares owned by Advanced Chemical Industries (ACI) Limited. The company is an integrated communication house staffed by dedicated and pragmatic specialists working as a team. As a forward-thinking marketing and advertising firm, Creative Communication Limited is a solid partner at both strategic and tactical levels and has developed several partnerships with the most state-of-the-art players in numerous fields.

The principal business of the Company is to provide result-oriented advertisement, public relation and complete corporate communication solutions and has long experience in handling outdoors, events and project management along with strong rapport in the electronic and press media.

Key Financial Results

	<u>Taka</u>
Revenue	15,225,026
Expenses	(8,445,174)
Net profit/ (loss) after tax	<u><u>4,287,396</u></u>

On behalf of the Board

Dr. Arif Dowla
Managing Director

Bilkis Mansoor
Director

Dhaka, 28 April 2009



Auditors' Report to the Shareowners of Creative Communication Limited

We have audited the accompanying balance sheet of Creative Communication Limited as of 31 December, 2008 and the related Profit and Loss Account, Statement of Changes in Equity and Statement of Cash Flows for the year then ended. 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.

We conducted our audit in accordance with Bangladesh Standards on Auditing and 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with International Financial Reporting Standards (IFRS), so far adopt in Bangladesh, give a true and fair view of the state of the company's affairs as of 31 December 2008 and its cash flows for the year then ended and comply with the Companies Act 1994 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 purposes 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; and
- c) the company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account;
- d) the expenditure incurred was for the purposes of the company's business.

Ashraf Haque Nabi & Co.
Chartered Accountants

Dhaka, 02 April 2009



Creative Communication Limited

Balance Sheet

as at 31 December 2008

	<u>2008</u> Taka	<u>2007</u> Taka
Assets		
Property, plant and equipment		
At Cost	622,778	-
Accumulated Depreciation	31,139	-
	591,639	-
Current Assets:		
Advance, Deposit and Prepayments	75,000	85,270
Other Debtors	57,660	-
Advance Income Tax	150,143	-
Inter-Company Receivable	10,937,665	522,230
Cash and Bank Balance	26,070	400,000
	11,246,538	1,007,500
Total Assets	11,838,177	1,007,500
Equity and liabilities		
Shareowners' Equity:		
Share Capital	1,000,000	1,000,000
Retained Earnings	4,287,396	-
	5,287,396	1,000,000
Current liabilities		
Creditors for Expenses	4,058,325	7,500
Provision for Taxation	2,492,456	-
	6,550,781	7,500
Total Equity & Liabilities	11,838,177	1,007,500

Managing Director

Director

Company Secretary

Auditors' Report to the Shareowners
See annexed report of date.

Ashraf Haque Nabi & Co.
Chartered Accountants

Dhaka, 02 April 2009



Creative Communication Limited Profit and Loss Account

for the year ended 31 December 2008

	<u>2008</u> Taka	<u>2007</u> Taka
Income	15,225,026	-
Cost of Service	8,445,174	-
Gross Profit	<u>6,779,852</u>	<u>-</u>
Tax Expenses:		
Current Tax Expenses	2,492,456	-
Deferred Tax Income/(Expenses)	-	-
	<u>2,492,456</u>	<u>-</u>
Profit After Tax	<u><u>4,287,396</u></u>	<u><u>-</u></u>

Managing Director

Director

Company Secretary

Auditors' Report to the Shareowners
See annexed report of date.

Ashraful Haque Nabi & Co.
Chartered Accountants

Dhaka, 02 April 2009



Creative Communication Limited Cash Flow Statement

For the year ended 31 December 2008

	<u>2008</u> Taka	<u>2007</u> Taka
A) Cash Flows from Operating Activities		
Cash receipts from income	15,167,366	-
	15,167,366	-
Cash paid for:		
Operating expenses	(8,414,035)	-
Income tax	(150,143)	-
Payments for advances, deposits and prepayments	10,270	(85,270)
Receipts from/(payment to) other creditors	4,050,825	7,500
	(4,503,083)	(77,770)
Net cash flow/(used in) operating activities	<u>10,664,283</u>	<u>(77,770)</u>
B) Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(622,778)	-
Issue of shares	-	1,000,000
Net cash flow/(used in) investing activities	<u>(622,778)</u>	<u>1,000,000</u>
C) Cash Flows from Financing Activities		
Inter-company debts	(10,415,435)	(522,230)
Net cash flow/(used in) financing activities	<u>(10,415,435)</u>	<u>(522,230)</u>
D) Net cash inflows/(outflows) from total activities (A+B+C)	(373,930)	400,000
E) Opening balance	400,000	-
F) Closing balance (D+E)	<u>26,070</u>	<u>400,000</u>
Closing balance represents:		
Cash in hand	-	400,000
Cash at Bank	26,070	-
	<u>26,070</u>	<u>400,000</u>



Creative Communication Limited Statement of Changes in Equity

for the year ended 31 December 2008

<u>Particulars</u>	<u>Share capital</u> <u>Taka</u>	<u>Retained Earnings</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Balance as at 1 January 2007	1,000,000	-	1,000,000
Net profit/(loss) for the year 2007		-	-
Balance as at 31 December 2007	1,000,000	-	1,000,000
Net profit for the year 2008		4,287,396	4,287,396
Balance as at 31 December 2008	1,000,000	4,287,396	5,287,396

Managing Director

Director

Company Secretary

Auditors' Report to the Shareowners
See annexed report of date.

Ashraful Haque Nabi & Co.
Chartered Accountants

Dhaka, 02 April 2009



Report to the Directors of Premiaflex Plastics Limited

Premiaflex Plastics Limited is a private Limited company incorporated in 2007 with the Registrar of Joint Stock Companies, Dhaka, Bangladesh under Companies Act 1994 having 80% shares held by ACI Limited. The principal activities of the company are manufacturing and marketing of plastic products, flexible printing and other ancillary business associated with plastic and flexible printing. The factory of the company is located at Sreepur, Gazipur which has started its operation in the later part of 2008 and expected to attain breakeven point and penetrate into the profit zone within a short span of time.

Key Financial Results

	<u>Taka</u>
Sales	10,788,665
Gross profit	(8,908,216)
Profit/ (loss) before tax	(10,721,124)
Profit/ (loss) after Tax	<u>(6,775,703)</u>

On behalf of the Board

Dr. Arif Dowla
Managing Director

Dr. F H Ansarey
Director

Dhaka, 28 April 2009



Auditors' Report to the Shareowners of Premiaflex Plastics Limited

We have audited the accompanying balance sheet of Premiaflex Plastics Limited as of 31 December 2008 and the related Profit and Loss Account, Statement of Changes in Equity and Statement of Cash Flows for the year then ended. 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.

We conducted our audit in accordance with Bangladesh Standards on Auditing and 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with International Financial Reporting Standards (IFRS), so far adopt in Bangladesh, give a true and fair view of the state of the company's affairs as of 31 December 2008 and its cash flows for the year then ended and comply with the Companies Act 1994 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 purposes 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; and
- c) the company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account;
- d) the expenditure incurred was for the purposes of the company's business.

Ashraf Haque Nabi & Co.
Chartered Accountants


Dhaka, 02 April 2009



Premiaflex Plastics Limited Balance Sheet

As at 31 December 2008


	<u>2008</u> Taka	<u>2007</u> Taka
Assets		
Property, Plant and Equipment:		
At Cost	221,824,595	-
Accumulated Depreciation	8,399,555	-
	213,425,040	-
Capital Work in Progress	6,122,329	412,322
Preliminary and Preoperating Expenses	-	257,185
	<u>219,547,369</u>	<u>669,507</u>
Deferred tax	3,945,421	-
Current assets:		
Inventories	40,691,568	-
Advances, Deposits and Prepayments	9,024,740	-
Accounts Receivable	11,798,171	-
Advance Tax	1,245,234	-
VAT Aurrent Account	6,133,418	-
Receivable from Intercompany	-	31,250,543
Cash and Bank Balance	150,000	8,087,450
	<u>69,043,131</u>	<u>39,337,993</u>
Total Assets	<u>292,535,921</u>	<u>40,007,500</u>
Equity and Liabilities		
Shareowners' Equity:		
Share Capital	40,000,000	40,000,000
Accumulated Loss	(6,775,703)	-
	33,224,297	40,000,000
Long Term Loan	20,024,790	-
Current Liabilities:		
Bank Overdraft	8,692,696	-
Intercompany Liabilities	80,927,819	-
Creditors and Accruals	149,666,319	7,500
	239,286,834	7,500
Total equity and liabilities	<u>292,535,921</u>	<u>40,007,500</u>



Managing Director

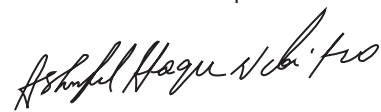


Director



Company Secretary

Auditors' Report to the Shareowners
See annexed report of date.



Ashraf Haque Nabi & Co.
Chartered Accountants

Dhaka, 02 April 2009



Premiaflex Plastics Limited

Income Statement

For the year ended 31 December 2008

Particulars

	2008 Taka
Turnover	10,788,665
Cost of Goods Sold	<u>(19,696,881)</u>
Gross Profit	(8,908,216)
Operating Expenses	<u>(696,087)</u>
Operating Profit	(9,604,303)
Financial Expenses	<u>(1,116,821)</u>
Net Profit (Loss) Before tax	(10,721,124)
Income Tax Expenses:	
Income Tax Expenses	-
Deferred tax income	<u>3,945,421</u>
	<u>3,945,421</u>
Net profit/ (loss) after tax	<u><u>(6,775,703)</u></u>

Managing Director

Director

Company Secretary

Auditors' Report to the Shareowners
See annexed report of date.

Ashraf Haque Nabi & Co.
Chartered Accountants

Dhaka, 02 April 2009



Premiaflex Plastics Limited Cash Flow Statement

for the year ended 31 December 2008

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
A) Cash Flows from Operating Activities		
Cash Receipts rom Customers	600,411	-
Cash Paid for:		
Purchase of Inventory	(16,546,831)	
Operating Expenses	1,969,983	
Receipts from/(payments to) Other Creditors	111,807,870	
Financing Cost	(1,116,821)	
Payments for Advances, Deposits and Prepayments	(9,024,740)	(257,185)
Income Tax	(1,245,234)	7,500
Value Added Tax (VAT)	(7,743,334)	-
	<u>78,100,893</u>	<u>(249,685)</u>
Net Cash Flow from/(used in) Operating Activities	<u>78,701,304</u>	<u>(249,685)</u>
B) Cash Flows from Investing Activities		
Purchases of Property, Plant and Equipment	(151,634,500)	-
Payments for Capital Work in Progress	(75,900,102)	(412,322)
Net Cash Used in Investing Activities	<u>(227,534,602)</u>	<u>(412,322)</u>
C) Cash Flows from Financing Activities		
Inter-Company Debts	112,178,362	(31,250,543)
Share Capital	-	40,000,000
Long Term Long (paid)/ Received	20,024,790	-
Net Cash Flows Provided by Financing Activities	<u>132,203,152</u>	<u>8,749,457</u>
D) Net Cash Inflows/(outflows) from Total Activities (A+B+C)	(16,630,146)	8,087,450
E) Opening Balance	8,087,450	-
F) Closing Balance (D+E)	<u>(8,542,696)</u>	<u>8,087,450</u>
Closing Balance Represents:		
Cash in Hand and at Bank	150,000	8,087,450
Bank Overdraft	(8,692,696)	-
	<u>(8,542,696)</u>	<u>8,087,450</u>



Premiaflex Plastics Limited

Statement of Changes in Shareowners' Equity

For the year ended 31 December 2008

<u>Particulars</u>	<u>Share capital</u> <u>Taka</u>	<u>Accumulated loss</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Balance at 01 January 2007	40,000,000	-	40,000,000
Balance at 31 December 2007	40,000,000	-	40,000,000
Net loss for the year	-	(6,775,703)	(6,775,703)
Balance at 31 December 2008	40,000,000	(6,775,703)	33,224,297

Managing Director

Director

Company Secretary

Auditors' Report to the Shareowners
See annexed report of date.

Ashraf Haque Nabi & Co.
Chartered Accountants

Dhaka, 02 April 2009



Report to the Directors of ACI Agrochemicals Limited

ACI Agrochemicals Limited is a private limited company which was incorporated in 2006 with the Registrar of Joint Stock Companies, Dhaka, Bangladesh under Companies Act 1994 as a subsidiary with 90 % shares owned by Advanced Chemical Industries (ACI) Limited.

The principal activities of the company are formulating and packaging of pesticides, fertilizer, plant nutrient products. The company is yet to start its operation.

Key Financial Results

Revenue

Expenses

Net profit/ (loss)

Taka

-

(77,638)

(77,638)

On behalf of the Board

Dr. Arif Dowla
Managing Director

Dr. F H Ansarey
Director

Dhaka, 28 April 2009



Auditors' Report to the Shareowners of ACI Agrochemicals Limited

We have audited the accompanying balance sheet of ACI Agrochemicals Limited as of 31 December 2008 and the related notes to the accounts. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statement based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the company's affairs as of 31 December 2008 and of the results of its operations for the period then ended and comply with the Companies Act 1994 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 purposes 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; and
- c) the company's balance sheet dealt with by the report are in agreement with the books of account.

Dated, 18 March 2009

A handwritten signature in black ink, appearing to read 'Shiraz Khan Basak', is written over a horizontal line.

Shiraz Khan Basak & Co.
Chartered Accountants



ACI Agrochemicals Limited Balance Sheet

as at 31 December 2008

Particular

Assets

Current assets

Cash in hand
Preliminary expenses
Pre - operating expenses

2008
Taka

2007
Taka

2,000

-

-

2,000

2,000

20,020

35,320

57,340

Equity and liabilities

Share capital
Net profit/(loss)

20,000

(77,638)

(57,638)

20,000

-

20,000

Current liabilities

Current Account with ACI Limited
Audit fee payable

54,638

5,000

59,638

2,000

27,340

10,000

37,340

57,340

Director

Director

Company Secretary

Shiraz Khan Basak & CO.
Chartered Accountants

Dated, 18 March 2009



ACI Agrochemicals Limited Profit and Loss Account

for the year ended 31 December 2008

	<u>2008</u> <u>Taka</u>
Revenue	-
Less expenses:	
Amortization of preliminary expenses	20,020
Amortization of pre-operating expenses	35,320
Audit Fee	5,000
Govt tax & license fee	17,298
	<hr/>
	77,638
	<hr/>
Net Profit/(Loss)	<u><u>(77,638)</u></u>

Director

Director

Company Secretary

Dated, 18 March 2009

Shiraz Khan Basak & CO.
Chartered Accountants



Report to the Directors of Flyban Insecticides Limited

Flyban Insecticides Limited is a private limited company which was incorporated in 1991 with the Registrar of Joint Stock Companies, Dhaka, Bangladesh under Companies Act 1994 as a subsidiary with 51% shares owned by Advanced Chemical Industries (ACI) Limited.

The company has been dormant for last ten years. The principal business of the company was manufacturing and marketing of Mosquito coils.

Key Financial Results

	<u>Taka</u>
Revenue	-
Expenses	(436,992)
Net profit/ (loss)	<u>(436,992)</u>

On behalf of the Board

Dr. F H Ansarey
Managing Director

Sheema Abed Rahman
Director

Dhaka, 28 April 2009



Auditors' Report to the Shareowners of Flyban Insecticides Limited

We have audited the accompanying balance sheet of Flyban Insecticides Limited as of 31 December 2008 and the related notes to the accounts. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statement based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the Company's affairs as of 31 December 2008 and of the results of its operations for the period then ended and comply with the Companies Act 1994 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 purposes 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; and
- c) the Company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account.

Dhaka, March 18, 2009

Shiraz Khan Basak & Co.
Chartered Accountants



Flyban Insecticides Limited Balance Sheet

as at 31 December 2008

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
Assets		
Property, plant and equipment :		
At cost	6,349,299	6,349,299
Current Assets :		
Deferred revenue expenditure	-	431,992
Total asset :	<u>6,349,299</u>	<u>6,781,291</u>
Equity and liabilities		
Shareholders' equity:		
Share capital	5,000,000	5,000,000
Net Profit/(Loss)	(436,992)	-
	4,563,008	5,000,000
Current liabilities:		
Current Account with ACI Limited	976,126	971,126
Other liabilities	810,165	810,165
	1,786,291	1,781,291
	<u>6,349,299</u>	<u>6,781,291</u>

Managing Director

Director

Shiraz Khan Basak & CO.
Chartered Accountants

Dhaka, March 18, 2009



Flyban Insecticides Limited Profit and Loss Account

for the year ended 31 December 2008

Revenue

Less : expenses

Amortization of deferred revenue expenses
Audit fee

Net Profit /(Loss)

2008

Taka

-

431,992

5,000

436,992

(436,992)

Managing Director

Director

Shiraz Khan Basak & CO.
Chartered Accountants

Dhaka, March 18, 2009



Report to the Directors of Apex Leathercraft Limited

Apex Leathercraft Limited is a private limited company incorporated in 1990 with the Registrar of Joint Stock Companies, Dhaka Bangladesh under Companies Act 1994 having 100% shares owned by Advanced Chemical Industries (ACI) Limited.

Key Financial Results

	<u>Taka</u>
Revenue	9,912,000
Expenses	(880,512)
Change in fair value of investment property	(4,361,196)
Profit before interest and tax	(4,670,292)
Profit/ (loss) after tax	<u>(1,825,881)</u>

On behalf of the Board

Dr. Arif Dowla
Managing Director

Mr. Syed Alamgir
Director

Dhaka, 28 April 2009



Auditors' Report to the Shareowners of Apex Leathercraft Limited

We have audited the accompanying balance sheet of Apex Leathercraft Limited as at 31 December 2008 and the related profit and loss account, statement of changes in shareowners' equity and cash flow statement for the year then ended. The preparation of these financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as at 31 December 2008 and of the results of its operation and cash flows for the year then ended and comply with the Companies Act, 1994 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which were necessary for the purposes of our audit;
- b) in our opinion, proper books of accounts were maintained by the company so far as it appeared from our examination;
- c) the balance sheet, profit and loss account dealt with by the report are in agreement with the books of accounts maintained by the company and examined by us; and
- d) the expenditure incurred was for the purpose of the companies business.

Dhaka, 22 April 2009

A handwritten signature in black ink, appearing to read 'M. J. ABEDIN & CO.', written over a horizontal line.

M. J. ABEDIN & CO.
Chartered Accountants



Apex Leathercraft Limited Balance Sheet


as at 31 December 2008

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
<u>Assets</u>		
Investment property	331,251,514	335,492,710
<u>Current Assets</u>	871,408	996,576
Advance income tax	862,223	987,391
Cash at bank (in operative)	3,328	3,328
Cash in hand	5,857	5,857
Security deposit	210,000	-
Total assets	332,332,922	336,489,286
<u>Capital and Liabilities</u>		
<u>Shareowners' Equity</u>	223,756,588	225,582,469
Share capital	37,010,000	37,010,000
Share money deposit	25,325,000	25,325,000
Accumulated profit/(loss)- As per statement of changes in equity	161,421,588	163,247,469
<u>Loan from ACI Limited (Unsecured)</u>		
Non interest bearing	55,416,328	55,416,328
Interest bearing	52,119,777	53,981,658
<u>Current liabilities</u>	1,040,229	1,508,831
Accrued expenses	998,845	846,679
Income tax payable	41,384	662,152
Total liabilities and shareowners' equity	332,332,922	336,489,286

The annexed notes form an integral part of the financial statements



Managing Director



Director



Company Secretary

As per our separate report of even date annexed.



M. J. ABEDIN & CO.
Chartered Accountants

Dhaka, 22 April 2009



Apex Leathercraft Limited Profit and Loss Account

for the year ended 31 December 2008

	<u>2008</u> Taka	<u>2007</u> Taka
Revenue from		
Investment property rentals	9,912,000	9,912,000
Less: Expenses		
Municipal and land revenue tax	161,448	161,448
Audit fee	20,000	20,000
Legal charge	20,000	10,000
Insurance premium	552,216	413,339
Other expenses	126,848	58,590
	(880,512)	(663,377)
Change in fair value of investment property	(4,361,196)	248,421,017
Profit before interest and tax	4,670,292	257,669,640
Financing cost	(6,496,173)	(4,708,234)
Profit before tax	(1,825,881)	252,961,406
Provision for tax	-	(665,877)
Net profit / (loss) after tax transfered to statement of changes in equity	(1,825,881)	252,295,529

The annexed notes form an integral part of the financial statements

Managing Director

Director

Company Secretary

As per our separate report of even date annexed.

M. J. ABEDIN & CO.
Chartered Accountants

Dhaka, 22 April 2009



Apex Leathercraft Limited Cash Flow Statement

for the year ended 31 December 2008

	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
A. Cash flows from operating activities		
Cash received from customer	9,912,000	9,912,000
Payment of cost & expenses	<u>(7,930,119)</u>	<u>(5,454,771)</u>
Net cash provided by operating activities	1,981,881	4,457,229
B. Cash flows from investing activities :		
Payments for fixed assets	<u>(120,000)</u>	<u>(13,775,939)</u>
Net cash used in investing activities	(120,000)	(13,775,939)
C. Cash flows from financing activities :		
Interest bearing loan received	<u>(1,861,881)</u>	<u>9,318,710</u>
Net cash flows from financing activities	(1,861,881)	9,318,710
D. Net cash flow from total activities (A+B+C)	-	-
Cash balance at the beginning	<u>9,185</u>	<u>9,185</u>
Cash balance at the end	<u><u>9,185</u></u>	<u><u>9,185</u></u>

Managing Director

Director

Company Secretary

As per our separate report of even date annexed.

M. J. ABEDIN & CO.
Chartered Accountants

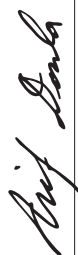
Dhaka, 22 April 2009

Apex Leathercraft Limited

Statement of Changes in Shareowners' Equity

for the year ended 31 December 2008

Particulars	Share Capital	Share Money Deposit	Accumulated Profit/(loss)	Total
	Taka	Taka	Taka	Taka
Balance at 1 January 2007	37,010,000	25,325,000	(89,048,060)	(26,713,060)
Net Profit for the year 2007			252,295,529	252,295,529
31 December 2007	37,010,000	25,325,000	163,247,469	225,582,469
Net Profit for the year 2008			(1,825,881)	(1,825,881)
31st December 2008	37,010,000	25,325,000	161,421,588	223,756,588



Managing Director



Director



Company Secretary

Dhaka, 22 April 2009


M. J. ABEDIN & CO.
Chartered Accountants

As per our separate report of even date annexed.



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

- 1. Pharmaceuticals Plant**
7 Hajiganj Road, Narayanganj
Phone : (8802) 7630496, 7630525, 7630493
Fax : (8802) 7630524
- 2. ACI Formulations Plant**
Rajabari, Sreepur, Gazipur
Phone: (8802) 9201071, 9201072
Fax : (8802) 9201070
- 3. ACI Salt Limited**
Murapara, Rugganj, Narayanganj
Phone : (06725) 56028
Fax : (06725) 56017
- 4. ACI Foods Limited**
Kutirchar, Bhadrghat
Kamarkhand, Sirajgonj
Phone : 01713082734
- 5. ACI Pure Flour Limited**
6/3 Dewli Chowrapara,
Bondor, Narayanganj
Phone : 7661419
Fax : 7661420
- 6. ACI Napkin Plant**
Nil Nagar, Konabari, Gazipur
Phone : 01730007780
- 7. Premiaflex Plastics Limited**
Kewa Poschim Khondo,
Mouna, Sreepur, Gazipur
Phone : 01730028466



Advanced Chemical Industries Limited

Registered Office

ACI Centre, 245 Tejgaon Industrial Area, Dhaka 1208

PROXY FORM

I/We _____
of _____
being a Member of Advanced Chemical Industries 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 36th Annual General Meeting of the Company to be held on Thursday, 18 June 2009 at 9:00 a.m. and/or at any adjournment thereof.

As witness my hands this _____ day of _____ 2009.

Signature on Tk. 8 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.



Quality Policy

One of our important vision is to provide products and services of high and consistent quality, ensuring value for money to its customers.

To attain the Vision ACI will:

Aim to achieve business excellence by understanding, accepting, meeting and exceeding customer expectations.

Follow International Standards on Quality Management System to ensure consistent quality of products and services to achieve customer satisfaction. ACI will also meet all national and regulatory requirements relating to its current businesses and ensure that current Good Manufacturing Practice (cGMP) as recommended by World Health Organisation is followed for its pharmaceutical operations and all other guidelines and best practices relating to its other businesses.

Commit itself to quality as the prime consideration in all its business decisions. All employees of ACI must follow documented procedures to ensure compliance with quality standards.

Develop the pool of human resources of the Company to their full potential and harnessed through regular training and their participation in seeking continual improvement of the Quality Management System.



Environmental Policy

ACI Limited is committed to formulate and conduct all its operation in an environmentally friendly manner ensuring continual improvement in the utilisation of resources and prevention of pollution or degradation of the environment.

In pursuit of this Goal, ACI will:

- Comply with all local and national legislations.
- Conserve natural resources like water and energy for sustainable development, and adopt environmentally safe processes.
- Ensure appropriate treatment of all effluents prior to discharge.
- Ensure appropriate communication with internal and external interested parties on environmental issues.
- Create awareness on environmental issues among our employees and contractors.
- Ensure waste management in an environmentally responsible manner through continuous upgradation of technology.

Safety, Health and Environment (SHE) Policy

ACI is committed to conduct all its operations in a manner that is protective of the environment, health and safety of employees, customers and the community. To this end, the company has already obtained ISO 14001 Certification for Environmental Management System. ACI will provide the resources to educate and involve every individual in the Company in achieving this objective. In fulfillment of this commitment, we shall maintain a continuing effort to adhere to the following principles.

Principles

- 1 We believe that all accidents, incidents and work-related ill health are preventable and we will manage our business with this aim including the provision of adequate resources for the prevention and control of major accident.
- 2 We will investigate all workplace accidents and illnesses in order to promptly correct any unsafe conditions or practices, and to prevent repetition of these occurrences.
- 3 As an absolute minimum we will comply with all national regulations but in addition will set our own stringent internal corporate standards on matters relating to safety, health and the environment, and endeavour to strictly adhere to them.
- 4 We will continue to improve communication and exchange views with employees, employee representatives, customers, contractors, suppliers, neighbours and any other individual or organisation affected by our business.
- 5 We will integrate SHE considerations into business planning and decision-making.
- 6 We will continue to innovate in order to improve our products and processes so that their effect on safety, health and the environment is reduced.
- 7 We will increase shareowner value through SHE excellence.

Issued by ACI SHE Committee



Advanced Chemical Industries Limited
ACI Centre, 245 Tejgaon Industrial Area, Dhaka 1208

