



ACI Formulations Limited



Annual Report 2011



Contents

Corporate Management

| | |
|---|----|
| Board of Directors | 02 |
| Notice of the 16th Annual General Meeting | 03 |
| Year 2011 - at a Glance | 04 |
| Six Years' Comparative Statistics, from 2006-2011 | 05 |
| Message from the Chairman | 06 |
| Corporate Governance | 07 |

Directors' Report

| | |
|--|----|
| Report of the Directors to the Shareowners | 08 |
| Bangla Version of Message from the Chairman | 16 |
| Bangla Version of Report of the Directors to the Shareowners | 17 |

Financial Statements of ACI Formulations Limited

| | |
|-----------------------------------|----|
| Independent Auditors' Report | 21 |
| Statement of Financial Position | 22 |
| Income Statement | 23 |
| Statement of Changes in Equity | 25 |
| Statement of Cash Flows | 26 |
| Notes to the Financial Statements | 27 |

Additional Information

| | |
|----------------------------|----|
| Corporate Directory | 50 |
| Proxy Form | 51 |
| Attendance Slip (enclosed) | |

Corporate Management

Board of Directors



Mr. M Anis Ud Dowla
Chairman & Managing Director



Mrs. Najma Dowla
Director



Dr. Arif Dowla
Director



Mr. C. M. Murshed
Director



Dr. F H Ansarey
Director



Ms. Shusmita Anis
Director

Company Secretary

Ms. Sheema Abed Rahman

Auditors

Hoda Vasi Chowdhury & Co,
Chartered Accountants

Financial Consultant

Mr. M. Sekander Ali

Principal Bankers

Standard Chartered Bank

The Hongkong and Shanghai
Banking Corporation Limited

Commercial Bank of Ceylon Plc

Citibank N.A.

The City Bank Limited

Legal Advisor

Barrister Rafique-ul Huq
Huq and Company

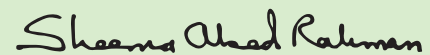
Notice of the 16th Annual General Meeting

Notice is hereby given that the 16th Annual General Meeting of ACI Formulations Limited will be held on Tuesday, 12 June 2012 at 12:00 noon at Bangabandhu International Conference Centre, Agargaon, Sher-E-Bangla Nagar, Dhaka to transact the following business.

AGENDA

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31 December 2011 together with Reports of the Auditors and the Directors.
2. To declare dividend for the year ended 31 December 2011.
3. To elect Directors of the Company.
4. To appoint Auditors for the year 2012 and to fix their remuneration.

By Order of the Board



Sheema Abed Rahman
Company Secretary

Dhaka
25 April 2012

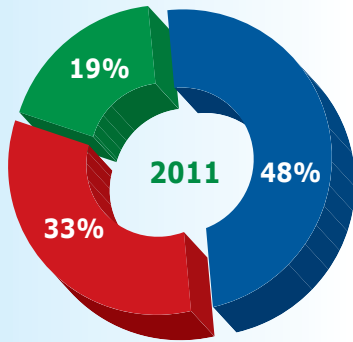
Notes

- a. The Record Date in lieu of Book-Closure shall be on Wednesday, 16 May 2012.
- b. The Shareholders' names appearing in the Register of Members of the Company or in the Depository on the Record Date will be eligible to receive the dividend.
- c. The Directors have recommended dividend as follows:
 - i) Cash dividend: @ 25% per share of Taka 10 each for the year ended 31 December 2011.
 - ii) Stock dividend: @ 50% (i.e. 1 (one) bonus share for every 2 (two) Ordinary Share of Tk. 10 each for the year ended 31 December 2011.
- 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 notified 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.

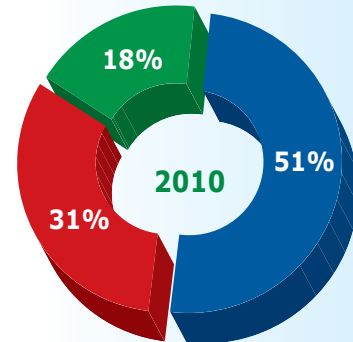


Year 2011 - at a Glance

Sales Contribution by Business Unit 2011-2010

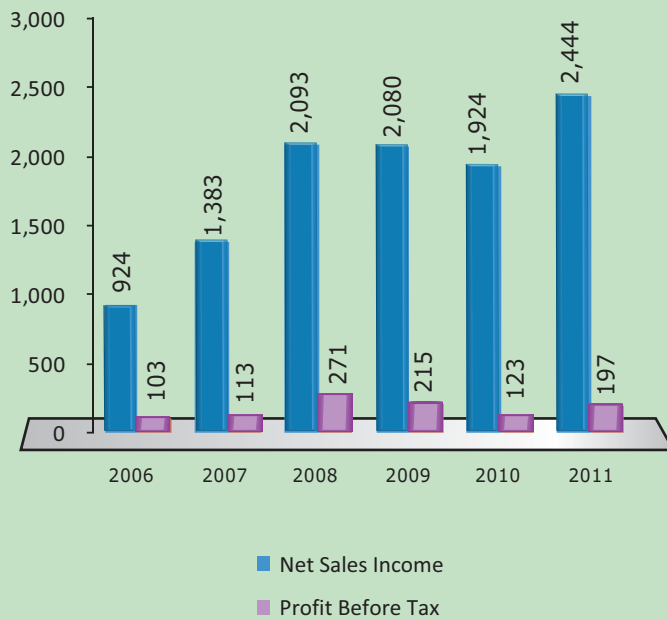


| | |
|-----------------------------|-----|
| ■ Crop Care & Public Health | 48% |
| ■ Mosquito Coil | 33% |
| ■ Aerosol & Air Freshener | 19% |

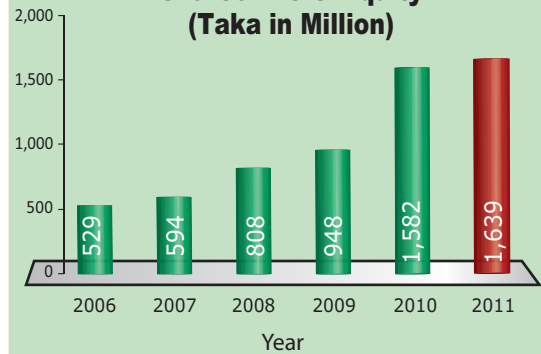


| | |
|-----------------------------|-----|
| ■ Crop Care & Public Health | 51% |
| ■ Mosquito Coil | 31% |
| ■ Aerosol & Air Freshener | 18% |

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



Shareowners' Equity (Taka in Million)



Earnings Per Share (Taka)

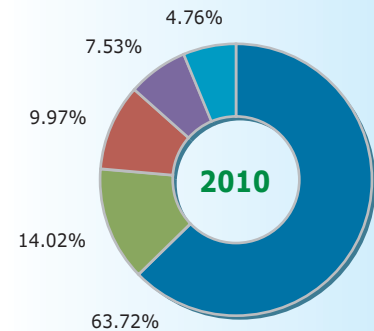
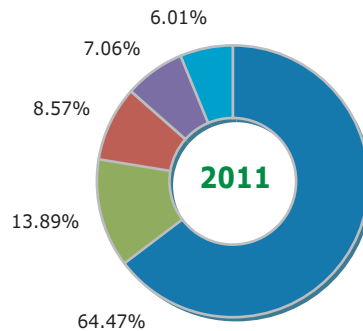


Six Years Comparative Statistics, from 2006-2011

| Particulars | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------------------|--------|----------|----------|----------|----------|----------|
| Taka in million | | | | | | |
| Authorized Capital | 500.00 | 500.00 | 500.00 | 500.00 | 500.00 | 500.00 |
| Issued & Paid Capital | 250.00 | 250.00 | 250.00 | 300.00 | 300.00 | 300.00 |
| Current Assets | 763.11 | 1,190.59 | 1,494.80 | 1,570.93 | 1,506.60 | 1,646.05 |
| Tangible Fixed Assets (Gross) | 377.83 | 442.50 | 555.63 | 685.91 | 1,137.70 | 1,262.89 |
| Shareowners' Equity | 528.74 | 594.27 | 808.04 | 948.28 | 1,581.93 | 1,638.78 |
| Turnover (Net) | 923.86 | 1,383.12 | 2,093.47 | 2,079.94 | 1,924.40 | 2,443.66 |
| Gross Profit | 180.56 | 212.19 | 405.46 | 488.47 | 458.14 | 571.86 |
| Profit Before Tax | 102.96 | 112.91 | 271.36 | 214.83 | 122.73 | 197.49 |
| Profit After Tax | 67.27 | 65.53 | 203.29 | 160.33 | 91.61 | 146.85 |
| Dividend | - | - | 75.00 | 75.00 | 90.00 | 225.00 |
| Current Ratio (Times) | 1.72 | 1.40 | 1.51 | 1.54 | 1.61 | 1.46 |
| Quick Ratio (Times) | 0.95 | 0.93 | 0.78 | 0.95 | 0.86 | 0.84 |
| Return on Equity (%) | 13.00 | 11.00 | 25.00 | 17.00 | 6.00 | 9.00 |
| Inventory Turnover (Times) | 2.52 | 3.16 | 3.02 | 2.41 | 2.25 | 2.67 |
| Debtors Turnover (Times) | 5.97 | 2.52 | 2.91 | 2.82 | 2.82 | 4.23 |
| Fixed Assets Turnover (Times) | 3.22 | 4.20 | 5.01 | 4.05 | 1.70 | 2.02 |
| Net Asset Per Share (Taka) | 21.14 | 23.77 | 26.93 | 31.61 | 52.73 | 54.63 |
| Market Price Per Share (Taka) | n/a | n/a | 194.60 | 171.40 | 139.80 | 89.00 |
| Earnings Per Share (Taka) | 2.69 | 2.62 | 6.78 | 5.34 | 3.05 | 4.89 |
| Dividend Per Share (Taka) | - | - | 3.00 | 2.50 | 3.00 | 7.50 |
| Dividend Rate (%) | - | - | 30.00 | 25.00 | 30.00 | 75.00 |
| Dividend Payout Ratio (%) | - | - | 44.25 | 46.82 | 98.36 | 153.37 |
| Price Earnings Ratio (Times) | n/a | n/a | 28.70 | 32.10 | 45.84 | 18.20 |
| Dividend Yield (%) | n/a | n/a | 1.54 | 1.46 | 2.15 | 8.43 |
| Number of Employees | 139 | 163 | 271 | 533 | 674 | 798 |

Analysis of Turnover (%)

- Cost of Materials
- Salaries, Wages & Benefits paid to employees
- Expenses
- Duties & Taxes paid to Government Exchequer
- Profit



Comparison of Turnover & Costs over last year

| | 2011 | % | 2010 | % |
|--|-----------------|---------------|-----------------|---------------|
| Turnover (Gross) | 2,443.66 | 100 | 1,924.40 | 100 |
| Cost of Materials | 1,575.52 | 64.47 | 1,226.15 | 63.72 |
| Salaries, Wages & Benefits paid to employees | 209.45 | 8.57 | 191.84 | 9.97 |
| Expenses | 339.37 | 13.89 | 269.87 | 14.02 |
| Duties & Taxes paid to Government Exchequer | 172.47 | 7.06 | 144.93 | 7.53 |
| Profit | 146.85 | 6.01 | 91.61 | 4.76 |
| Total | 2,443.66 | 100.00 | 1,924.40 | 100.00 |



Message from the Chairman

"Knowledge of our people in agronomics practices is a very valuable asset for us. We should be able to use the knowledge at home and abroad. We are seeking opportunities where our knowledge will be useful"

M Anis Ud Dowla
Chairman

*Dear Shareowners
and friends of ARIFL,*

Assalamu Alaikum,

I welcome you to the 16th AGM. The share market has gone through several turmoils and the innocent investors have suffered. There was no reason for the price fluctuation, particularly of our shares, but it happened. I can attribute the reason for the price fluctuation to nothing other than share price manipulation. The SEC has begun investigation and I hope they find the responsible group and punish them. My heartfelt sympathy for the innocent share holders who suffered losses.

Dear shareowners, as I mentioned before, Agribusiness is very much dependent on nature. Fortunately for the country, the weather was good in all the seasons and pest infestation was minimal. The sale was less as a result.

The year was difficult for all businesses. Banks had liquidity problem and the interest rate fluctuated considerably. Thus imports of active ingredients became costlier. We are a highly geared company and therefore we took a big hit due to interest rate increase. On top of those the currency value depreciated considerably. Food price went up, fuel

cost increased and inflation crossed double digit mark. Management of the business under those adverse macroeconomic conditions were challenging. In some cases margin eroded and in some cases sale volume was affected. All those factors had adverse effect on our bottom line of the agribusiness.

Knowledge of our people in agronomics practices is a very valuable asset for us. We should be able to use the knowledge at home and abroad. We are seeking opportunities where our knowledge will be useful.

Our employees, both in the factory and the field are loyal and hard working and I thank them on your behalf.

yours Sincerely,

M Anis Ud Dowla
Chairman

Corporate Governance

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

Composition of the Board

The Board presently consists of 6 members drawn from amongst the major shareowners, business professionals. Mr. M Anis Ud Dowla currently occupies the position of the Chairman and Managing Director of the Board.

Role of the Board

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

Responsibility of the Board

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

Functioning of the Board

The Board is required under the law to meet at least once in three months. The number of Board Meetings held in 2011 was Four. The Directors are kept informed of the results and the major activities through distribution of monthly statements and quarterly reporting by the Managing Director. The Board agenda includes financial results, consideration of major investments, new business initiatives, borrowings, liquidity etc. in addition to statutory approvals.

Audit Committee

The Board has set Audit Committee which is a sub-committee of the Board of Directors and is appointed and authorized by the Board to review the activities of the Company. The Audit Committee comprises of 4-members with Mr. C. M. Murshed - the Independent Director as its Chairman. The Committee met for four times during the year and reported its findings and submitted its recommendations for consideration of the Board.



Management through People

The Board has approved the organogram of the Company. The Board is kept informed of the goals and targets of the Company and takes account of the financial performance on a quarterly basis.

Empowerment of People

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

Internal Control

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

Reporting and Communication

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



Report of the Directors' to the Shareowners

Agriculture plays a vital role in Bangladesh economy in terms of GDP contribution, employment generation, rural development, food security and export earnings. Feeding 160 million people from a small surface area is a serious challenge. More than 45% of the labor force are engaged in agricultural activity accounting for around 20% of our GDP. Diversification of agricultural output is also important for balanced nutrition of the people. Thus agricultural development is a crucial and non-optional road to the prosperity in Bangladesh.

Sales

Industry decline by 2% and CC&PH business increased by 19.36% over previous year. This was a planned initiative to drive down credit exposure in light of a large number of competitors entering the market with new registration. The industry witnessed increase in push sales from new competitors along with a deterioration of quality standards. ACI Crop Care and Public Health, as part of the premium branded segment of high quality products, had to exercise extreme caution in engaging with the markets through stringent credit control and demand based sales.

New Product Development

ACI Formulations has launched a new molecule of each Insecticide, Fungicide and Herbicide named Protect 50SG, Xtramil 720WP and Super Care 25EC

respectively as more effective solution. From our Sulphur plant we produced over Sulphox 80WP, which was well received by the farmers.

Public Health Products

Vector Born Disease like Malaria, Kala-Azar, and Dengue cause significant adversity to public health. ACI Formulations has developed products for controlling vectors and successfully supplied Deltamethrine 5WP to Government for Indoor Residual Spray (IRS), to help control vector born diseases. Some new products are under development to support the Government, notably LLIN (Long Lasting Impregnated Net), Larvicides, Adulticides, Insecticide - Treated Nets (ITNs). ACI Formulations collaborates closely with a variety of partners, including health organizations,



humanitarian aid agencies and academic institutions, to ensure the availability of mosquito control products in affected areas and to provide education as to their safe and effective use. ACIFL is also conducting seminars, symposiums and community based field trials with local and international agencies to support vector control programs.

Manufacturing

ACI Formulations Plant has provided production support of insecticide, fungicide and herbicide to the Crop Care and Public Health Business. There

was considerable growth in the production of mosquito coil and aerosol insect spray. ACI Air Freshener, ACI Cockroach Spray and Vanish Toilet Cleaner also grew satisfactorily. We have a well equipped factory with modern machineries and equipments where government rules and regulations are followed strictly. Modern Effluent Treatment Plant (ETP) and Incinerator is there to make the factory eco friendly. ACI Formulations Plant is considered as Smoke Free Zone.

Promotion and Communication Campaign

Integrated approach of ACI Formulations involves



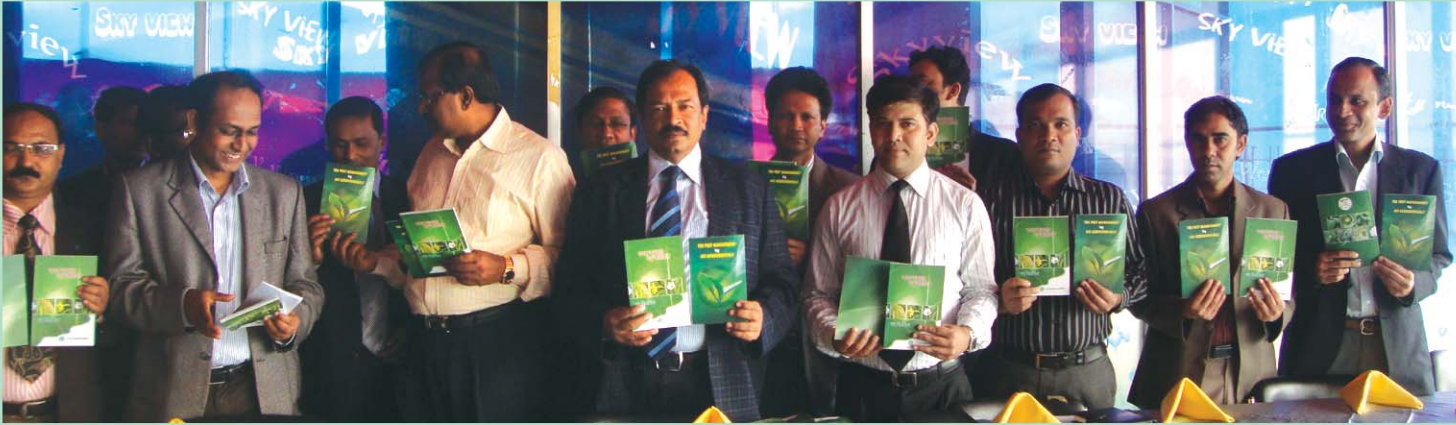


educational institutions, scientists, researchers, retailers and farmers to influence and educate the entire ecosystem. Main objective is to improve the social, economic and environmental conditions by providing technology and solution support to all layers of stakeholders. We have used direct interactions, field demonstrations, audio-visual campaigns, solution booths and "Uthan Boithaks" to communicate a range of ideas. In each program, safety precaution and pesticide regulation has been a compulsory topic.

People

Human capital development has been a top priority for ACI Formulations. The approach is multidimensional; values, knowledge and skills delivered through training, coaching, communication and social events. Health and safety day was observed when all factory members enjoyed a day of togetherness around that concept. A sports day was organised that fostered team spirit and enjoyment. This holistic approach makes ACI Formulations a strong value based cohesive team and an example for the community at large.





Corporate Social Responsibility

In 2011, the CSR activity of ACI Formulations was objectively aligned with the business operation. ACI Formulation's mission is to improve the farmers' life in terms of food, shelter, treatment, education and socioeconomic development. ACI Formulations is continuously transferring technological knowledge and promoting best cultivation practices to bring prosperity among farmers through different awareness programs such as trainings, seminars, field demonstrations, etc. with the help of our large number of skilled field forces and agri-scientists. This knowledge is helping our farmers to protect their crop and achieve better yield. Through this initiative we will be able to ensure food security of the country and the nation will grow as a whole.

Prospects

A large proportion of the cultivated land is not using scientific agriculture. Currently, we are protecting only 32% of insect, 39% of disease and 16% of weed of the total rice acreage. Relatively new herbicide technology can reduce about 15% of traditional cultivation cost. Environment friendly, yield booster products can increase output by as much as 20%. Crop specific solution is another area that is largely unexplored. These facts reveal the enormous potential for growth and development through scientific agriculture in Bangladesh.



Financial Results

In 2011, total turnover increased to Tk. 2,443.66 million from Tk. 1,924.40 million of 2010, an increase of Tk. 519.26 million, resulting into 26.98% growth over last year. The cost of sales has also increased by 27.65% mainly due to higher sales volume coupled with increased raw materials cost. Higher turnover partially offset by the increased cost of sales has contributed to the increase in gross profit by 24.82% (Tk. 113.72 million) over last year. Profit after tax has also increased to Tk. 146.85 million from Tk. 91.61 million of 2010 which is higher by 60.30% mainly due to increased gross margin partially offset by increased financing cost. Earnings Per Share (EPS) has also increased by 60.30% to Tk. 4.89 from Tk. 3.05 (2010).

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:

| | 2011 Taka | 2010 Taka |
|---|--------------------|--------------------|
| Un-appropriated profit from previous year | 498,554,370 | 496,949,034 |
| Add: Net profit after tax for the year | 146,847,207 | 91,605,336 |
| Total available for appropriation | <u>645,401,577</u> | <u>588,554,370</u> |

Appropriation proposed:

| | | |
|-------------------------|--------------------|--------------------|
| Proposed dividend: | | |
| Cash dividend | 75,000,000 | 90,000,000 |
| Stock dividend | 150,000,000 | - |
| Total dividend | <u>225,000,000</u> | <u>90,000,000</u> |
| Balance carried forward | <u>420,401,577</u> | <u>498,554,370</u> |

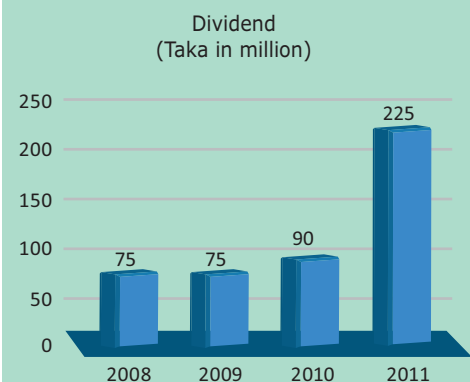
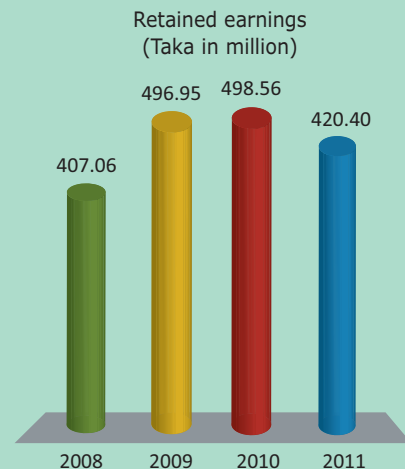
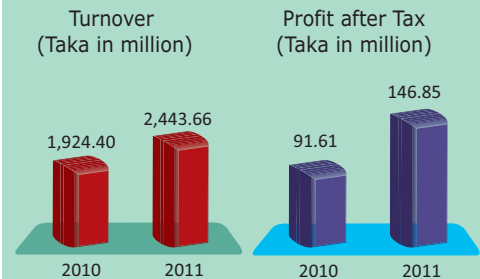
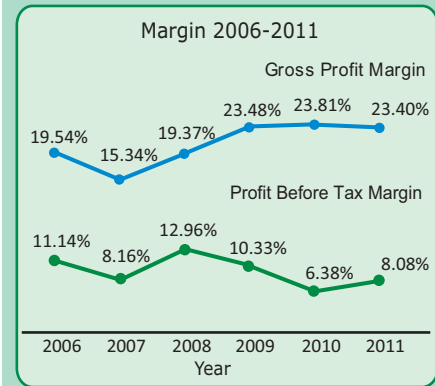
With the balance carried forward in this year and with future ploughing back of the profit, Directors are confident that company will be able to maintain prudent dividend policy in years to come.

Dividend

The Board of Directors is pleased to recommend dividend @75% which include Tk. 2.50 per share of Taka 10 i.e. 25% as cash dividend and 50% stock dividend or 1 Share against 2 Shares held for the year 2011 to those shareowners whose names will be appeared in the Share Register of Members of the Company or in the Depository list of CDBL on the Record Date which is Wednesday, 16th May 2012.

Contribution to the National Exchequer

During 2011, the company contributed Tk. 172.47 million to the National Exchequer in the form of corporate tax, custom duty, VAT etc. This is equivalent to 7.06 percent of our net sales revenue for the year 2011.



A. Statutory Information

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

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

B. Status of Compliance

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

Election of Director

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

Auditors

Our Auditor Messrs Hoda Vasi Chowdhury & Co, Chartered Accountants has sought re-appointment for the year 2012 and the Directors recommend their re-appointment.

On behalf of the Board



M Anis Ud Dowla
Managing Director



Dr. Arif Dowla
Director



Attendance of Board meetings

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

| <u>Name</u> | <u>No. of Meeting Attended</u> |
|---------------------|--------------------------------|
| Mr. M Anis Ud Dowla | 4 |
| Mrs. Najma Dowla | 4 |
| Dr. F H Ansarey | 4 |
| Dr. Arif Dowla | 4 |
| Ms. Shusmita Anis | 4 |
| Mr. Wajed Salam | 0 |
| Mr. C. M. Murshed | 4 |

Annexure-II

Pattern of Shareholding

As per SEC guideline condition no-1.4(k), the pattern of share holding status as on 31 December 2011 is given below:

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

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

| <u>Name</u> | <u>Position</u> | <u>No. of shares</u> |
|---------------------|------------------------------|----------------------|
| Mr. M Anis Ud Dowla | Chairman & Managing Director | 3,003,000 |
| Dr. Arif Dowla | Director | 1,200 |
| Dr. F H Ansarey | Director | 753,000 |
| Mrs. Najma Dowla | Director | 3,000 |
| Ms. Shusmita Anis | Director | 1,200 |
| Mr. Wajed Salam | Director | 1,200 |
| Mr. C. M. Murshed | Independent Director | -- |
| ACI Limited | | 16,044,070 |

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

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

| <u>Name</u> | <u>Position</u> | <u>% of shares</u> |
|---------------------|-----------------|--------------------|
| Mr. M Anis Ud Dowla | Chairman & MD | 10.01 |

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

On behalf of the Board



M Anis Ud Dowla
Managing Director



Dr. Arif Dowla
Director



চেয়ারম্যানের বাণী

কৃষিতত্ত্ব চর্চায় আমাদের কর্মীদের জ্ঞান ও দক্ষতা আমাদের জন্য একটি গুরুত্বপূর্ণ সম্পদ। আমাদের এই জ্ঞানকে দেশ এবং দেশের বাইরে কাজে লাগাতে হবে। আমরা সুযোগ খুঁজছি যেখানে আমাদের জ্ঞানকে আমরা কাজে লাগাতে পারবো।

এম আনিস উদ্ দৌলা
চেয়ারম্যান

প্রিয় শেয়ারমালিক ও এসিআইএফএল এর শুভাকাজক্ষীবন্দ,

আসসালামু আলাইকুম।

কোম্পানীর ১৬তম সাধারণ সভায় আপনাদের স্বাগত জানাচ্ছি। সম্প্রতি শেয়ার বাজার বেশকিছু সমস্যার মধ্যদিয়ে অতিবাহিত করেছে এবং যার ফল ভোগ করেছে নির্দোষ শেয়ারমালিকগণ। আমাদের শেয়ারের মূল্য উঠা-নামা করার কোন যুক্তিসংগত কারণ না থাকা সত্ত্বেও তা উঠা-নামা করেছে। আমি এই মূল্য উঠা-নামার শুধুমাত্র একটি কারণই খুঁজে পাই- যা হলো শেয়ার মূল্যের কারসাজি। SEC তদন্ত শুরু করেছে এবং আশা করি তারা প্রকৃত দোষীকে খুঁজে বের করবে এবং শাস্তিমূলক ব্যবস্থা গ্রহণ করবে। আমি ক্ষতিগ্রস্ত শেয়ারমালিকদের প্রতি আমার অন্তরের অন্তঃস্থল থেকে সমবেদনা জ্ঞাপন করছি।

প্রিয় শেয়ারমালিকবন্দ, যেমনটি আগেই বলেছি, কৃষি ব্যবসা অনেকটাই প্রকৃতির উপর নির্ভর করে। দেশের জন্য এ বিষয়টা সৌভাগ্যের যে, পুরো মৌসুম জুড়েই এবার ভালো আবহাওয়া বিরাজ করেছে এবং কীট পতঙ্গের উপদ্রবও যৎসামান্য ছিল, ফলে বিক্রয়ের পরিমাণও কিছুটা কম ছিল।

সকল ব্যবসার জন্যই এই বছরটা কঠিন ছিল। ব্যাংকে ছিল তারল্য সংকট এবং সুদের হারও তীব্রভাবে উঠা-নামা করেছে। কাঁচামালের আমদানি খরচও অনেক বৃদ্ধি পেয়েছে। খাদ্য ও জ্বালানী মূল্য বৃদ্ধি পেয়েছে এবং মূল্যস্ফীতির সীমা দু'অংক

পেরিয়েছে। এই প্রতিকূল অর্থনৈতিক অবস্থায় ব্যবসা পরিচালনা করা অনেকটাই চ্যালেঞ্জিং ছিল। কিছু ক্ষেত্রে বিক্রয়ের মার্জিন এবং কিছু ক্ষেত্রে বিক্রয়ের পরিমাণ হ্রাস পেয়েছে। এ সব কিছুই আমাদের কৃষি ব্যবসার মুনাফাতে একটি প্রতিকূল প্রভাব ফেলেছে।

কৃষিতত্ত্ব চর্চায় আমাদের কর্মীদের জ্ঞান ও দক্ষতা আমাদের জন্য একটি গুরুত্বপূর্ণ সম্পদ। আমাদের এই জ্ঞানকে দেশ এবং দেশের বাইরে কাজে লাগাতে হবে। আমরা সুযোগ খুঁজছি যেখানে আমাদের জ্ঞানকে আমরা কাজে লাগাতে পারবো।

ফ্যাক্টরী এবং মাঠ পর্যায়ের সকলেই খুবই বিশ্বস্ত এবং কঠোর পরিশ্রমী। আমি আপনাদের সবার পক্ষ থেকে তাদের ধন্যবাদ জানাচ্ছি।

আপনাদের বিশ্বস্ত

এম আনিস উদ্ দৌলা
চেয়ারম্যান

শেয়ার মালিকবৃন্দের প্রতি পরিচালকমন্ডলীর প্রতিবেদন

সামগ্রিক পর্যালোচনা

জিডিপিতে অবদান, কাজের সুযোগ বৃদ্ধি, গ্রামের উন্নয়ন, খাদ্য নিরাপত্তা এবং রপ্তানী আয়ের মাধ্যমে বাংলাদেশের অর্থনীতিতে কৃষি অতীব গুরুত্বপূর্ণ ভূমিকা পালন করে। এত ছোট আয়তনের একটি দেশের জন্য ১৬০ মিলিয়ন লোকের খাবার যোগান দেয়া কঠিন চ্যালেঞ্জের ব্যাপার। ৪৫% এর অধিক জনবল কৃষিকাজের সাথে জড়িত যা থেকে দেশের জিডিপির ২০ ভাগ আয় আসে। দেশের মানুষের সুখম পুষ্টি নিশ্চিত করতে কৃষিপণ্যের বিভিন্নতা খুবই জরুরী। যে কারণে বাংলাদেশের সমৃদ্ধি লাভের পথে কৃষির উন্নয়ন খুবই গুরুত্বপূর্ণ এবং আবশ্যিক বিষয়।

বিক্রয়

গত বছরের তুলনায় এই ইন্ডাস্ট্রিতে ব্যবসা হ্রাস পেয়েছে ২% এবং ক্রপ কেয়ার ও পাবলিক হেলথ এর ব্যবসায়িক প্রবৃদ্ধি হয়েছে ১৯.৩৬%। বাজারে অনেক নতুন প্রতিযোগিতার আবির্ভাব হয়েছে যে কারণে ক্রেডিট নিয়ন্ত্রণ করতে এটি ছিল আমাদের একটি পূর্বপরিকল্পিত উদ্যোগ। এ শিল্পে নতুন প্রতিযোগীদের জোরপূর্বক বিক্রয় প্রবণতা লক্ষ্য করা গেছে যা থেকে এ শিল্পের গুণগতমান নিম্নগামী হয়েছে। এসিআই ক্রপ কেয়ার এবং পাবলিক হেলথ এর পণ্য প্রথম সারির এবং উচ্চ গুণগতমান সম্পন্ন হওয়ায় আমরা ক্রেডিট নিয়ন্ত্রণের উপর জোর গুরুত্ব প্রদান করেছি এবং পণ্য চাহিদা অনুযায়ী বিক্রয়কে প্রাধান্য দিয়েছি।

নতুন পণ্য উন্নয়ন

এসিআই ফর্মুলেশনস্ লিমিটেড আরো কার্যকরী সমাধান হিসাবে কীটনাশক, ছত্রাকনাশক এবং আগাছানাশকের নতুন মলিকিউল বাজারে নিয়ে এসেছে যেগুলো হচ্ছে Protect 50SG, Xtramil 720WP & Super Care 25EC. আমাদের নিজস্ব সালফার প্ল্যান্টে আমরা Sulphox 80WP উৎপন্ন করেছি যা কৃষকরা সমাদরে গ্রহণ করেছে।

পাবলিক হেলথ পণ্য

ম্যালেরিয়া, কালুজ্বর এবং ডেঙ্গু জাতীয় রোগসমূহ মানব দেহের অনেক ক্ষতি করে। এসিআই ফর্মুলেশনস্ এই রোগসমূহ থেকে রক্ষা পাবার জন্য পণ্য উৎপাদন করেছে এবং সফলভাবে Deltamethrine 5WP সরকারকে সরবরাহ করেছে যাতে রোগের বাহককে নির্মূল করার জন্য এটি আবাসন এলাকার ভিতরে ছিটিয়ে দেয়া যায়। সরকারকে সাহায্য করার জন্য আরো কিছু পণ্য উৎপাদনের প্রক্রিয়াধীন রয়েছে যার মধ্যে LLIN (Long Lasting Impregnated Net), Larvicides, Adulticides, Insecticide-Treated Nets (ITNs) অন্যতম।

মশার প্রাদুর্ভাবযুক্ত এলাকায় মশা দমনকারকের প্রাপ্যতা নিশ্চিত করতে এবং এর নিরাপদ কার্যকরী প্রয়োগ শিক্ষা দিতে এসিআই ফর্মুলেশনস্ ঘনিষ্ঠভাবে বিভিন্ন প্রকার অংশীদার যেমন: স্বাস্থ্য সংস্থা, সাহায্য সংস্থা, শিক্ষা প্রতিষ্ঠান প্রভৃতির সাথে একত্রিত হয়ে কাজ করেছে। এসিআই ফর্মুলেশনস্ স্থানীয় এবং আন্তর্জাতিক সংস্থার সাথে একত্রিত হয়ে রোগের বাহক দমনে সেমিনার, সিম্পোজিয়াম এবং বিভিন্ন এলাকায় মাঠ ভিত্তিক পরীক্ষা পরিচালনা করেছে।

উৎপাদন

এসিআই ফর্মুলেশনস্ ক্রপকেয়ার ব্যবসাকে সহায়তার জন্য কীটনাশক, ছত্রাকনাশক এবং আগাছানাশকের উৎপাদন ক্রমাগতভাবে চালিয়ে গেছে। ২০১১তে মশার কয়েল এবং এ্যারোসল এর উৎপাদন উল্লেখযোগ্যভাবে বৃদ্ধি পেয়েছে। এয়ার ফ্রেশনার, কক্‌রোচ স্প্রে, ভেনিশ টয়লেট ক্লিনারও সন্তোষজনক প্রবৃদ্ধি অর্জন করেছে। আমাদের কারখানাটি আধুনিক যন্ত্রপাতি সমৃদ্ধ যেখানে সরকারী নিয়মকানুন দৃঢ়ভাবে মেনে চলা হয়। আধুনিক Effluent Treatment Plant (ETP) এবং Incinerator আছে যাতে ফ্যাক্টরী পরিবেশ বান্ধব থাকে। এসিআই ফর্মুলেশনস্ প্ল্যান্টকে ধুমপানমুক্ত এলাকা হিসেবে বিবেচনা করা হয়।

প্রচারণা ও যোগাযোগ

প্রমোশন এন্ড কমিউনিকেশন ক্যাম্পেইন এসিআই ফর্মুলেশনস্ লিমিটেড এর একটি সামগ্রিক ব্যবস্থা যার সাথে যুক্ত আছে শিক্ষা প্রতিষ্ঠান, বিজ্ঞানী, গবেষক, ছাত্র, খুচরা ব্যবসায়ী, কৃষক এবং যার উদ্দেশ্য সম্পৃক্ত সকলকেই একযোগে শিক্ষিত করে তোলা। এর প্রধান উদ্দেশ্য সামাজিক, অর্থনৈতিক ও পরিবেশের উন্নয়নের মাধ্যমে এই ব্যবসার সাথে সম্পৃক্ত সকলের প্রযুক্তিনির্ভর সমাধানে সহায়তা করা। এই কর্মসম্পাদনের জন্য আমরা সরাসরি আলোচনা, মাঠ প্রদর্শনী, অডিও ভিজুয়াল প্রদর্শনী, সমাধান বুথ, উঠান বৈঠক ইত্যাদি করে থাকি। প্রতিটি অনুষ্ঠানেই সতর্কতামূলক ব্যবস্থা এবং কীটনাশক ব্যবহার নিয়ন্ত্রণ সম্পর্কিত বিষয় নিয়ে আলোচনা বাধ্যতামূলক।

কর্মীবাহিনী

মানব সম্পদের উন্নয়নে এসিআই ফর্মুলেশনস্ সর্বোচ্চ অগ্রাধিকার দিয়েছে। এ জন্য বহুমুখী উদ্যোগ নেয়া হয়েছে যার মধ্যে রয়েছে মূল্যবোধ, জ্ঞান এবং দক্ষতা বৃদ্ধির জন্য প্রশিক্ষণ, কোচিং, প্রচারাভিযান এবং সামাজিক কার্যক্রম। ‘হেলথ্ এবং সেফ্টি ডে’ নামক একটি দিবস উদযাপন করা হয়েছে যাতে কারখানার সকল কর্মকর্তা ও কর্মচারী একত্রিত হয়ে অংশগ্রহণ করেছে। একটি ‘স্পোর্টস ডে’ উদযাপিত হয়েছে যা একসাথে কাজ করার উদ্দীপনা যুগিয়েছে এবং সবাই নির্মল আনন্দ লাভ করেছে। এই সমন্বিত পদক্ষেপগুলো এসিআই ফর্মুলেশনস্ কে একটি শক্তিশালী মূল্যবোধসম্পন্ন কোম্পানী হিসাবে তৈরী করেছে এবং সমাজের জন্য নিজেদেরকে একটি দৃষ্টান্তস্বরূপ প্রতিষ্ঠা করেছে।

কর্পোরেট সামাজিক দায়িত্ব (CSR)

২০১১ সালে এসিআই ফর্মুলেশনস্ এর CSR কার্যক্রম ছিল এর ব্যবসায়িক কার্যক্রমের সাথে সমন্বিত। এসিআই ফর্মুলেশনস্ এর লক্ষ্য হচ্ছে খাদ্য, বস্ত্র, বাসস্থান, চিকিৎসা, শিক্ষা এবং সামাজিক অবস্থান উন্নয়নের মাধ্যমে কৃষকদের জীবনযাত্রার মান উন্নয়ন। প্রযুক্তিগত জ্ঞান এবং আধুনিক চাষাবাদ পদ্ধতির মাধ্যমে কৃষকদের সমৃদ্ধি অর্জনের জন্য আমাদের বিপুল সংখ্যক মাঠকর্মী ও কৃষিবিজ্ঞানীদের দ্বারা কৃষকদের সচেতনতা বৃদ্ধিতে বিভিন্ন ধরনের কার্যক্রম যেমন: ট্রেনিং, সেমিনার, মাঠ প্রদর্শনীর আয়োজন করা হয়। এই জ্ঞান কৃষকদের শস্য সুরক্ষা ও ভালো উৎপাদন পেতে সাহায্য করে। এই উদ্যোগের দ্বারা আমরা দেশের খাদ্যের নিরাপত্তা নিশ্চিত করতে পারবো এবং সমগ্র দেশ একসাথে সমৃদ্ধশালী হবে।

সম্ভাবনা

আমাদের চাষাবাদকৃত জমির একটি বড় অংশে এখনও বৈজ্ঞানিক পদ্ধতি ব্যবহৃত হচ্ছে না। বর্তমানে সর্বমোট চাষাবাদকৃত ধানে আমরা কেবলমাত্র ৩২% কীট পতঙ্গ, ৩৯% রোগবাহাই এবং ১৬% আগাছা রক্ষা করতে পারছি। আমাদের নতুন প্রযুক্তির কীটনাশক পণ্য প্রথাগত উৎপাদন খরচকে শতকরা ১৫ ভাগ কমাতে সক্ষম। পরিবেশবান্ধব উৎপাদন বৃদ্ধিকারক পণ্য সর্বোচ্চ ২০ ভাগ উৎপাদন বৃদ্ধিতে কার্যকরী। শস্যভিত্তিক সমস্যার সমাধান আরেকটি এরিয়া যার অনেকটাই এখনও অনাবিষ্কৃত রয়ে গেছে। এ তথ্যগুলি দ্বারা বোঝা যায় যে, বৈজ্ঞানিক পদ্ধতিতে চাষাবাদের মাধ্যমে বৃদ্ধি এবং উন্নয়নের অপরিসীম সম্ভাবনা রয়েছে।



আর্থিক ফলাফল :

২০১১ সালে কোম্পানীর বিক্রয়লব্ধ অর্থ দাঁড়িয়েছে ২,৪৪৩.৬৬ মিলিয়ন টাকা, যা ২০১০ সালে ছিল ১৯২৪.৪০ মিলিয়ন টাকা। ফলশ্রুতিতে বিক্রয়লব্ধ অর্থ বৃদ্ধি পেয়েছে ৫১৯.২৬ মিলিয়ন টাকা, যা বিগত বছরের তুলনায় ২৬.৯৮% বেশী। বিক্রয় বৃদ্ধি সেই সাথে কাঁচামালের মূল্য বৃদ্ধির কারণে বিক্রিত পণ্যের ব্যয় বেড়েছে ২৭.৬৫%। বিক্রিত পণ্যের মূল্য বৃদ্ধি সত্ত্বেও উচ্চ বিক্রয়লব্ধ অর্থের কারণে মোট মুনাফা গত বছরের তুলনায় ২৪.৮২% (১১৩.৭২ মিলিয়ন টাকা) বৃদ্ধি পেয়েছে। অর্থাৎ ব্যয় বৃদ্ধি সত্ত্বেও মোট মুনাফা বৃদ্ধি পাবার কারণে কর-পরবর্তী মুনাফা ২০১০ সালের তুলনায় (৯১.৬১ মিলিয়ন টাকা) ৬০.৩০% বৃদ্ধি পেয়ে ১৪৬.৮৫ মিলিয়ন টাকা হয়েছে। শেয়ার প্রতি আয়ও ৩.০৫ টাকা (২০১০) থেকে ৬০.৩০% বেড়ে ৪.৮৯ টাকায় এসে দাঁড়িয়েছে।

মুনাফা বন্টন :

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

| | ২০১১ টাকা | ২০১০ টাকা |
|---------------------------|--------------|--------------|
| বিগত বছরের অবন্টিত মুনাফা | ৪৯৮,৫৫৪,৩৭০ | ৪৯৬,৯৪৯,০৩৪ |
| যোগ: কর-পরবর্তী মুনাফা | ১৪৬,৮৪৭,২০৭ | ৯১,৬০৫,৩৩৬ |
| সর্বমোট বন্টনযোগ্য তহবিল | ৬৪৫,৪০১,৫৭৭ | ৫৮৮,৫৫৪,৩৭০ |

প্রস্তাবিত লভ্যাংশ :

| | | |
|-----------------|-------------|-------------|
| নগদ লভ্যাংশ | ৭৫,০০০,০০০ | ৯০,০০০,০০০ |
| স্টক লভ্যাংশ | ১৫০,০০০,০০০ | - |
| সর্বমোট লভ্যাংশ | ২২৫,০০০,০০০ | ৯০,০০০,০০০ |
| অবন্টিত স্থিতি | ৪২০,৪০১,৫৭৭ | ৪৯৮,৫৫৪,৩৭০ |

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

লভ্যাংশ :

পরিচালকমন্ডলী আনন্দের সাথে ২০১১ সালের জন্য ৭৫% লভ্যাংশ প্রদানের সুপারিশ করেছেন। এই মোট লভ্যাংশের ২৫% হলো নগদ লভ্যাংশ (অর্থাৎ প্রতি ১০ টাকার শেয়ারে ২.৫০ টাকা) এবং ৫০% হলো স্টক লভ্যাংশ (অর্থাৎ প্রতি ২টি শেয়ারে ১টি শেয়ার)। ১৬ ই মে ২০১২, বুধবারে বুক ক্লোজারের সময় যে সকল শেয়ার মালিকগণের নাম কোম্পানী সদস্যদের শেয়ার রেজিস্ট্রারে বা CDBL এর ডিপোজিটরিতে অন্তর্ভুক্ত থাকবে, তারা এই লভ্যাংশ পাবেন।

জাতীয় রাজস্ব আয়ে অবদান :

কোম্পানী ২০১১ সালে কর্পোরেট কর, কাস্টমস্ শুল্ক ও মূল্য সংযোজন কর বাবদ ১৭২.৪৭ মিলিয়ন টাকা জাতীয় রাজস্ব খাতে প্রদান করেছে। এটি ২০১১ সালের নীট বিক্রয়লব্ধ আয়ের ৭.০৬%।

পরিচালকমন্ডলীর নির্বাচন

কোম্পানীর আর্টিকেলস অব এসোসিয়েশন-এর ৪৭ অনুচ্ছেদ অনুসারে মিসেস নাজমা দৌলা এবং ডক্টর এফ এইচ আনসারী, পর্যায়ক্রমে অবসর গ্রহণ করেছেন এবং যোগ্যতার ভিত্তিতে তাঁদের পুনঃ নির্বাচনে প্রস্তাব রাখছেন।

পরিচালকমন্ডলীর পক্ষে



এম আনিস উদ দৌলা
ব্যবস্থাপনা পরিচালক

অডিটর

আমাদের অডিটর মেসার্স হুদা ভাসি চৌধুরী এন্ড কোং, চার্টার্ড একাউন্ট্যান্টস ২০১২ সালের জন্য তাঁদের পুনঃনিয়োগ চেয়েছেন এবং পরিচালকমন্ডলী তাঁদের পুনঃনিয়োগে প্রস্তাব রাখছেন।



ডঃ আরিফ দৌলা
পরিচালক

ACI Formulations Limited

**Financial Statements as at and
for the year ended 31 December 2011**



Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Correspondent Firm to **Deloitte Touche Tohmatsu**

Independent Auditors' Report to the Shareholders of ACI Formulations Limited

We have audited the accompanying financial statements of ACI Formulations Limited (the Company) which comprise the statement of financial position as at 31 December 2011, the related income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other relevant explanatory notes thereon.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BASs), Bangladesh Financial Reporting Standards (BFRSs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

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 (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements prepared in accordance with the Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the financial position of ACI Formulations Limited as at 31 December 2011 and the results of its financial performance 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 statement of financial position and income statement along with the annexed notes 1 to 34 dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred and payments made were for the purposes of the Company's business.



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 25 April 2012

ACI Formulations Limited

Statement of Financial Position

as at 31 December 2011

| | Notes | 2011 Taka | 2010 Taka |
|---|-------|----------------------|----------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | | |
| At cost/revaluation | | 1,229,783,264 | 1,124,225,291 |
| Less: Accumulated depreciation | | 52,490,189 | 6,568,832 |
| | | 1,177,293,075 | 1,117,656,459 |
| Capital work-in-progress | 5 | 33,113,538 | 13,475,657 |
| Investment | 6 | 2,396,817 | 3,599,050 |
| Total non-current assets | | 1,212,803,430 | 1,134,731,166 |
| Current assets | | | |
| Inventories | 7 | 704,746,537 | 699,819,589 |
| Trade receivables | 8 | 546,036,962 | 577,768,167 |
| Advances, deposits and prepayments | 9 | 68,353,667 | 109,561,096 |
| Inter-company receivables | 10 | 243,764,427 | 68,426,208 |
| Cash and cash equivalents | 11 | 83,150,407 | 51,027,175 |
| Total current assets | | 1,646,052,000 | 1,506,602,235 |
| Total assets | | 2,858,855,430 | 2,641,333,401 |
| Equity and liabilities | | | |
| Shareholders' equity | | | |
| Share capital | 12 | 300,000,000 | 300,000,000 |
| Revaluation surplus | | 693,376,055 | 693,376,055 |
| Retained earnings | | 645,401,577 | 588,554,370 |
| Total equity | | 1,638,777,632 | 1,581,930,425 |
| Non-current liabilities | | | |
| Long term liabilities | 13 | 34,726,794 | 58,198,966 |
| Deferred tax liabilities | 14 | 59,234,469 | 72,295,436 |
| Total non-current liabilities | | 93,961,263 | 130,494,402 |
| Current liabilities | | | |
| Bank overdrafts | 15 | 58,082,809 | 26,212,136 |
| Short term loan from banks | 16 | 762,277,352 | 634,784,684 |
| Long term loan from bank- current portion | | 21,669,426 | 21,242,847 |
| Trade payables | | 97,971,753 | 61,363,824 |
| Other payables | 17 | 112,959,962 | 80,965,765 |
| Inter-company payables | 18 | - | 7,928,466 |
| Current tax liability | 19 | 73,155,233 | 96,410,852 |
| Total current liabilities | | 1,126,116,535 | 928,908,574 |
| Total equity and liabilities | | 2,858,855,430 | 2,641,333,401 |

The annexed notes 1 to 34 form an integral part of these financial statements.



Managing Director

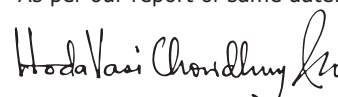


Director



Company Secretary

As per our report of same date.



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 25 April 2012

ACI Formulations Limited Income Statement

for the year ended 31 December 2011

| | Note | <u>2011</u> <u>Taka</u> | <u>2010</u> <u>Taka</u> |
|---|------|----------------------------|----------------------------|
| Revenue | 20 | 2,443,657,886 | 1,924,403,783 |
| Cost of sales | 21 | (1,871,798,982) | (1,466,262,071) |
| Gross profit | | 571,858,904 | 458,141,712 |
| Administrative, selling and distribution expenses | 22 | (302,740,217) | (270,483,649) |
| Results from operating activities | | 269,118,687 | 187,658,063 |
| Other income | 23 | 10,246,736 | 7,082,997 |
| Finance costs | 24 | (71,477,257) | (65,548,912) |
| | | 207,888,166 | 129,192,148 |
| Provision for contribution to WPPF | | (10,394,408) | (6,459,607) |
| <i>Profit before taxation</i> | | 197,493,758 | 122,732,541 |
| Income tax: | | | |
| Current tax expense | 19 | (63,707,518) | (26,302,190) |
| Deferred tax income/(expense) | 25 | 13,060,967 | (4,825,015) |
| | | (50,646,551) | (31,127,205) |
| <i>Profit for the year</i> | | 146,847,207 | 91,605,336 |
| Earnings per share (EPS) | | | |
| Basic earnings per share (par value Tk. 10) | 26 | 4.89 | 3.05 |

The annexed notes 1 to 34 form an integral part of these financial statements.



Managing Director

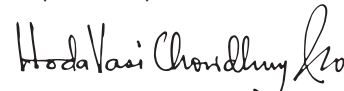


Director



Company Secretary

As per our report of same date.



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 25 April 2012

ACI Formulations Limited

Statement of Comprehensive Income

for the year ended 31 December 2011

| | <u>2011</u> <u>Taka</u> | <u>2010</u> <u>Taka</u> |
|--|----------------------------|----------------------------|
| <i>Profit for the year</i> | 146,847,207 | 91,605,336 |
| Other Comprehensive Income | | |
| Revaluation surplus of property, plant and equipment | - | 629,215,532 |
| Income tax on other comprehensive income | - | (27,391,237) |
| Total other comprehensive income net of tax | <u>-</u> | <u>601,824,295</u> |
| Total comprehensive income | <u><u>146,847,207</u></u> | <u><u>693,429,631</u></u> |



Managing Director

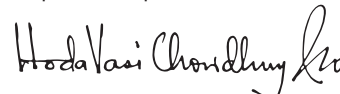


Director



Company Secretary

As per our report of same date.



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 25 April 2012

ACI Formulations Limited

Statement of Changes in Equity

for the year ended 31 December 2011



| <u>Particulars</u> | <u>Paid up capital Taka</u> | <u>Revaluation surplus Taka</u> | <u>Retained earnings Taka</u> | <u>Total Taka</u> |
|--|-----------------------------|---------------------------------|-------------------------------|-------------------|
| Balance as per 01 January 2010 | 300,000,000 | 76,329,119 | 571,949,034 | 948,278,153 |
| Comprehensive income for the year 2010 | | | | |
| Profit for the year | - | - | 91,605,336 | 91,605,336 |
| Total other comprehensive income net of tax | - | 601,824,295 | - | 601,824,295 |
| Total Comprehensive income for the year 2010 | - | 601,824,295 | 91,605,336 | 693,429,631 |
| Contributions by and distributions to owners of the Company | | | | |
| Dividends to owners of the Company | - | - | (75,000,000) | (75,000,000) |
| Total contributions by and distributions to owners of the Company | - | - | (75,000,000) | (75,000,000) |
| Transaction directly recognised in equity | | | | |
| Adjustment of deferred tax on land due to changes in tax rate | - | 15,222,641 | - | 15,222,641 |
| Total contributions by and distributions to owners of the Company | - | 15,222,641 | - | 15,222,641 |
| Balance as at 31 December 2010 | 300,000,000 | 693,376,055 | 588,554,370 | 1,581,930,425 |
| Comprehensive income for the year 2011 | | | | |
| Profit for the year | - | - | 146,847,207 | 146,847,207 |
| Total other comprehensive income net of tax | - | - | - | - |
| Total Comprehensive income for the year 2011 | - | - | 146,847,207 | 146,847,207 |
| Contributions by and distributions to owners of the Company | | | | |
| Dividends paid during the year | - | - | (90,000,000) | (90,000,000) |
| Total contributions by and distributions to owners of the Company | - | - | (90,000,000) | (90,000,000) |
| Balance as at 31 December 2011 | 300,000,000 | 693,376,055 | 645,401,577 | 1,638,777,632 |

ACI Formulations Limited

Statement of Cash Flows

for the year ended 31 December 2011

| | 2011 Taka | 2010 Taka |
|--|------------------------|------------------------|
| A) Cash flows from operating activities | | |
| Cash received from customers | 2,288,963,108 | 2,093,342,518 |
| Cash received from other income | 10,246,736 | 7,701,118 |
| | <u>2,299,209,844</u> | <u>2,101,043,636</u> |
| Cash received/(paid) from/(for): | | |
| Purchase of inventory | (1,796,964,576) | (1,552,616,205) |
| Operating expenses | (274,799,775) | (261,957,354) |
| Other creditors | 1,812,081 | 592,305 |
| Payment for WPPF | (6,459,607) | (11,306,715) |
| Advances, deposits and prepayments | 2,802,390 | (1,905,025) |
| | <u>(2,073,609,487)</u> | <u>(1,827,192,994)</u> |
| Cash generated from operating activities | <u>225,600,357</u> | <u>273,850,642</u> |
| Finance costs | (71,477,257) | (65,548,912) |
| Income tax | (48,558,099) | (63,134,449) |
| | <u>(120,035,356)</u> | <u>(128,683,361)</u> |
| <i>Net cash inflows/(outflows) from operating activities</i> | <u>105,565,001</u> | <u>145,167,281</u> |
| B) Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (69,985,937) | (14,279,814) |
| Investment | 1,202,232 | (1,971,942) |
| Sale proceeds from property, plant and equipment | - | 6,129,600 |
| Payments for capital work-in-progress | (55,209,917) | (18,431,050) |
| <i>Net cash used in investing activities</i> | <u>(123,993,622)</u> | <u>(28,553,206)</u> |
| C) Cash flows from financing activities | | |
| Inter-company debts received/(paid) | 3,159,298 | (10,618,036) |
| Dividend paid | (87,986,794) | (72,297,532) |
| Short term loan received/(paid) from banks | 127,492,668 | (1,999,894) |
| Long term loan received/(paid) from banks | (23,983,992) | (11,338,268) |
| <i>Net cash from/(used in) financing activities</i> | <u>18,681,180</u> | <u>(96,253,730)</u> |
| D) Net increase/(decrease) in cash and cash equivalents (A+B+C) | 252,559 | 20,360,345 |
| E) Cash and cash equivalents at 1 January | 24,815,039 | 4,454,694 |
| F) Cash and cash equivalents at 31 December (D+E) | <u>25,067,598</u> | <u>24,815,039</u> |
| Closing balance represents | | |
| Cash in hand and at banks | 83,150,407 | 51,027,175 |
| Bank overdrafts | (58,082,809) | (26,212,136) |
| | <u>25,067,598</u> | <u>24,815,039</u> |

ACI Formulations Limited

Notes to the Financial Statements

for the year ended 31 December 2011

1. Reporting entity

1.1 Company profile

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

1.2 Nature of business

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

The entire agrochemical products (Crop Care & Public Health) are however, directly marketed by the Company with effect from 1 January 2009 without using sales outlets and distribution facilities of ACI Limited.

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Date of authorisation

The Board of Directors has authorised the financial statements on 25th April 2012 for public issue.

2.3 Basis of measurement

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

2.4 Functional and presentation currency and level of precision

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



2.5 Use of estimates and judgments

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

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

2.6 Reporting period

The financial period of the Company encompasses the period from 1 January to 31 December each year. These financial statements cover one year from 1 January to 31 December 2011.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property, plant and equipment

3.1.1 Recognition and measurement

Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation. The items of property, plant and equipment were revalued in the year 2004 and 2010 by the firm of professional valuers on the basis of fair 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 2011 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 the working condition for their intended use. When revalued assets are disposed off, the amounts included in the revaluation surplus are transferred to retained earnings.

Subsequent to initial recognition cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. All other repair & maintenance expense are charged to income statement as it is incurred.

3.1.2 Depreciation

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

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

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

| | <u>2011</u> | <u>2010</u> |
|--|-------------|-------------|
| Building | 40 years | 40 years |
| Plant and machinery | 10 years | 10 years |
| Furniture and fixture | 10 years | 10 years |
| Electrical and other office appliances | 5-10 years | 5-10 years |
| Equipment and machinery | 5-10 years | 5-10 years |
| Vehicles | 5 years | 5 years |
| Deep tube well | 10 years | 10 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date. No revision in respect of items of property, plant and equipment was done in 2011.

3.1.3 Capitalisation of borrowing costs

Borrowing cost relating to acquisition of fixed assets is capitalised as per Bangladesh Accounting Standard-23: "Borrowing costs" at the weighted average cost of borrowings. However, capitalisation of borrowing costs is ceased when acquisition of relevant asset is completed.

3.2 Provision

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

3.3 Income tax expenses

Income tax expenses comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to revaluation of property, plant and equipment which is recognised directly in equity.

3.3.1 Current tax

Current tax expenses has been made on the basis of the Finance Act 2011 and Income Tax Ordinance 1984.

3.3.2 Deferred tax

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





3.4 Foreign currency transactions

Foreign currency transactions are accounted at exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated at rates ruling at the statement of financial position date. All exchange differences are charged/credited to the income statement.

3.5 Financial instruments

Non-derivative financial instruments comprise of investments in shares and Fixed Deposit Receipt, trade receivables, cash and cash equivalents, trade payables, share capital and interest - bearing borrowings.

3.5.1 Trade receivables

Trade receivables are recognised and carried at original invoiced amount. Receivables are stated at net off provision for doubtful debts. Provision is made in these accompanying financial statements complying the Company's policy and receivables are written off when the doubtful debts become finally irrecoverable.

3.5.2 Investment in FDR (Fixed Deposit Receipt)

If the Company has the positive intent and ability to hold FDR to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transactions cost.

3.5.3 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

3.5.4 Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method.

3.6 Financial risk management

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has provided in separate notes the information about the Company's exposure to each of the following risks, the Company's objectives, policies and processes for measuring and managing risks and the Company's management of capital. The Company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

3.7 Revenue recognition

Revenue is recognised upon invoicing the customers for goods sold and delivered. Revenue represents net of Value Added Tax, goods returns, allowances and trade discounts.

3.8 Allocation of common service costs

Expenses for common service costs and facilities are allocated to entities based on common cost sharing agreement and followed consistently.

3.9 Inventories

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

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

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

3.10 Finance income

Finance income is netted off with finance expense in these financial statements.

3.11 Statement of cash flows

Statement of cash flows has been prepared under direct method.

3.12 Employees benefit

a) Defined contribution plans (provident fund)

The Company operates a recognised provident fund scheme where employees contribute 10% of their basic salary with equal contribution by the Company. The provident fund is being considered as defined contribution plan being managed by a Board of Trustees.

b) Defined benefit plans (gratuity)

The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its permanent eligible employees. Actuarial valuation of gratuity scheme was last made in 2006 to assess the adequacy of the liabilities provided for the schemes as per Bangladesh Accounting Standard-19: Employee Benefits.

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 Employees' Gratuity Fund of the Company is being considered as defined benefit plan.

c) Workers' Profit Participation Fund

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

3.13 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting profit or loss for the year attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. This has been shown on the face of income statement and computation of EPS is stated in note 26.

3.14 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. However, 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.

All operating segment's operating results are reviewed regularly by the Company's Managing Director to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.



4. Property, plant and equipment-2011 At cost

| Name of assets | Cost | | | | | | Depreciation | | | | Written down value as at 31 December 2011 |
|------------------------------|------------------------------|--------------------------|-----------------------|--------------------------|----------------------------|--------------------------------|-------------------------|----------------------------|--------------------------------|---|---|
| | Balance as at 1 January 2011 | Addition during the year | Transferred from CWIP | Disposal during the year | Adjustment during the year | Balance as at 31 December 2011 | Charged during the year | Adjustment during the year | Balance as at 31 December 2011 | Written down value as at 31 December 2011 | |
| | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | |
| Land | 28,963,308 | 67,856,926 | 11,069,990 | - | - | 107,890,224 | - | - | - | - | 107,890,224 |
| Building | 156,055,675 | - | 8,463,554 | - | - | 164,519,229 | 4,016,659 | - | 4,412,205 | - | 160,107,024 |
| Plant | 196,868,273 | - | 12,097,039 | - | - | 208,965,312 | 24,835,728 | - | 29,363,395 | - | 179,601,917 |
| Equipment and machinery | 12,100,363 | 96,945 | 1,712,805 | - | - | 13,910,113 | 1,978,133 | - | 2,009,117 | - | 11,900,996 |
| Electric and other appliance | 6,901,329 | 406,664 | - | - | - | 7,307,993 | 864,526 | - | 1,215,758 | - | 6,092,235 |
| Furniture and fixture | 7,598,782 | 1,496,194 | 222,710 | - | - | 9,317,686 | 1,424,346 | - | 1,712,132 | - | 7,605,554 |
| Vehicles | 9,986,398 | 129,208 | 2,005,939 | - | - | 12,121,545 | 2,209,324 | - | 3,178,612 | - | 8,942,933 |
| Deep tube well | 63,276 | - | - | - | - | 63,276 | 12,655 | - | 18,984 | - | 44,292 |
| | 418,537,404 | 69,985,937 | 35,572,036 | - | - | 524,095,377 | 35,341,370 | - | 41,910,202 | - | 482,185,175 |

Revaluation

| Name of assets | Cost | | | | | | Depreciation | | | | Written down value as at 31 December 2011 |
|------------------------------|------------------------------|--------------------------|-----------------------|--------------------------|----------------------------|--------------------------------|-------------------------|----------------------------|--------------------------------|---|---|
| | Balance as at 1 January 2011 | Addition during the year | Transferred from CWIP | Disposal during the year | Adjustment during the year | Balance as at 31 December 2011 | Charged during the year | Adjustment during the year | Balance as at 31 December 2011 | Written down value as at 31 December 2011 | |
| | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | |
| Land | 631,685,128 | - | - | - | - | 631,685,128 | - | - | - | - | 631,685,128 |
| Building | 36,864,035 | - | - | - | - | 36,864,035 | 921,601 | - | 921,601 | - | 35,942,434 |
| Plant | 27,232,370 | - | - | - | - | 27,232,370 | 7,805,988 | - | 7,805,988 | - | 19,426,382 |
| Equipment and machinery | 2,368,614 | - | - | - | - | 2,368,614 | 672,027 | - | 672,027 | - | 1,696,587 |
| Electric and other appliance | 3,600,641 | - | - | - | - | 3,600,641 | 373,563 | - | 373,563 | - | 3,227,078 |
| Furniture and fixture | 789,371 | - | - | - | - | 789,371 | 177,263 | - | 177,263 | - | 612,108 |
| Vehicles | 3,147,727 | - | - | - | - | 3,147,727 | 629,545 | - | 629,545 | - | 2,518,182 |
| Deep tube well | 1 | - | - | - | - | 1 | - | - | - | - | 1 |
| | 705,687,887 | - | - | - | - | 705,687,887 | 10,579,987 | - | 10,579,987 | - | 695,107,900 |
| Total | 1,124,225,291 | 69,985,937 | 35,572,036 | - | - | 1,229,783,264 | 45,921,357 | - | 52,490,189 | - | 1,177,293,075 |

* The Company has capitalised the borrowing costs to the extent of Tk. 7,033,706 on acquisition of qualifying assets during the year 2011

4.1 Property, plant and equipment-2010 At cost

| Name of assets | Cost | | | | | | Depreciation | | | | Written down value as at 31 December 2010 |
|------------------------------|------------------------------|--------------------------|-----------------------|--------------------------|----------------------------|--------------------------------|------------------------------|--------------------------|----------------------------|--------------------------------|---|
| | Balance as at 1 January 2010 | Addition during the year | Transferred from CWIP | Disposal during the year | Adjustment during the year | Balance as at 31 December 2010 | Balance as at 1 January 2010 | Addition during the year | Adjustment during the year | Balance as at 31 December 2010 | |
| | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | |
| Land | 20,606,625 | 5,068,249 | 3,288,434 | - | - | 28,963,308 | - | - | - | - | 28,963,308 |
| Building | 147,868,246 | - | 33,999,823 | - | (25,812,394) | 156,055,675 | 22,086,236 | 4,121,704 | (25,812,394) | 395,546 | 155,660,129 |
| Plant | 221,295,154 | - | 92,851,545 | - | (117,278,426) | 196,868,273 | 100,548,711 | 21,257,382 | (117,278,426) | 4,527,667 | 192,340,606 |
| Equipment and machinery | 19,098,976 | 291,320 | 4,189,245 | - | (11,479,178) | 12,100,363 | 9,596,674 | 1,719,888 | (11,285,578) | 30,984 | 12,069,379 |
| Electric and other appliance | 14,646,464 | 60,200 | 708,752 | - | (8,514,087) | 6,901,329 | 7,571,430 | 1,289,878 | (8,510,076) | 351,232 | 6,550,097 |
| Furniture and fixture | 12,486,157 | 607,859 | 817,708 | - | (6,312,942) | 7,598,782 | 5,290,356 | 1,310,372 | (6,312,942) | 287,786 | 7,310,996 |
| Vehicles | 12,270,500 | 8,516,189 | 1,379,941 | (6,100,000) | (6,080,232) | 9,986,398 | 6,448,732 | 1,210,788 | (6,690,232) | 969,288 | 9,017,110 |
| Deep tube well | 140,000 | - | 63,275 | - | (139,999) | 63,276 | 140,000 | 6,328 | (139,999) | 6,329 | 56,947 |
| | 448,412,122 | 14,543,817 | 137,298,723 | (6,100,000) | (175,617,258) | 418,537,404 | 151,682,139 | 30,916,340 | (176,029,647) | 6,568,832 | 411,968,572 |

Revaluation

| Name of assets | Cost | | | | | | Depreciation | | | | Written down value as at 31 December 2010 |
|------------------------------|------------------------------|--------------------------|-----------------------|--------------------------|----------------------------|--------------------------------|------------------------------|--------------------------|----------------------------|--------------------------------|---|
| | Balance as at 1 January 2010 | Addition during the year | Transferred from CWIP | Disposal during the year | Adjustment during the year | Balance as at 31 December 2010 | Balance as at 1 January 2010 | Addition during the year | Adjustment during the year | Balance as at 31 December 2010 | |
| | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | Taka | |
| Land | 61,312,837 | 570,372,291 | - | - | - | 631,685,128 | - | - | - | - | 631,685,128 |
| Building | 9,955,323 | 28,526,452 | - | - | (1,617,740) | 36,864,035 | 1,368,857 | 248,883 | (1,617,740) | - | 36,864,035 |
| Plant | 31,565,634 | 19,056,051 | - | - | (23,389,315) | 27,232,370 | 17,361,098 | 6,028,217 | (23,389,315) | - | 27,232,370 |
| Equipment and machinery | 435,267 | 2,356,565 | - | - | (423,218) | 2,368,614 | 239,396 | 183,822 | (423,218) | - | 2,368,614 |
| Electric and other appliance | 328,656 | 3,600,641 | - | - | (328,656) | 3,600,641 | 180,763 | 151,904 | (332,667) | - | 3,600,641 |
| Furniture and fixture | (109,470) | 827,685 | - | - | 71,156 | 789,371 | (60,209) | (10,947) | 71,156 | - | 789,371 |
| Vehicles | 1,634,347 | 3,147,726 | - | - | (1,634,346) | 3,147,727 | 1,634,346 | - | (1,634,346) | - | 3,147,727 |
| Deep tube well | 34,000 | - | - | - | (33,999) | 1 | 33,999 | - | (33,999) | - | 1 |
| | 105,156,594 | 627,887,411 | - | - | (27,356,118) | 705,687,887 | 20,758,250 | 6,601,879 | (27,360,129) | - | 705,687,887 |
| Total | 553,568,716 | 642,431,228 | 137,298,723 | (6,100,000) | (202,973,376) | 1,124,225,291 | 172,440,389 | 37,518,219 | (203,389,776) | 6,568,832 | 1,117,656,459 |

5. Capital work-in-progress

| | 2011 | | | 2010 |
|-----------------------------------|---------------------------|------------------------|-------------------|-------------------|
| | Building and furniture | Plant and machinery | Total | Total |
| | <u>Taka</u> | <u>Taka</u> | <u>Taka</u> | <u>Taka</u> |
| Opening balance as on 1 January | 900,902 | 12,574,755 | 13,475,657 | 132,343,330 |
| Addition during the year | 28,062,177 | 27,147,740 | 55,209,917 | 18,431,050 |
| Transferred to fixed asset | (21,762,193) | (13,809,844) | (35,572,036) | (137,298,723) |
| Closing balance as on 31 December | <u>7,200,886</u> | <u>25,912,651</u> | <u>33,113,538</u> | <u>13,475,657</u> |

6. Investment

| | 2011 | 2010 |
|--|------------------|------------------|
| | <u>Taka</u> | <u>Taka</u> |
| Investment in Fixed Deposit Receipt (FDR) | 2,321,817 | 3,524,050 |
| Investment in Shares of ACI Motors Limited | 75,000 | 75,000 |
| | <u>2,396,817</u> | <u>3,599,050</u> |

Investment in Fixed Deposit Receipt (FDR) amounting to Taka 2,321,817 which is kept as lien against service received from Titas Gas Transmission and Distribution Limited. Therefore, the Company has no intention to encash the said amount and recorded as long term investment.

7. Inventories

| | | |
|---|--------------------|--------------------|
| Raw materials | 311,002,679 | 211,189,385 |
| Packing materials | 98,332,155 | 82,266,752 |
| Finished goods | 233,716,603 | 280,420,565 |
| Stock in transit | 52,328,598 | 119,445,059 |
| Work-in-process | - | 29,286 |
| Other inventories (engineering stores and diesel) | 18,327,644 | 14,512,623 |
| | <u>713,707,679</u> | <u>707,863,670</u> |
| Provision for slow moving inventory | (8,961,142) | (8,044,081) |
| | <u>704,746,537</u> | <u>699,819,589</u> |

In view of innumerable items of inventories and diversified quantities, inventories are presented group-wise.

8. Trade receivables

| | 2011 | | | 2010 |
|------------------------------|-----------------------|------------------------|--------------------|--------------------|
| | Dues over 6 months | Dues below 6 months | Total | Total |
| | <u>Taka</u> | <u>Taka</u> | <u>Taka</u> | <u>Taka</u> |
| Crop Care & Public Health | 157,574,636 | 451,828,104 | 609,402,740 | 613,985,543 |
| | | | <u>609,402,740</u> | <u>613,985,543</u> |
| Provision for doubtful debts | | | (63,365,778) | (36,217,376) |
| | | | <u>546,036,962</u> | <u>577,768,167</u> |

9. Advances, deposits and prepayments

| | Note | 2011 | 2010 |
|------------------------------------|------|-------------------|--------------------|
| | | <u>Taka</u> | <u>Taka</u> |
| Advance tax | 9.1 | 43,607,832 | 82,012,870 |
| Advances to suppliers | | 12,457,718 | 14,268,809 |
| Staff advances | | 5,570,407 | 7,828,617 |
| Security money and tender deposits | | 6,517,710 | 5,052,410 |
| Prepayments | | 200,000 | 398,390 |
| | | <u>68,353,667</u> | <u>109,561,096</u> |

9.1 Advance tax

| | | |
|----------------------------|-------------------|-------------------|
| Balance as at 1 January | 82,012,870 | 84,532,664 |
| Paid during the year | 48,558,099 | 63,134,448 |
| | 130,570,969 | 147,667,112 |
| Adjustment during the year | (86,963,137) | (65,654,242) |
| Balance as at 31 December | <u>43,607,832</u> | <u>82,012,870</u> |



10. Inter-company receivables

Advanced Chemical Industries Limited
ACI Motors Limited
ACI Logistics Limited

| | 2011 Taka | 2010 Taka |
|--------------------------------------|--------------------|-------------------|
| Advanced Chemical Industries Limited | 243,764,427 | 57,338,444 |
| ACI Motors Limited | - | 1,772,314 |
| ACI Logistics Limited | - | 9,315,450 |
| | <u>243,764,427</u> | <u>68,426,208</u> |

11. Cash and cash equivalents

Cash in hand
Cash at banks with current accounts
Total cash and cash equivalents

| | | |
|-------------------------------------|-------------------|-------------------|
| Cash in hand | 150,000 | 150,000 |
| Cash at banks with current accounts | 83,000,407 | 50,877,175 |
| Total cash and cash equivalents | <u>83,150,407</u> | <u>51,027,175</u> |

11.1 Cash and cash equivalents used for cash flow statement purpose

Total cash and cash equivalents
Bank overdrafts used for cash management purpose

| | | |
|--|-------------------|-------------------|
| Total cash and cash equivalents | 83,150,407 | 51,027,175 |
| Bank overdrafts used for cash management purpose | (58,082,809) | (26,212,136) |
| | <u>25,067,598</u> | <u>24,815,039</u> |

Details of bank overdrafts along with terms and conditions are shown under note 15.

12. Share capital

Authorised

50,000,000 Ordinary shares of Tk. 10 each

| | |
|--------------------|--------------------|
| <u>500,000,000</u> | <u>500,000,000</u> |
|--------------------|--------------------|

Issued and paid up

6,600,000 Ordinary shares of Tk. 10 each
17,500,000 Bonus shares of Tk. 10 each
5,900,000 Right shares of Tk. 10 each

| | |
|-------------|-------------|
| 66,000,000 | 66,000,000 |
| 175,000,000 | 175,000,000 |
| 59,000,000 | 59,000,000 |

30,000,000

| | |
|--------------------|--------------------|
| <u>300,000,000</u> | <u>300,000,000</u> |
|--------------------|--------------------|

The aforesaid share capital is subscribed as under:

| | Number of shares | Percentage |
|----------------------|---------------------|----------------|
| Directors/sponsors | 19,806,670 | 66.02% |
| Institutions | 5,929,385 | 19.76% |
| General shareholders | 4,263,945 | 14.21% |
| | <u>30,000,000</u> | <u>100.00%</u> |

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

| Number of shareholders | Share owning | Number of shares | Percentage of total shareholdings |
|---------------------------|---------------------|---------------------|---|
| 5,384 | Less than 500 | 999,148 | 3.33% |
| 1,368 | 501 - 5,000 | 1,921,037 | 6.40% |
| 78 | 5,001 - 10,000 | 570,880 | 1.90% |
| 42 | 10,001 - 20,000 | 598,780 | 2.00% |
| 16 | 20,001 - 30,000 | 392,240 | 1.31% |
| 5 | 30,001 - 40,000 | 177,020 | 0.59% |
| 4 | 40,001 - 50,000 | 187,800 | 0.63% |
| 16 | 50,001 - 100,000 | 1,157,255 | 3.86% |
| 8 | 100,001 - 1,000,000 | 2,739,160 | 9.13% |
| 4 | Over - 1,000,000 | 21,256,680 | 70.86% |
| <u>6,925</u> | | <u>30,000,000</u> | <u>100.00%</u> |

| | <u>Notes</u> | <u>2011</u> <u>Taka</u> | <u>2010</u> <u>Taka</u> |
|---|--------------|----------------------------|----------------------------|
| 13. Long term liabilities | | | |
| Staff gratuity provision | | 5,166,709 | 4,829,516 |
| Other long term liability | | 5,404,320 | 4,803,114 |
| Long term loan from bank | 13.1 | 24,155,765 | 48,566,336 |
| | | <u>34,726,794</u> | <u>58,198,966</u> |
| 13.1 Long term loan from The City Bank Limited | | <u>24,155,765</u> | <u>48,566,336</u> |

Terms and condition of the loan are as under:

Amount : Tk 100,000,000

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

Tenure : 05 years

Securities for the aforesaid facilities are as follows:

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

| | <u>Note</u> | <u>2011</u> <u>Taka</u> | <u>2010</u> <u>Taka</u> |
|--|-------------|----------------------------|----------------------------|
| 14. Deferred tax liabilities | | | |
| Deferred tax on temporary differences | | | |
| (i) Taxable temporary differences | | | |
| Property, plant & equipment | | 978,679,751 | 895,621,433 |
| (ii) Deductible temporary difference | | | |
| Inventory | | (8,961,142) | (8,044,081) |
| Trade receivables | | (63,365,778) | (36,217,376) |
| Gratuity | | (5,166,709) | (4,829,516) |
| Net taxable temporary differences as at 31 December | | <u>901,186,122</u> | <u>846,530,460</u> |
| Deferred tax liability before adjustment of deferred tax on land | | 59,234,469 | 232,795,877 |
| Adjustment of deferred tax on land due to changes in tax rate | | - | (160,500,441) |
| Deferred tax liability as of 31 December | | <u>59,234,469</u> | <u>72,295,436</u> |

15. Bank overdrafts

| | | | |
|--|------|-------------------|-------------------|
| Standard Chartered Bank | 15.1 | 35,218,868 | 21,652,424 |
| The Hongkong and Shanghai Banking Corporation Ltd. | 15.2 | 9,278,484 | 1,607,230 |
| Citibank, N. A. | | 236,059 | 5,000 |
| Commercial Bank of Ceylon plc | 15.3 | 13,349,398 | 2,947,482 |
| | | <u>58,082,809</u> | <u>26,212,136</u> |

15.1 Standard Chartered Bank

The Company is enjoying overdraft facility from Standard Chartered Bank (SCB) under the following terms and conditions:

Limit : Tk 10,000,000

Purpose : Working capital

Tenure : On demand



15.2 The Hongkong and Shanghai Banking Corporation Limited

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

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

15.3 Commercial Bank of Ceylon plc

The Company is enjoying overdraft facility from Commercial Bank of Ceylon plc under the following terms and conditions:

Limit : Tk 20,000,000
Purpose : Working capital
Tenure : On demand

16. Short term loan from banks

| | Note | 2011 Taka | 2010 Taka |
|--|------|--------------------|--------------------|
| Standard Chartered Bank | 16.1 | 131,964,053 | 126,226,615 |
| The Hongkong and Shanghai Banking Corporation Ltd. | 16.2 | 367,401,411 | 265,380,148 |
| Citibank, N. A. | 16.3 | 7,172,888 | 98,196,921 |
| Commercial Bank of Ceylon plc | 16.4 | 255,739,000 | 144,981,000 |
| | | <u>762,277,352</u> | <u>634,784,684</u> |

16.1 Standard Chartered Bank

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

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

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

16.1.2 Revolving Loan

Amount : Tk 150,000,000 (Inner limit of limit 16.1.1 above)
Purpose : To finance payment of Government duty and tax against import of raw materials and also for procurement of local raw materials against suppliers' invoice.
Tenure : 120 Days
Payment : On maturity each Revolving Loan outstanding will be adjusted by debiting Company's bank account and quarterly interest will be charged into the same account.

16.1.3 Short term loan

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

Securities for the facilities mentioned under notes 15.1 and 16.1 are as follows:

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

16.2 The Hongkong and Shanghai Banking Corporation Limited

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

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

Amount : Tk 402,549,000

Purpose : To retire sight documents by creating import loan and usance documents against borrowers acceptance and issue shipping guarantee. To finance imported raw materials/spares/small machinery on sight and deferred basis.

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

Securities for the facilities mentioned under notes 15.2 and 16.2 are as follows:

- i) Demand promissory note of Tk 422,549,000 with letter of revival and continuity.
- ii) Letter of set off between different accounts maintained with the bank.
- iii) Corporate guarantee to be executed by Advanced Chemical Industries Limited for Tk 430,000,000 supported by Board Resolution for credit facilities granted to ACI Formulations Limited.
- iv) First pari-passu charge with other lenders over the borrower's stock of raw materials, work-in-progress and finished goods for Tk. 430,000,000 registered with the Registrar of Joint Stock Companies and Firms (RJSC).
- v) First pari-passu charge with other lenders over the borrower's book debts/receivables for Tk. 430,000,000 registered with the Registrar of Joint Stock Companies (RJSC) on pari-pasu basis with SCB where HSBC's share is 430,000,000.

16.3 Citibank, N. A.

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

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

Amount : Tk 300,000,000

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

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

Securities for the facilities mentioned under note 16.3 is as follows:

Cross corporate guarantee from Advanced Chemical Industries Limited and ACI Formulations Limited.

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

16.4 Commercial Bank of Ceylon plc

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

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

Amount : Tk 100,000,000

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

Tenure : 180 days



16.4.2 Short term loan

Amount : Tk 100,000,000
 Purpose : Working capital finance
 Tenure : 180 days

Securities for the facilities mentioned under notes 15.4 and 16.4 are as follows:

Registered first hypothecation charge over stocks and book debts on pari-pasu basis with SCB and HSBC, CBC's share being Tk 220,000,000.

17. Other payables

| | <u>2011</u> <u>Taka</u> | <u>2010</u> <u>Taka</u> |
|--|----------------------------|----------------------------|
| Creditors for expenses | 82,812,681 | 63,281,828 |
| Interest payable | 9,722,797 | 5,019,541 |
| Security money payable | 682,566 | 1,510,464 |
| Unpaid dividend | 5,262,748 | 3,249,542 |
| Withholding tax and VAT | 4,084,762 | 1,444,783 |
| Provision for workers' profit participation fund | 10,394,408 | 6,459,607 |
| | <u>112,959,962</u> | <u>80,965,765</u> |

18. Inter-company payables

| | | |
|-----------------------------|----------|------------------|
| Premiaflex Plastics Limited | - | 7,761,000 |
| ACI Foods Limited | - | 25,493 |
| ACI Salt Limited | - | 141,973 |
| | <u>-</u> | <u>7,928,466</u> |

19. Current tax liability

| | | |
|--------------------------------|-------------------|-------------------|
| Opening balance | 96,410,852 | 135,762,904 |
| Provision made during the year | 63,707,518 | 26,302,190 |
| Adjustment against advance tax | (86,963,137) | (65,654,242) |
| Closing balance | <u>73,155,233</u> | <u>96,410,852</u> |

20. Revenue

| | | |
|-----------------------|----------------------|----------------------|
| Agrochemical products | 1,177,151,845 | 986,215,727 |
| Consumer products | 1,266,506,041 | 938,188,056 |
| | <u>2,443,657,886</u> | <u>1,924,403,783</u> |

In view of innumerable items of sales and diversified quantities, it is not feasible to disclose the quantities against each items of sale.

21. Cost of sales

| Particulars | 2011 | | | Total | 2010 Total |
|---------------------------------------|-----------------------------------|-----------------------------|-----------------------------|--------------------------------|--------------------------------|
| | Crop Care & Public Health Taka | Mosquito Coil Taka | Aerosol Taka | | |
| Raw and packing materials | | | | | |
| Opening stock | 169,599,494 | 64,252,640 | 59,604,003 | 293,456,137 | 250,517,375 |
| Purchase | 678,434,984 | 650,041,842 | 437,781,522 | 1,766,258,348 | 1,307,998,502 |
| Closing stock | 848,034,478 (228,088,500) | 714,294,482 (88,764,460) | 497,385,525 (92,481,873) | 2,059,714,485 (409,334,834) | 1,558,515,877 (293,456,137) |
| Manufacturing expenses (Ref: Note-22) | 619,945,978 | 625,530,022 | 404,903,652 | 1,650,379,652 | 1,265,059,740 |
| Stock write off | 48,863,453 | 107,952,648 | 17,657,795 | 174,473,896 | 158,310,450 |
| Opening work-in-process | 1,704,593 | - | - | 1,704,593 | (9,008,002) |
| Closing work-in-process | - | - | 29,286 | 29,286 | - |
| Cost of goods manufactured | - | - | - | - | (29,286) |
| | 670,514,024 | 733,482,670 | 422,590,733 | 1,826,587,427 | 1,414,332,902 |
| Finished goods | | | | | |
| Opening stock | 280,420,565 | - | - | 280,420,565 | 278,149,505 |
| Purchase | (1,492,407) | - | - | (1,492,407) | 54,200,229 |
| Closing stock | (233,716,603) | - | - | (233,716,603) | (280,420,565) |
| | 45,211,555 | - | - | 45,211,555 | 51,929,169 |
| | 715,725,579 | 733,482,670 | 422,590,733 | 1,871,798,982 | 1,466,262,071 |

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

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

India
Malaysia
Italy
Japan
China

Raw and packing materials consumed are 66% (approximately) imported.



22. Allocation of expenses

| Particulars | 2011 | | | | | 2010 |
|-------------------------------|-------------------------|-----------------------|------------------------|--------------------|--------------------|--------------------|
| | Administrative expenses | Distribution expenses | Manufacturing expenses | Selling expenses | Total | Total |
| | Taka (A) | Taka (A) | Taka (B) | Taka (A) | Taka | Taka |
| Salary and wages | 63,373,109 | 8,727,595 | 84,212,097 | 53,132,824 | 209,445,625 | 191,838,702 |
| Traveling and conveyance | 2,925,180 | 5,925,304 | 508,711 | 26,824,219 | 36,183,414 | 33,292,098 |
| Rent and rates | 2,378,998 | 2,505,284 | 766,234 | 931,847 | 6,582,363 | 6,293,782 |
| Repair and maintenance | 3,657,623 | 607,773 | 18,410,017 | 143,599 | 22,819,012 | 21,259,623 |
| Fuel and power | 1,238,321 | 355,099 | 22,888,637 | - | 24,482,057 | 20,303,856 |
| Postage, telephone, fax etc. | 20,000 | - | 342,885 | 1,656,328 | 2,019,213 | 2,578,261 |
| Printing and stationery | 419,319 | 390,550 | 987,844 | 1,361,337 | 3,159,050 | 2,480,532 |
| Promotional expenses | 112,325 | - | 1,340,248 | 69,448,635 | 70,901,208 | 44,898,828 |
| Entertainment | 1,297,287 | 346,356 | 647,692 | 999,612 | 3,290,947 | 2,036,821 |
| Vehicle maintenance | 2,372,284 | 4,705,159 | 2,681,288 | 5,110,970 | 14,869,701 | 14,342,095 |
| Doubtful debts | - | - | - | 27,148,402 | 27,148,402 | 29,712,219 |
| Truck and handling | - | 3,488,883 | 2,431,525 | - | 5,920,408 | 11,834,111 |
| Legal and professional charge | 291,056 | - | - | 1,047,994 | 1,339,050 | 759,012 |
| Audit fees | 300,000 | - | - | - | 300,000 | 300,000 |
| Insurance | - | - | 2,982,642 | 283,840 | 3,266,482 | 3,996,928 |
| Directors' fees | 9,003 | - | - | - | 9,003 | 8,326 |
| Bank charges | 198,641 | - | 19,625 | 425,777 | 644,043 | 864,649 |
| Sundry expenses | - | - | 230,531 | - | 230,531 | 214,727 |
| Product development expenses | - | - | - | 1,609,131 | 1,609,131 | 1,325,934 |
| Training expenses | 23,612 | - | 217,437 | 1,403,012 | 1,644,061 | 839,303 |
| Depreciation | 475,199 | - | 43,153,422 | 2,292,735 | 45,921,356 | 37,518,219 |
| Lab chemical and apparatus | - | - | 835,112 | - | 835,112 | 619,277 |
| Donation and subscription | - | - | 407,909 | - | 407,909 | 543,000 |
| Meeting expenses | 193,402 | - | - | 1,370,955 | 1,564,357 | 3,984,636 |
| License and renewals | 41,500 | - | - | 15,000 | 56,500 | 276,712 |
| Contribution to CSR | 1,155,138 | - | - | - | 1,155,138 | 124,200 |
| | <u>80,481,997</u> | <u>27,052,003</u> | <u>183,063,856</u> | <u>195,206,217</u> | <u>485,804,073</u> | <u>432,245,851</u> |

Recovery of expenses for toll manufacturing service charges:

| | | | | | | |
|--------------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| Advanced Chemical Industries Limited | - | - | 8,589,960 | - | 8,589,960 | 3,151,752 |
| ACI Motors Limited | - | - | - | - | - | 300,000 |
| | - | - | 8,589,960 | - | 8,589,960 | 3,451,752 |
| | <u>80,481,997</u> | <u>27,052,003</u> | <u>174,473,896</u> | <u>195,206,217</u> | <u>477,214,113</u> | <u>428,794,099</u> |

(A) Administrative, selling and distribution expenses

302,740,217 270,483,649

(B) Manufacturing expenses

174,473,896 158,310,450

477,214,113 428,794,099

| | <u>2011</u> Taka | <u>2010</u> Taka |
|---------------------------|---------------------|---------------------|
| 23. Other income | | |
| Crop Care & Public Health | 4,154,311 | 5,156,966 |
| Mosquito Coil | 1,362,195 | 439,824 |
| Aerosol | 4,730,230 | 2,814,328 |
| Loss on Revaluation | - | (1,328,121) |
| | <u>10,246,736</u> | <u>7,082,997</u> |
| 24. Finance costs | | |
| Interest expenses | | |
| Bank loan* | 95,567,940 | 64,877,314 |
| Inter-company | - | 5,786,851 |
| | <u>95,567,940</u> | <u>70,664,165</u> |
| Interest income | | |
| Inter-company | 23,822,378 | 4,805,169 |
| Bank | 268,304 | 310,084 |
| | <u>24,090,682</u> | <u>5,115,253</u> |
| | <u>71,477,257</u> | <u>65,548,912</u> |

* The Company has capitalised the borrowing costs to the extent of Tk. 7,033,706 on acquisition of qualifying assets during the year 2011

25. Deferred tax income/(expenses)

| | | |
|--|-------------------|---------------------|
| Net taxable temporary differences (Note-14) | 901,186,122 | 846,530,460 |
| Deferred tax liability as of 31 December | 59,234,469 | 72,295,436 |
| Less: Opening balance as of 1 January | 72,295,436 | 55,301,825 |
| | <u>13,060,967</u> | <u>(16,993,611)</u> |
| Add: Deferred tax for other comprehensive income | - | 27,391,237 |
| Less: Adjustment for deferred tax on land due to changes in tax rate | - | 15,222,641 |
| | <u>13,060,967</u> | <u>(4,825,015)</u> |

26. Earnings per share

26.1. Basic earnings per share

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

| | | |
|---|-------------|-------------|
| Profit for the year | 146,847,207 | 91,605,336 |
| Weighted average number of shares outstanding during the year | 30,000,000 | 30,000,000 |
| Basic earnings per share | <u>4.89</u> | <u>3.05</u> |

26.2. Diluted earnings per share

No diluted EPS was required to be calculated for the year since there was no scope for dilution of shares for the year 2011

27. Off balance sheet items

27.1. Commitments

On the statement of financial position date, the Company is enjoying unfunded credit facilities from the following banks:

| | <u>2011</u> <u>Taka</u> | <u>2010</u> <u>Taka</u> |
|---|----------------------------|----------------------------|
| a) Letters of credit | | |
| Standard Chartered Bank | 142,953,785 | 10,359,387 |
| Commercial Bank of Ceylon plc | 17,885,468 | 12,676,780 |
| The Hongkong and Shanghai Banking Corporation Limited | 37,437,190 | 56,805,612 |
| Citibank, N.A. | - | 13,479,100 |
| | <u>198,276,443</u> | <u>93,320,879</u> |
| b) Capital expenditure commitment | | |
| i) Contracted but not accounted for | <u>8,745,847</u> | <u>16,270,000</u> |
| ii) Approved but not contracted for | <u>Nil</u> | <u>Nil</u> |
| 27.2. Contingent liabilities | | |
| Bank guarantee | | |
| The Hongkong and Shanghai Banking Corporation Limited | <u>1,581,679</u> | <u>24,679</u> |
| | <u>1,581,679</u> | <u>24,679</u> |
| Performance guarantee: | | |
| Standard Chartered Bank | <u>6,122,220</u> | <u>-</u> |
| | <u>6,122,220</u> | <u>-</u> |

28. Related party transaction

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

| a) | <u>Name of the party</u> | <u>Relationship</u> | <u>Nature of transactions</u> | <u>Transaction value Year ended 31 December</u> | | <u>Outstanding balance as at 31 December</u> | |
|----|--------------------------------------|-------------------------------|-------------------------------|---|-------------|--|-------------|
| | | | | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| | | | | <u>Taka</u> | <u>Taka</u> | <u>Taka</u> | <u>Taka</u> |
| | Advanced Chemical Industries Limited | Holding company | Sale of products | 1,266,506,041 | 938,188,056 | 243,764,427 | 57,338,444 |
| | ACI Motors Limited | Subsidiary of holding company | Service rendering | 1,772,314 | 607,541 | - | 1,772,314 |
| | Premiaflex Plastics Limited | Subsidiary of holding company | Working capital financing | 7,761,000 | 14,451,889 | - | (7,761,000) |
| | ACI Foods Limited | Subsidiary of holding company | Working capital financing | 25,493 | 25,493 | - | (25,493) |
| | ACI Logistics Limited | Subsidiary of holding company | Working capital financing | 9,315,450 | 9,315,450 | - | 9,315,450 |
| | ACI Salt Limited | Subsidiary of holding company | Working capital financing | 141,973 | 141,973 | - | (141,973) |

| | <u>2011</u> | <u>2010</u> |
|---------------------------------|------------------|------------------|
| | Taka | Taka |
| b) Directors' emoluments | | |
| Salary | 1,995,000 | 2,158,825 |
| Benefits | - | 633,600 |
| Provident fund contribution | - | 91,800 |
| | <u>1,995,000</u> | <u>2,884,225</u> |

29. Financial risk management

29.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations, and arises principally from the Company's receivables from customers and investment securities.

| | | <u>2011</u> | <u>2010</u> |
|--------------------------------|-------------|--------------------|--------------------|
| | | Taka | Taka |
| Exposure to credit risk | | | |
| | <u>Note</u> | | |
| Trade receivables | 8 | 546,036,962 | 577,768,167 |
| Inter-company receivables | 10 | 243,764,427 | 68,426,208 |
| Cash at bank | 11 | 83,000,407 | 50,877,175 |
| | | <u>872,801,796</u> | <u>697,071,550</u> |

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

| | | |
|------------|--------------------|--------------------|
| Bangladesh | <u>546,036,962</u> | <u>577,768,167</u> |
|------------|--------------------|--------------------|

The aging of trade receivables at the reporting date was:

| | <u>Note</u> | <u>2011</u> | <u>2010</u> |
|------------------------------------|-------------|--------------------|--------------------|
| | | Taka | Taka |
| Dues below 6 months (Gross amount) | 8 | 451,828,104 | 446,153,519 |
| Dues over 6 months (Gross amount) | 8 | 157,574,636 | 167,832,024 |
| Total | | <u>609,402,740</u> | <u>613,985,543</u> |
| Provision for doubtful debts | | <u>63,365,778</u> | <u>36,217,376</u> |

The movement in the provision for doubtful trade receivables during the year was as follows:

| | <u>2011</u> | <u>2010</u> |
|-------------------------------------|-------------------|-------------------|
| | Taka | Taka |
| Balance at 1 January | 36,217,376 | 7,618,377 |
| Add: provision made during the year | 27,148,402 | 29,712,220 |
| | <u>63,365,778</u> | <u>37,330,597</u> |
| Adjustment made during the year | - | (1,113,221) |
| Balance at 31 December | <u>63,365,778</u> | <u>36,217,376</u> |

29.2. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets or liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputations.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.



As at 31 December 2011

Non derivative financial liabilities

| <u>Particulars</u> | <u>Note</u> | <u>Carrying amount</u> | <u>Contractual cash flow</u> | <u>Less than 1 year</u> | <u>01-05 years</u> |
|----------------------------|-------------|------------------------|------------------------------|-------------------------|---------------------|
| Trade payables | | 97,971,753 | (97,971,753) | (97,971,753) | - |
| Other payables | 17 | 112,959,962 | (112,959,962) | (112,277,396) | (682,566) |
| Bank overdraft | 15 | 58,082,809 | (58,082,809) | (58,082,809) | - |
| Short term loan from banks | 16 | 762,277,352 | (762,277,352) | (762,277,352) | - |
| Long term loan from bank | 13 | 45,825,191 | (45,825,191) | (21,669,426) | (24,155,765) |
| At 31 December 2011 | | <u>1,077,117,067</u> | <u>(1,077,117,067)</u> | <u>(1,052,278,736)</u> | <u>(24,838,331)</u> |

29.3 Market risk

Market risk is the risks that changes in the market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of it's holdings of instruments. The objective of market risk management is to manage and control risk exposures within acceptable parameters , while optimising the return.

Exposure to foreign currency risk

The Company's exposure to foreign currency risk was as follows based on the notional amount:

| <u>Description</u> | as at 31 December | |
|----------------------------------|--------------------------|-----------|
| | 2011 | 2010 |
| | USD | USD |
| Short term interest bearing loan | - | 3,685,019 |
| | - | 3,685,019 |

The following exchange rate was applied during the year:

| | Reporting date Spot Rate | |
|-----|---------------------------------|------|
| | 2011 | 2010 |
| USD | 82.6 | 71.4 |

Market risk-interest rate risk

At the date of the statement of financial position the interest rate profile of the Company's interest-bearing financial instruments.

| | Carrying amount | |
|------------------------------|------------------------|--------------------|
| | 2011 | 2010 |
| | Taka | Taka |
| Fixed rate instrument | | |
| Financial liabilities | 866,185,352 | 477,242,152 |
| Total | <u>866,185,352</u> | <u>477,242,152</u> |

| | Carrying amount | |
|---------------------------------|------------------------|--------------------|
| | <u>2011</u> | <u>2010</u> |
| | <u>Taka</u> | <u>Taka</u> |
| Variable rate instrument | | |
| Financial liabilities | - | 261,492,317 |
| Total | <u>-</u> | <u>261,492,317</u> |

30. Production capacity

The production status (business wise) for the year ended 31 December 2011 are as follows:

| <u>Business segment</u> | <u>Capacity</u> | <u>Unit</u> | <u>Actual</u> | <u>% of utilization</u> |
|-----------------------------|-----------------|-------------|---------------|-------------------------|
| Crop Care and Public Health | 21,570 | M ton | 9,517 | 44% |
| Mosquito Coil | 1,290,000 | Carton | 896,835 | 70% |
| Aerosol | 7,960,000 | Pcs | 4,366,687 | 55% |

31. Foreign currency transaction

| | <u>2011</u> | <u>2010</u> |
|--|--------------------|--------------------|
| | <u>Taka</u> | <u>Taka</u> |
| During the year under review following payments were made in foreign currencies: | | |
| Raw and packing materials | 920,185,636 | 768,243,209 |
| Capital machinery | 11,394,748 | 7,273,976 |
| | <u>931,580,384</u> | <u>775,517,185</u> |

32. Subsequent events

The Board of Directors in their meeting held on 25 April 2012 have recommended cash dividend @ 25% per share of Taka 10 each aggregating to Taka 75,000,000 and stock dividend @ 50% (i.e. 1 (one) bonus share for every 2 (two) ordinary share) of Taka 10 each aggregating to Taka 150,000,000 for the year ended 31 December 2011 subject to approval of the shareholders' in the Annual General Meeting scheduled to be held on 13 June 2012. The financial statements for the year ended 31 December 2011 do not include the effect of the above cash dividend and stock dividend which will be accounted for in the period when shareholders' right to receive payment is established.

There are no other events identified after the date of the statement of financial position which require adjustment or disclosure in this accompanying financial statements.

33. Segment reporting

The Company has three reportable segments, as described below, which are the Company's strategic divisions. The strategic division offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Company's CEO reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Company's reportable segments:

Crop Care and Public Health (CC & PH) : To manufacture and sell crop care and public health products.

Mosquito coil (M Coil) : To manufacture and sell mosquito coil products

Aerosol : To manufacture and sell aerosol and air freshener products.

| Particulars | Reportable business segment | | | | | | Unallocated | | | Total | | | |
|---------------------------------------|-----------------------------|---------------|---------------|---------------|---------------|---------------|-------------|-------------|---------------|---------------|------|-----------------|-----------------|
| | CC & PH | | M Coil | | Aerosol | | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | |
| | Taka | Taka | Taka | Taka | Taka | Taka | | | | | | | Taka |
| Segment revenue: | | | | | | | | | | | | | |
| External revenues | 1,177,151,845 | 986,215,727 | - | - | - | - | - | - | - | - | - | 1,177,151,845 | 986,215,727 |
| Inter-segment revenues | - | - | 804,381,724 | 590,708,681 | 462,124,317 | 347,479,375 | - | - | - | - | - | 1,266,506,041 | 938,188,056 |
| Total revenue | 1,177,151,845 | 986,215,727 | 804,381,724 | 590,708,681 | 462,124,317 | 347,479,375 | - | - | - | - | - | 2,443,657,886 | 1,924,403,783 |
| Interest expense | (63,768,597) | (57,131,366) | (4,243,191) | (4,200,574) | (3,465,470) | (4,216,972) | - | - | - | - | - | (71,477,258) | (65,548,912) |
| Depreciation | (22,766,820) | (13,696,850) | (19,171,063) | (19,495,708) | (3,983,474) | (4,325,661) | - | - | - | - | - | (45,921,357) | (37,518,219) |
| Manufacturing expenses | (695,726,693) | (588,360,065) | (714,311,607) | (523,778,286) | (418,607,259) | (318,501,984) | - | - | - | - | - | (1,828,645,559) | (1,430,640,335) |
| Selling expenses | (191,289,160) | (166,505,363) | (1,156,082) | (696,080) | (468,240) | (754,206) | - | - | - | - | - | (192,913,482) | (167,955,649) |
| Distribution expenses | (27,052,003) | (26,837,550) | - | - | - | - | - | - | - | - | - | (27,052,003) | (26,837,550) |
| Administrative expenses | (37,252,945) | (38,030,310) | (26,884,354) | (22,186,703) | (15,869,499) | (13,576,954) | - | - | - | - | - | (80,006,798) | (73,793,967) |
| Other income / (expense) | 4,154,311 | 5,156,966 | 1,362,195 | 439,824 | 4,730,230 | 2,814,328 | - | - | - | - | - | 10,246,736 | 7,082,997 |
| Segment result | 136,277,442 | 95,770,630 | 37,978,740 | 19,751,596 | 23,237,575 | 8,472,030 | - | - | - | - | - | 197,493,758 | 122,732,541 |
| Reportable segment assets | 1,681,122,083 | 1,779,879,290 | 783,520,622 | 544,472,482 | 278,127,860 | 257,498,865 | 116,084,865 | 59,482,764 | 2,858,855,430 | 2,641,333,401 | | | |
| Reportable segment liabilities | 341,078,273 | 410,436,656 | 98,532,194 | 74,709,475 | 94,735,009 | 86,879,732 | 685,732,322 | 487,377,113 | 1,220,077,798 | 1,059,402,976 | | | |

33.1 Reconciliations of reportable segment revenues, profit or loss, assets and liabilities, and other material items:

| | <u>2011</u> <u>Taka</u> | <u>2010</u> <u>Taka</u> |
|---|----------------------------|----------------------------|
| Revenue | | |
| Total revenue from reportable segments | 2,443,657,886 | 1,924,403,783 |
| Other revenue | - | - |
| Elimination of inter-segment revenue | - | - |
| Total revenue | <u>2,443,657,886</u> | <u>1,924,403,783</u> |
| Profit or loss | | |
| Total profit or loss for reportable segments | 197,493,758 | 122,732,541 |
| Other profit or loss | - | - |
| | <u>197,493,758</u> | <u>122,732,541</u> |
| Elimination of inter-segments profit | - | - |
| Unallocated amounts: | | |
| Gain on distribution to owners of the Company | - | - |
| Other expenses | - | - |
| Total continuing profit from operations before tax | <u>197,493,758</u> | <u>122,732,541</u> |
| Assets | | |
| Total assets for reportable segments | 2,742,770,565 | 2,581,850,637 |
| Other assets | - | - |
| Other unallocated amounts | 116,084,865 | 59,482,764 |
| Total assets | <u>2,858,855,430</u> | <u>2,641,333,401</u> |
| Liabilities | | |
| Total liabilities for reportable segments | 534,345,476 | 572,025,863 |
| Other liabilities | - | - |
| Other unallocated liabilities | 685,732,322 | 487,377,113 |
| Total liabilities | <u>1,220,077,798</u> | <u>1,059,402,976</u> |

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Revenue

| | | |
|------------|----------------------|----------------------|
| Bangladesh | 2,443,657,886 | 1,924,403,783 |
| | <u>2,443,657,886</u> | <u>1,924,403,783</u> |

Non-current assets

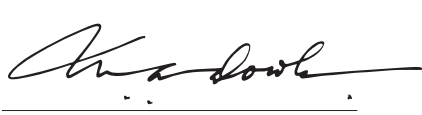
| | | |
|------------|----------------------|----------------------|
| Bangladesh | 1,210,406,613 | 1,123,963,922 |
| | <u>1,210,406,613</u> | <u>1,123,963,922</u> |

34. General

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

34.2. The number of employees drawing Tk 3,000 or more per month was 798 in 2011 (as against 674 in 2010).

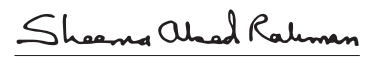
34.3. All financial information is presented in Bangladesh Taka have been rounded off to the nearest Taka.



Managing Director



Director



Company Secretary



Corporate Directory

Registered Office

ACI Centre
245 Tejgaon Industrial Area
Dhaka 1208
Phone # (8802) 8878603
Fax # (8802) 8878626 & 8878619

Share Office

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

Manufacturing Facilities

ACI Formulations Plant
Rajabari, Sreepur, Gazipur
Phone # (8802) 0682555135
Fax # (8802) 9201070



ACI Formulations Limited

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

PROXY FORM

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

of _____
whose signature is appended below as my/our proxy to attend and vote for me/us and on my/our behalf
at the 16th Annual General Meeting of the Company to be held on Tuesday, 12 June 2012 at 12:00 noon
and/or at any adjournment thereof.

As witness my hands this _____ day of _____ 2012.

Signature on
Tk. 10
Revenue Stamp

(Signature of the Proxy)

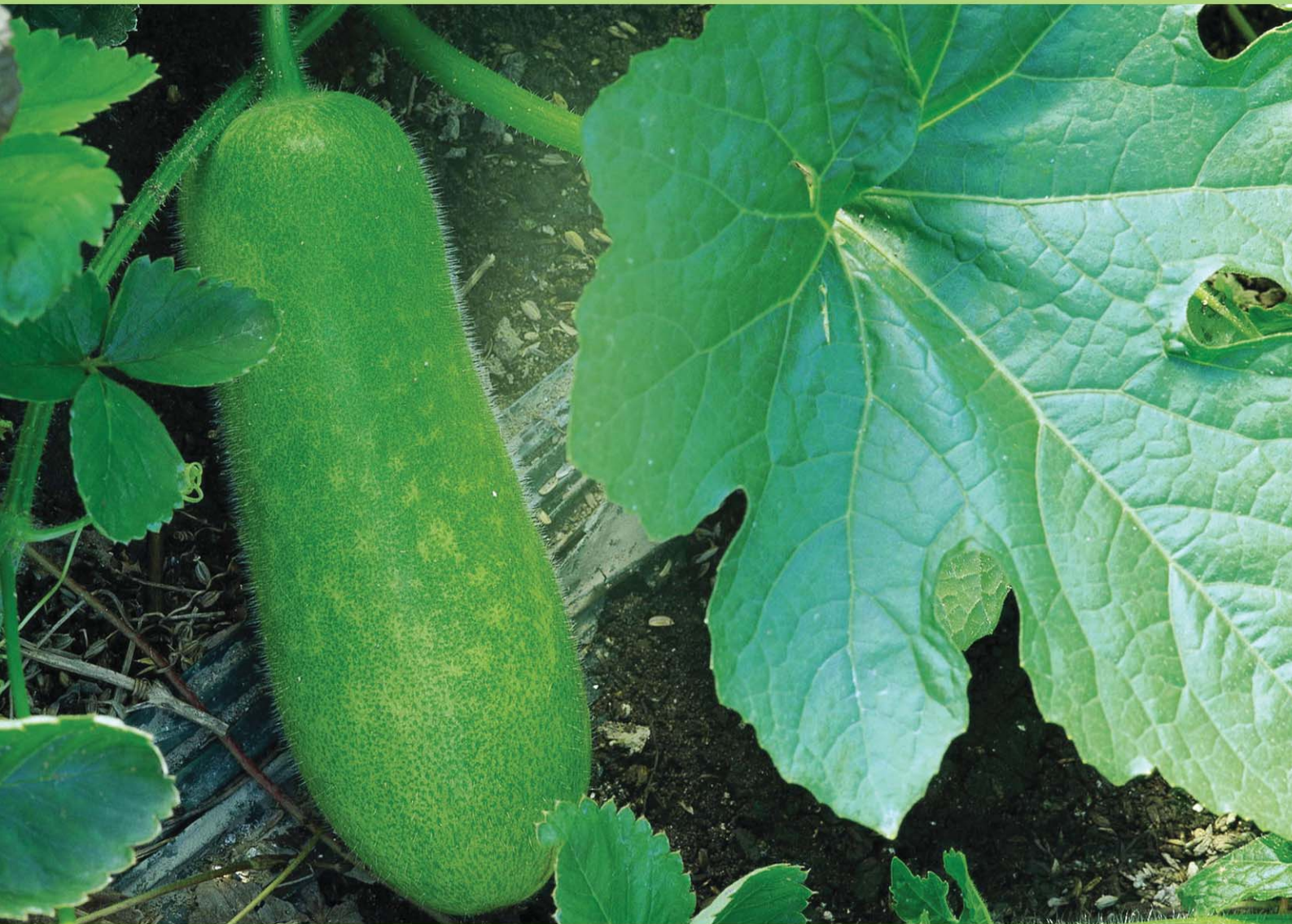
(Signature of the Shareowner)

Registered Folio / BO ID No. _____

No. of Shares held _____

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







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