ACETO CORP
Form 10-K
September 11, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2009
Commission file number 000-04217

ACETO CORPORATION
(Exact name of registrant as specified in its charter)

New York (State or other jurisdiction of incorporation or organization)	11-1720520 (I.R.S. Employer Identification Number)

One Hollow Lane, Lake Success, NY 11042
(Address of principal executive offices)

(516) 627-6000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12 (b) of the Act:

Common Stock, par value $.01 per share (Title of Class)	The NASDAQ Global Select Market (Name of each exchange on which registered)

Securities registered pursuant to Section 12 (g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 of Section 15(d) of the Act.
Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o	Smaller reporting company o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

The aggregate market value of the voting stock of the Company held by non-affiliates of the Company based on the closing price of the common stock on December 31, 2008 as reported on the NASDAQ Global Select Market, was approximately $243,028,716.

The Registrant has 24,770,678 shares of common stock outstanding as of September 3, 2009.

Documents incorporated by reference: The information required in response to Part III of this Annual Report on Form 10-K is hereby incorporated by reference to the specified portions of the Registrant's definitive proxy statement for the annual meeting of shareholders to be held on December 3, 2009.

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ACETO CORPORATION AND SUBSIDIARIES
FORM 10-K
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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PART I

CAUTIONARY STATEMENT RELATING TO THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Annual Report on Form 10-K and the information incorporated by reference includes “forward-looking statements” within the meaning of section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend those forward looking-statements to be covered by the safe harbor provisions for forward-looking statements. All statements regarding our expected financial position and operating results, our business strategy, our financing plans and the outcome of any contingencies are forward-looking statements. Any such forward-looking statements are based on current expectations, estimates and projections about our industry and our business. Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” or variations of those words and similar expressions are intended to identify such forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those set forth or implied by any forward-looking statements. Factors that could cause actual results to differ materially from forward-looking statements include, but are not limited to, unforeseen environmental liabilities, international military conflicts, the mix of products sold and their profit margins, order cancellation or a reduction in orders from customers, competitive product offerings and pricing actions, the availability and pricing of key raw materials, dependence on key members of management, continued successful integration of acquisitions, receipt of regulatory approvals, risks of entering into new European markets, and economic and political conditions in the United States and abroad. We undertake no obligation to update any such forward-looking statements, other than as required by law.

NOTE REGARDING DOLLAR AMOUNTS

In this Annual Report, all dollar amounts are expressed in thousands, except share prices and per-share amounts.

Item 1. Business

General

Aceto Corporation, together with its consolidated subsidiaries, are referred to herein collectively as “Aceto”, “Company”, “we”, “us”, and “our” unless the content indicates otherwise. Aceto was incorporated in 1947 in the State of New York. We are a global leader in the sourcing, quality assurance, regulatory support, marketing and distribution of chemically derived pharmaceuticals, biopharmaceuticals, specialty chemicals and crop protection products. Our fiscal 2009 results were impacted by the economic environment that we operate in, which continues to be quite turbulent. According to a June 16, 2009 Federal Reserve statistical release, domestic manufacturing output was more than 15% below its year-earlier level and decreased 1.0% in the month of May. Our business is organized along product lines into three principal segments: Health Sciences, Chemicals & Colorants and Crop Protection.

The Health Sciences segment is our largest segment in terms of both sales and gross profits. Products that fall within this segment include active pharmaceutical ingredients (APIs), pharmaceutical intermediates, nutraceuticals and biopharmaceuticals.

We typically partner with both customers and suppliers years in advance of a drug coming off patent to provide the generic equivalent. We believe we have a pipeline of new APIs poised to reach commercial levels over the coming years as the patents on existing drugs expire, both in the United States and Europe. In addition, we continue to explore opportunities to provide a second-source option for existing generic drugs with approved abbreviated new drug applications (ANDAs). The opportunities that we are looking for are to supply the APIs for the more mature generic drugs where pricing has stabilized following the dramatic decreases in price that these drugs experienced after coming off patent. As is the case in the generic industry, the entrance into the market of other generic competition generally has a negative impact on the pricing of the affected products. By leveraging our worldwide sourcing, quality assurance and regulatory capabilities, we believe we can be an alternative lower cost, second-source provider of existing APIs to generic drug companies.

According to an IMS Health press release on April 22, 2009, the value of the global pharmaceutical market is expected to grow 2.5% – 3.5% in 2009; two percentage points lower than previously indicated last October, as deterioration in the global economic environment continues to affect market demand. The updated forecast predicts global pharmaceutical sales decreasing 8.5% from the October 2008 forecast to $750 billion for the year, down from the $820 billion forecast in October 2008. The sector will continue to feel the impact of the economic climate, but to a lesser extent than many other industries, through 2010 when a rebound is expected.

The Chemicals & Colorants segment is a major supplier to the many different industries that require outstanding performance from chemical raw materials and additives. Products that fall within this segment include intermediates for dyes, pigments and agrochemicals. We provide chemicals used to make plastics, surface coatings, textiles, lubricants, flavors and fragrances. Many of our raw materials are also used in high-tech products like high-end electronic parts (circuit boards and computer chips) and binders for specialized rocket fuels. We are currently responding to the changing needs of our customers in the color producing industry by taking our resources and knowledge downstream as a supplier of select organic pigments. According to the Federal Reserve statistical release described above, the production index for durable goods contracted at an annual rate of more than 30% for the quarter ended March 31, 2009.

According to the American Chemistry Council, leading indicators of global industrial production continue to suggest a slowing down of activity. Through April 2009, on a year-over-year basis, global chemical industry production decreased by 10.5%.

The Crop Protection segment sells herbicides, fungicides, insecticides, and other agricultural chemicals to customers, primarily located in the United States and Western Europe. In fiscal 2009, we continued to add products to our Crop Protection portfolio when we received EPA registrations for Halosulfuron and Glyphosate. Glyphosate is the largest selling herbicide for both crop and non crop use sold in the United States. We plan to begin marketing Glyphosate for the 2010 growing season. In addition, we have two other products that we have already filed with the EPA for registrations and several other products that we plan to file for registrations with the EPA in fiscal 2010. Our plan is to continue to develop this pipeline and bring to market additional products in a similar manner. In May 2008, we sold an insecticide product to its patent owner in conjunction with litigation settlement involving an expired license.

According to the US Department of Agriculture, total acreage planted in 2009 decreased by 1.2% to almost 321 million acres. The number of peanut acres planted in 2009 was down sharply; almost 30% from 2008 levels, and sugar cane acreage was down 1.6% from 2008.

Our main business strengths are sourcing, quality assurance, regulatory support, marketing and distribution. In fiscal 2009, we developed an industrial brand for Aceto called “Enabling Quality Worldwide” and are marketing this brand globally. With a physical presence in ten countries, we distribute over 1000 pharmaceuticals and chemicals used principally as raw materials in the pharmaceutical, agricultural, color, surface coating/ink and general chemical consuming industries. We believe that we are currently the largest buyer of pharmaceutical and specialty chemicals for export from China, purchasing from over 500 different manufacturers.

Our presence in China, Germany, France, the Netherlands, Singapore, India, Hong Kong, Japan, Vietnam, the United Kingdom and the United States, along with strategically located warehouses worldwide, enable us to respond quickly to demands from customers worldwide, assuring that a consistent, high-quality supply of pharmaceutical, biopharmaceutical, specialty chemicals and crop protection products are readily accessible. We are able to offer our customers competitive pricing, continuity of supply, and quality control. We believe our 60 plus years of experience, our reputation for reliability and stability, and our long-term relationships with suppliers have fostered loyalty among our customers.

Long-lived assets by geographic region as of June 30, 2009, 2008, and 2007 were as follows:

	Long-lived assets		
	2009	2008	2007
United States	$ 11,445	$ 4,729	$ 5,229
Europe	3,120	3,734	3,967
Asia-Pacific	3,063	3,252	2,847

Total	$ 17,628	$ 11,715	$ 12,043

We remain confident about our business prospects. We anticipate organic growth through our plans to enter the market for companion animal vaccines, the market for finished dosage form generic drugs, the Japanese pharmaceutical market, the continued globalization of our Chemicals & Colorants business, the further globalization of our nutraceutical business, the expansion of our crop protection segment by acquisition of product lines and intellectual property, the continued enhancement of our sourcing operations in China and India, and the steady improvement of our quality assurance and regulatory capabilities.

We believe our track record of continuous product introductions demonstrates our commitment to be recognized by the worldwide generic pharmaceutical industry as an important, reliable supplier. Our plans involve seeking strategic acquisitions that enhance our earnings and forming alliances with partners that add to our capabilities, when possible.

Information concerning revenue and gross profit attributable to each of our reportable segments is found in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", and in Note 18 to the Consolidated Financial Statements, Part II, Item 8, "Financial Statements and Supplementary Data."

Products and Customers

During the fiscal years ended June 30, 2009 and 2008, approximately 70% and 67%, respectively, of our purchases were from Asia and approximately 17% and 19%, respectively, were from Europe.

Our customers are primarily located throughout the United States, Europe and Asia. They include a wide range of companies in the industrial chemical, agricultural, and health science industries, and range from small trading companies to Fortune 500 companies. During fiscal years 2009 and 2008, sales made to customers in the United States totaled $158,696 and $165,287, respectively. Sales made to customers outside the United States during fiscal years 2009 and 2008 totaled $163,950 and $194,304, respectively, of which, approximately 57% and 58%, respectively, were to customers located in Europe.

The chemical industry is highly competitive. We compete by offering high-quality products produced around the world by both large and small manufacturers at attractive prices. Because of our long standing relationships with many suppliers as well as our sourcing operations in both China and India, we are able to ensure that any given product is manufactured at a facility that is appropriate for that product. For the most part, we store our inventory of chemicals in public warehouses strategically located throughout the United States, Europe, and Asia, and we can therefore fill orders rapidly from inventory. We have developed ready access to key purchasing, research, and technical executives of our customers and suppliers. This allows us to ensure that when necessary, sourcing decisions can be made quickly.

No single product or customer accounted for as much as 10% of net sales in fiscal years 2009, 2008 or 2007. No single supplier accounted for as much as 10% of purchases in fiscal 2009 and 2008.

We hold no patents, licenses, franchises or concessions that we consider material to our operations.

A subsidiary of the Company markets certain agricultural chemicals which are subject to the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). FIFRA requires that test data be provided to the EPA to register, obtain and maintain approved labels for pesticide products. The EPA requires that follow-on registrants of these products compensate the initial registrant for the cost of producing the necessary test data on a basis prescribed in the FIFRA regulations. Follow-on registrants do not themselves generate or contract for the data. However, when FIFRA requirements mandate that new test data be generated to enable all registrants to continue marketing a pesticide product, often both the initial and follow-on registrants establish a task force to jointly undertake the testing effort. The Company is presently a member of several such task force groups, which requires payments for such memberships. In addition, in connection with our crop protection business, the Company plans to acquire product registrations and related data filed with the United States Environmental Protection Agency to support such registrations and other supporting data for three products. The acquisition of these product registrations and related data filed with the United States Environmental Protection Agency as well as payments to various task force groups could approximate $6,300 over the next fiscal year.

Employees

At June 30, 2009, we had 221 employees, none of whom were covered by a collective bargaining agreement.

Item 1A. Risk factors

You should carefully consider the following risk factors and other information included in this Annual Report. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also impair our business operations. If any of the following risk factors occur, our business, financial condition, operating results and cash flows could be materially adversely affected.

If we are unable to compete effectively with our competitors, many of which have greater market presence and resources than us, our profitability and financial condition will be adversely affected.

Our financial condition and operating results are directly related to our ability to compete in the intensely competitive worldwide chemical market. We face intense competition from global and regional distributors of chemical products, many of which are large chemical manufacturers as well as distributors. Many of these companies have substantially greater resources than us, including greater financial, marketing and distribution resources. We cannot assure you that we will be able to compete successfully with any of these companies. In addition, increased competition could result in price reductions, reduced margins and loss of market share for our services, all of which would adversely affect our business, results of operations and financial condition.

Our distribution operations of APIs concentrate on generic products and therefore are subject to the risks of the generic industry.

The ability of our business to provide consistent, sequential quarterly growth is affected, in large part, by our participation in the launch of new products by generic manufacturers and the subsequent advent and extent of competition encountered by these products. This competition can result in significant and rapid declines in pricing with a corresponding decrease in net sales. Our margins can also be affected by the risks inherent to the generic industry.

Healthcare reform and a reduction in the reimbursement levels by governmental authorities, HMOs, MCOs or other third-party payors may adversely affect our business.

Third party payors increasingly challenge pricing of pharmaceutical products. The trend toward managed healthcare, the growth of organizations such as HMOs and MCOs and legislative proposals to reform healthcare and government insurance programs could significantly influence the purchase of pharmaceutical products, resulting in lower prices and a reduction in product demand. Such cost containment measures and healthcare reform could affect our ability to sell our products and could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We may incur significant uninsured environmental and other liabilities inherent in the chemical distribution industry that would have a negative effect on our financial condition.

The business of distributing chemicals is subject to regulation by numerous federal, state, local, and foreign governmental authorities. These regulations impose liability for loss of life, damage to property and equipment, pollution and other environmental damage that may occur in our business. Many of these regulations provide for substantial fines and remediation costs in the event of chemical spills, explosions and pollution. While we believe that we are in substantial compliance with all current laws and regulations, we can give no assurance that we will not incur material liabilities that exceed our insurance coverage or that such insurance will remain available on terms and at rates acceptable to us. Additionally, if existing environmental and other regulations are changed, or additional laws or regulations are passed, the cost of complying with those laws may be substantial, thereby adversely affecting our financial performance.

In fiscal years 2009, 2008 and 2007, the Company received letters from the Pulvair Site Group, a group of potentially responsible parties (PRP Group) who are working with the State of Tennessee (the State) to remediate a contaminated property in Tennessee called the Pulvair site. The PRP Group has alleged that Aceto shipped hazardous substances to the site which were released into the environment. The State had begun administrative proceedings against the members of the PRP Group and Aceto with respect to the cleanup of the Pulvair site and the group has begun to undertake cleanup. The PRP Group is seeking a settlement of approximately $1,700 from the Company for its share to remediate the site contamination. Although the Company acknowledges that it shipped materials to the site for formulation over twenty years ago, the Company believes that the evidence does not show that the hazardous materials sent by Aceto to the site have significantly contributed to the contamination of the environment and thus believes that, at most, it is a de minimus contributor to the site contamination. Accordingly, the Company believes that the settlement offer is unreasonable. The impact of the resolution of this matter on the Company's results of operations in a particular reporting period is not known. However, management believes that the ultimate outcome of this matter will not have a material adverse effect on the Company's financial condition or liquidity.

Our subsidiary, Arsynco, has environmental remediation obligations in connection with its former manufacturing facility in Carlstadt, New Jersey. Estimates of how much it would cost to remediate environmental contamination at this site have increased since the facility was closed in 1993. If the actual costs are significantly greater than estimated, it could have a material adverse effect on our financial condition, operating results and cash flows.

In March 2006, Arsynco received notice from the EPA of its status as a PRP under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) for a site described as the Berry’s Creek Study Area. Arsynco is one of over 150 PRPs which have potential liability for the required investigation and remediation of the site. The estimate of the potential liability is not quantifiable for a number of reasons, including the difficulty in determining the extent of contamination and the length of time remediation may require. In addition, any estimate of liability must also consider the number of other PRPs and their financial strength. Based on prior practice in similar situations, it is possible that the State may assert a claim for natural resource damages with respect to the Arsynco site itself, and either the federal government or the State (or both) may assert claims against Arsynco for natural resource damages in connection with Berry's Creek; any such claim with respect to Berry's Creek could also be asserted against the approximately 150 PRPs which the EPA has identified in connection with that site. Any claim for natural resource damages with respect to the Arsynco site itself may also be asserted against BASF, the former owners of the Arsynco property. Since an amount of the liability cannot be reasonably estimated at this time, no accrual is recorded for these potential future costs. The impact of the resolution of this matter on the Company’s results of operations in a particular reporting period is not known. However, management believes that the ultimate outcome of this matter will not have a material adverse effect on the Company’s financial condition or liquidity.

The distribution and sale of some of our products are subject to prior governmental approvals and thereafter ongoing governmental regulation.

Our products are subject to laws administered by federal, state and foreign governments, including regulations requiring registration and approval of many of our products. More stringent restrictions could make our products less desirable, which would adversely affect our revenues and profitability. Some of our products are subject to the EPA registration and re-registration requirements, and are registered in accordance with FIFRA. Such registration requirements are based, among other things, on data demonstrating that the product will not cause unreasonable adverse effects on human health or the environment when used according to approved label directions. Governmental regulatory authorities have required, and may require in the future, that certain scientific data requirements be performed on our products and this may require us on our behalf or in joint efforts with other registrants to perform additional testing. Responding to such requirements may cause delays in or the cessation of the sales of one or more of our products which would adversely affect our profitability. We can provide no assurance that any testing approvals or registrations will be granted on a timely basis, if at all, or that our resources will be adequate to meet the costs of regulatory compliance or that the economic benefit of complying with the requirement will exceed our cost.

Tax legislation and assessments by various tax authorities may be materially different than the amounts we have provided for in our consolidated financial statements.

We are regularly audited by federal, state, and foreign tax authorities. From time to time, these audits may result in proposed assessments. While we believe that we have adequately provided for any such assessments, future settlements may be materially different than we have provided for and thereby adversely affect our earnings and cash flows.

We operate in various tax jurisdictions, and although we believe that we have provided for income and other taxes in accordance with the relevant regulations, if the applicable regulations were ultimately interpreted differently by a taxing authority, we may be exposed to additional tax liabilities. Our effective tax rate is based on our expected geographic mix of earnings, statutory rates, intercompany transfer pricing, and enacted tax rules. Significant judgment is required in determining our effective tax rate and in evaluating our tax positions on a worldwide basis. We believe our tax positions, including intercompany transfer pricing policies, are consistent with the tax laws in the jurisdictions in which we conduct our business. It is possible that these positions may be challenged by jurisdictional tax authorities and may have a significant impact on our effective tax rate. In addition, from time to time, various legislative initiatives may be proposed that could adversely affect our tax positions. There can be no assurance that our effective tax rate will not be adversely affected by these initiatives.

Changes in tax rules may adversely affect our future reported financial results or the way we conduct our business.

Our future reported financial results may be adversely affected if tax or accounting rules regarding unrepatriated earnings change. The Obama administration recently announced several proposals to reform United States tax rules, including proposals that may result in a reduction or elimination of the deferral of United States tax on our unrepatriated earnings, potentially requiring those earnings to be taxed at the United States federal income tax rate.

Our acquisition strategy is subject to a number of inherent risks, including the risk that our acquisitions may not be successful.

We continually seek to expand our business through acquisitions of other companies that complement our own and through joint ventures, licensing agreements and other arrangements. Any decision regarding strategic alternatives would be subject to inherent risks, and we cannot guarantee that we will be able to identify the appropriate opportunities, successfully negotiate economically beneficial terms, successfully integrate any acquired business, retain key employees, or achieve the anticipated synergies or benefits of the strategic alternative selected. Acquisitions can require significant capital resources and divert our management's attention from our existing business. Additionally, we may issue additional shares in connection with a strategic transaction, thereby diluting the holdings of our existing common shareholders, incur debt or assume liabilities, become subject to litigation, or consume cash, thereby reducing the amount of cash available for other purposes.

Any acquisition that we make could result in a substantial charge to our earnings.

We have previously incurred charges to our earnings in connection with acquisitions, and may continue to experience charges to our earnings for any acquisitions that we make, including impairment charges. These costs may also include substantial severance and other closure costs associated with eliminating duplicate or discontinued products, employees, operations and facilities. These charges could have a material adverse effect on our results of operations for particular quarterly periods and they could possibly have an adverse impact on the market price of our common stock.

Our revenue stream and related gross profit is difficult to predict.

Our revenue stream is difficult to predict because it is primarily generated as customers place orders and customers can change their requirements or cancel orders. Many of our sales orders are short-term and may be cancelled at any time. As a result, much of our revenue is not recurring from period to period, which contributes to the variability of our results from period to period. In addition, certain of our products carry a higher gross margin than other products, particularly in the Health Sciences segment. Reduced sales of these higher margin products could have a significant impact on our operating results. We believe that quarter-to-quarter comparisons of our operating results are not a good indication of our future performance.

Our operating results may fluctuate in future quarters, which may adversely affect the trading price of our common stock.

Our operating results will fluctuate on a quarterly basis as a result of a number of factors, including the timing of contracts, orders, the delay or cancellation of a contract, and changes in government regulations. Any one of these factors could have a significant impact on our quarterly results. In some quarters, our revenue and operating results may fall below the expectations of securities analysts and investors, which would likely cause the trading price of our common stock to decline.

Failure to obtain products from outside manufacturers could adversely affect our ability to fulfill sales orders to our customers.

We rely on outside manufacturers to supply products for resale to our customers. Manufacturing problems, including manufacturing delays caused by plant shutdowns may occur with these and other outside sources. If such problems occur, we cannot assure that we will be able to deliver our products to our customers profitably or on time.

Our business is subject to a number of global economic risks.

As widely reported, financial markets in the United States, Europe and Asia have been experiencing extreme disruption, including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. Governments have taken unprecedented actions intending to address extreme market conditions that include severely restricted credit and declines in values of certain assets.

An economic downturn in the businesses or geographic areas in which we sell our products could reduce demand for our products and result in a decrease in revenue that could have a negative impact on our results of operations. Continued volatility and disruption of financial markets in the United States, Europe and Asia could limit our customers' ability to obtain adequate financing or credit to purchase our products or to maintain operations, and result in a decrease in revenue that could have a negative impact on our results of operations.

Our potential liability arising from our commitment to indemnify our directors, officers and employees could adversely affect our earnings and financial condition.

We have committed in our bylaws to indemnify our directors, officers and employees against the reasonable expenses incurred by these persons in connection with an action brought against him or her in such capacity, except in matters as to which he or she is adjudged to have breached a duty to us. The maximum potential amount of future payments we could be required to make under this provision is unlimited. While we have "directors and officers" insurance policies that covers a portion of this potential exposure, we may be adversely affected if we are required to pay damages or incur legal costs in connection with a claim above our insurance limits.

Our business may give rise to product liability claims not covered by insurance or indemnity agreements.

The marketing, distribution and use of chemical products involves substantial risk of product liability claims. A successful product liability claim that we have not insured against, that exceeds our levels of insurance or that we are not indemnified for may require us to pay a substantial amount of damages. In the event that we are forced to pay such damages, this payment may have a material adverse effect on our financial and operating results.

Our business may be adversely affected by terrorist activities.

Our business depends on the free flow of products and services through the channels of commerce. Instability due to military, terrorist, political and economic actions in other countries could materially disrupt our overseas operations and export sales. In fiscal years 2009 and 2008, approximately 52% and 54%, respectively, of our revenues were attributable to operations conducted abroad and to sales generated from the United States to foreign countries. In addition, in fiscal year 2009, approximately 70% and 17% of our purchases came from Asia and Europe, respectively. In addition, in certain countries where we currently operate or export, intend to operate or export, or intend to expand our operations; we could be subject to other political, military and economic uncertainties, including labor unrest, restrictions on transfers of funds and unexpected changes in regulatory environments.

We derive many of our products from China and changes in the political and economic policies of China's government could have a significant impact upon the business we may be able to conduct in China and our results of operations and financial condition.

Our business operations may be adversely affected by the current and future political environment in China. China has operated as a socialist state since the mid-1900s and is controlled by the Communist Party of China. The Chinese government exerts substantial influence and control over the manner in which companies, such as ours, must conduct our business activities in China. China has only permitted provincial and local economic autonomy and private economic activities since 1988. The government of China has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy, through regulation and state ownership. Our ability to conduct business in China may be adversely affected by changes in Chinese laws and regulations, including those relating to taxation, import and export tariffs, raw materials, environmental regulations, land use rights, property and other matters. Under its current leadership, the government of China has been pursuing economic reform policies that encourage private economic activity and greater economic decentralization. There is no assurance, however, that the government of China will continue to pursue these policies, or that it will not significantly alter these policies from time to time without notice.

China's laws and regulations governing our current business operations in China are sometimes vague and uncertain. Any changes in such laws and regulations may have a material and adverse effect on our business.

China's legal system is a civil law system based on written statutes, in which system decided legal cases have little value as precedents unlike the common law system prevalent in the United States. There are substantial uncertainties regarding the interpretation and application of China's laws and regulations, including but not limited to the laws and regulations governing the conduct of business in China, or the enforcement and performance of arrangements with customers and suppliers in the event of the imposition of statutory liens, death, bankruptcy and criminal proceedings. The Chinese government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, and because of the limited volume of published cases and judicial interpretation and their lack of force as precedents, interpretation and enforcement of these laws and regulations involve significant uncertainties. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. We cannot predict what effect the interpretation of existing or new laws or regulations may have on our business in China. If the relevant authorities find that we are in violation of China's laws or regulations, they would have broad discretion in dealing with such a violation, including, without limitation: (i) levying fines and (ii) requiring that we discontinue any portion or all of our business in China.

The promulgation of new laws, changes to existing laws and the pre-emption of local regulations by national laws may adversely affect foreign businesses conducting business in China. However, the trend of legislation over the last 20 years has significantly enhanced the protection of foreign businesses in China. There can be no assurance that a change in leadership, social or political disruption, or unforeseen circumstances affecting China's political, economic or social life, will not affect China's government's ability to continue to support and pursue these reforms. Such a shift could have a material adverse effect on our business and prospects.

Fluctuations in foreign currency exchange rates may adversely affect our results of operations and financial condition.

A substantial portion of our revenue is denominated in currencies other than the U.S. dollar because certain of our foreign subsidiaries operate in their local currencies. Our results of operations and financial condition may therefore be adversely affected by fluctuations in the exchange rate between foreign currencies and the U.S. dollar.

We rely heavily on key executives for our financial performance.

Our financial performance is highly dependent upon the efforts and abilities of our key executives. The loss of the services of any of our key executives could therefore have a material adverse effect upon our financial position and operating results. We do not maintain "key-man" insurance on any of our key executives.

Violations of cGMP and other government regulations could have a material adverse affect on our business, financial condition and results of operations.

All facilities and manufacturing techniques used to manufacture pharmaceutical products for clinical use or for commercial sale in the United States must be operated in conformity with current Good Manufacturing Practices ("cGMP") regulations as required by the FDA. Our suppliers' facilities are subject to scheduled periodic regulatory and customer inspections to ensure compliance with cGMP and other requirements applicable to such products. A finding that we had materially violated these requirements could result in one or more regulatory sanctions, loss of a customer contract, disqualification of data for client submissions to regulatory authorities and a mandated closing of our suppliers' facilities, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Litigation may harm our business and our management and financial resources.

Substantial, complex or extended litigation could cause us to incur large expenditures and could distract our management. For example, lawsuits by employees, stockholders, collaborators, distributors, customers, or end-users of our products or services could be very costly and substantially disrupt our business. Disputes from time to time with such companies or individuals are not uncommon, and we cannot assure you that we will always be able to resolve such disputes out of court or on favorable terms.

The market price of our stock could be volatile.

The market price of our common stock has been subject to volatility and may continue to be volatile in the future, due to a variety of factors, including:

- quarterly fluctuations in our operating income and earnings per share results
- technological innovations or new product introductions by us or our competitors
- economic conditions
- disputes concerning patents or proprietary rights
- changes in earnings estimates and market growth rate projections by market research analysts

sales of common stock by existing security holders
loss of key personnel
securities class actions or other litigation

The market price for our common stock may also be affected by our ability to meet analysts' expectations. Any failure to meet such expectations, even slightly, could have an adverse effect on the market price of our common stock. In addition, the stock market is subject to extreme price and volume fluctuations. This volatility has had a significant effect on the market prices of securities issued by many companies for reasons unrelated to the operating performance of these companies.

Incidents related to hazardous materials could adversely affect our business.

Portions of our operations require the controlled use of hazardous materials. Although we are diligent in designing and implementing safety procedures to comply with the standards prescribed by federal, state, and local regulations, the risk of accidental contamination of property or injury to individuals from these materials cannot be completely eliminated. In the event of such an incident, we could be liable for any damages that result, which could adversely affect our business.

There are inherent uncertainties involved in estimates, judgments and assumptions used in preparing financial statements in accordance with U.S. generally accepted accounting principles. Any changes in the estimates, judgments and assumptions we use could have a material adverse effect on our financial position and results of operations.

The consolidated financial statements included in the periodic reports we file with the SEC are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Preparing financial statements in accordance with GAAP involves making estimates, judgments and assumptions that affect reported amounts of assets, liabilities, revenues, expenses and income. Estimates, judgments and assumptions are inherently subject to change, and any such changes could result in corresponding changes to the reported amounts.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have an adverse effect on our business and stock price.

Section 404 of the Sarbanes-Oxley Act requires us to evaluate annually the effectiveness of our internal controls over financial reporting as of the end of each fiscal year and to include a management report assessing the effectiveness of our internal controls over financial reporting in our annual report. Section 404 also requires our independent registered public accounting firm to report on our internal controls over financial reporting. If we fail to maintain the adequacy of our internal controls, we cannot assure you that we will be able to conclude in the future that we have effective internal controls over financial reporting. If we fail to maintain effective internal controls, we might be subject to sanctions or investigation by regulatory authorities, such as the Securities and Exchange Commission or NASDAQ. Any such action could adversely affect our financial results and the market price of our common stock and may also result in delayed filings with the Securities and Exchange Commission.

Compliance with changing regulation of corporate governance and public disclosure may result in additional expenses.

Complying with changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and new SEC regulations will require the Company to expend additional resources. We are committed to maintaining the highest standards of corporate governance and public disclosure. As a result, we will continue to invest necessary resources to comply with evolving laws, regulations and standards, and this investment may result in increased expenses and a diversion of management time and attention from revenue-generating activities.

Available information

We file annual, quarterly, and current reports, proxy statements, and other information with the U.S. Securities and Exchange Commission. You may read and copy any document we file at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549 on official business days between 10AM and 3PM.

You may call the SEC at 1-800-SEC-0330 for information on the public reference room. The SEC maintains a website that contains annual, quarterly, and current reports, proxy statements, and other information that issuers (including Aceto) file electronically with the SEC. The SEC's website is www.sec.gov.

Our website is www.aceto.com. We make available free of charge through our Internet site, via a link to the SEC's website at www.sec.gov, our annual reports on Form 10-K; quarterly reports on Form 10-Q; current reports on Form 8-K; Forms 3, 4 and 5 filed on behalf of our directors and executive officers; and any amendments to those reports and forms. We make these filings available as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The information on our website is not incorporated by reference into this Annual Report.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our general headquarters and main sales office occupy approximately 26,000 gross square feet of leased space in an office building in Lake Success, New York. The lease expires in April 2011.

In November 2007, we purchased approximately 2,300 gross square meters of land along with 12,000 gross square feet of office space in Mumbai, India.

Arsynco's former manufacturing facility is located on a 12-acre parcel in Carlstadt, New Jersey, that it owns. This parcel contains one building with approximately 5,000 gross square feet of office space.

In November 2004, we purchased approximately 1,300 gross square meters of office space located in Shanghai, China for our sales offices and investment purposes.

We also lease office space in Hamburg, Germany; Düsseldorf, Germany; Heemskerk, the Netherlands; Paris, France; Lyon, France and Singapore. These offices are used for sales and administrative purposes.

We believe that our properties are generally well maintained, in good condition and adequate for our present needs.

Item 3. Legal Proceedings.

We are subject to various claims that have arisen in the normal course of business. We do not know what impact the final resolution of these matters will have on our results of operations in a particular reporting period. We believe, however, that the ultimate outcome of such matters will not have a material adverse effect on our financial condition or liquidity.

In fiscal years 2009, 2008 and 2007, the Company received letters from the Pulvair Site Group, a group of potentially responsible parties (PRP Group) who are working with the State of Tennessee (the State) to remediate a contaminated property in Tennessee called the Pulvair site. The PRP Group has alleged that Aceto shipped hazardous substances to the site which were released into the environment. The State had begun administrative proceedings against the members of the PRP Group and Aceto with respect to the cleanup of the Pulvair site and the group has begun to undertake cleanup. The PRP Group is seeking a settlement of approximately $1,700 from the Company for its share to remediate the site contamination. Although the Company acknowledges that it shipped materials to the site for formulation over twenty years ago, the Company believes that the evidence does not show that the hazardous materials sent by Aceto to the site have significantly contributed to the contamination of the environment and thus believes that, at most, it is a de minimus contributor to the site contamination. Accordingly, the Company believes that the settlement offer is unreasonable. The impact of the resolution of this matter on the Company's results of operations in a particular reporting period is not known. However, management believes that the ultimate outcome of this matter will not have a material adverse effect on the Company's financial condition or liquidity.

In March 2006, Arsynco received notice from the EPA of its status as a PRP under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) for a site described as the Berry's Creek Study Area. Arsynco is one of over 150 PRPs which have potential liability for the required investigation and remediation of the site. The estimate of the potential liability is not quantifiable for a number of reasons, including the difficulty in determining the extent of contamination and the length of time remediation may require. In addition, any estimate of liability must also consider the number of other PRPs and their financial strength. Based on prior practice in similar situations, it is possible that the State may assert a claim for natural resource damages with respect to the Arsynco site itself, and either the federal government or the State (or both) may assert claims against Arsynco for natural resource damages in connection with Berry's Creek; any such claim with respect to Berry's Creek could also be asserted against the approximately 150 PRPs which the EPA has identified in connection with that site. Any claim for natural resource damages with respect to the Arsynco site itself may also be asserted against BASF, the former owners of the Arsynco property. Since an amount of the liability cannot be reasonably estimated at this time, no accrual is recorded for these potential future costs. The impact of the resolution of this matter on the Company’s results of operations in a particular reporting period is not known. However, management believes that the ultimate outcome of this matter will not have a material adverse effect on the Company’s financial condition or liquidity.

Item 4. Submission of Matters to a Vote of Security Holders.

No matter was submitted to a vote of our security holders during the fourth quarter of the fiscal year covered by this Annual Report.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is traded on the NASDAQ Global Select Market using the symbol "ACET." The following table states the fiscal year 2009 and 2008 high and low sales prices of our common stock as reported by the NASDAQ Global Select Market for the periods indicated.

	HIGH	LOW
FISCAL YEAR 2009		
First Quarter	$ 10.25	$ 6.53
Second Quarter	11.04	6.40
Third Quarter	11.70	4.86
Fourth Quarter	7.66	5.21
FISCAL YEAR 2008		
First Quarter	$ 9.82	$ 8.28
Second Quarter	9.39	7.51
Third Quarter	8.43	5.79
Fourth Quarter	8.52	6.60

Cash dividends of $0.10 per common share were paid in January and June of fiscal 2009. Cash dividends of $0.10 per common share were paid in January 2008, cash dividends of $0.05 per common share were paid in March 2008 and cash dividends of $0.10 per common share were paid in June of 2008. Cash dividends of $0.075 per common share were paid in January 2007 and cash dividends of $0.10 per common share were paid in June of 2007.

As of September 3, 2009, there were 513 holders of record of our common stock.

22,702 shares of our common stock were held by the nominee of the Depository Trust Company, the country's principal central depository. For purposes of determining the number of owners of our common stock, those shares are considered to be owned by one holder. Additional individual holdings in street name result in a sizable number of beneficial owners being represented on our records as owned by various banks and stockbrokers.

The following table states certain information with respect to our equity compensation plans at June 30, 2009:

Plan category	Number of securities to	Weighted-average exercise price of	Number of securities

	be issued upon exercise of outstanding options	outstanding options	remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	2,903	$ 7.74	129
Equity compensation plans not approved by security holders	-	-	-
Total	2,903	$ 7.74	129

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Performance Graph

The following graph compares on a cumulative basis the yearly percentage change, assuming dividend reinvestment, over the last five fiscal years in (a) the total shareholder return on our common stock with (b) the total return on the Standard & Poor’s 500 Index and (c) the total return on a published line-of-business index – the Dow Jones U.S. Chemicals Index (the “Peer Group”).

The following graph assumes that $100 had been invested in each of the Company, the Standard & Poor’s 500 Index and the Peer Group on June 30, 2004. The stock price performance included in this graph is not necessarily indicative of future stock price performance.

ASSUMES $100 INVESTED ON JUNE 30, 2004
ASSUMES DIVIDEND REINVESTMENT
FISCAL YEAR ENDING JUNE 30, 2009

	Aceto Corporation	S&P 500 Index	Dow Jones U.S. Chemicals
June 30, 2004	100	100	100
June 30, 2005	65	106	110
June 30, 2006	61	116	117
June 30, 2007	83	139	154
June 30, 2008	71	121	179
June 30, 2009	64	89	117

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Item 6. Selected Financial Data
(In thousands, except per-share amounts)

Fiscal years ended June 30,	2009	2008	2007	2006	2005
Net sales	$322,646	$359,591	$313,473	$297,328	$313,431
Operating income	11,893	21,377	15,064	12,429	11,590
Income from continuing operations	8,629	13,473	10,212	9,264	10,625
Net income	8,629	13,473	10,212	9,237	10,015
At year end					
Working capital	$124,709	$128,786	$112,930	$104,707	$94,249
Total assets	205,464	222,243	188,478	166,592	149,028
Long-term liabilities	16,959	16,836	15,548	15,140	3,982
Shareholders' equity	141,568	140,409	124,827	115,053	107,655
Income per common share(1)					
Basic income per common share from continuing operations	$0.35	$0.55	$0.42	$0.38	$0.44
Basic income per common share from net income	$0.35	$0.55	$0.42	$0.38	$0.41
Diluted income per common share from continuing operations	$0.35	$0.54	$0.41	$0.38	$0.43
Diluted income per common share from net income	$0.35	$0.54	$0.41	$0.38	$0.41
Cash dividends	$0.20	$0.25	$0.175	$0.15	$0.15

(1) Adjusted for stock splits, effected in the form of dividends, as appropriate.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Summary

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to provide the readers of our financial statements with a narrative discussion about our business. The MD&A is provided as a supplement to and should be read in conjunction with our financial statements and the accompanying notes.

Our fiscal 2009 results were impacted by the economic environment that we operate in, which continues to be quite turbulent. According to a June 16, 2009 Federal Reserve statistical release, domestic manufacturing output was more than 15% below its year-earlier level and decreased 1.0% in the month of May. We are reporting a $9,484 decrease in operating income to $11,893 for the year ended June 30, 2009 as compared to $21,377 for the prior year. Net sales for fiscal 2009 were $322,646, a decrease of $36,945 from fiscal 2008. This decrease in net sales also impacted our gross profit, which decreased $11,685 to $55,620 for fiscal 2009. Our net income decreased to $8,629, or $0.35 per diluted share, a decrease of $4,844 or 36.0% compared to fiscal year 2008.

Our financial position as of June 30, 2009, remains strong, as we had cash, cash equivalents and short-term investments of $58,302, working capital of $124,709, no long-term debt and shareholders' equity of $141,568.

Our business is separated into three principal segments: Health Sciences, Chemicals & Colorants and Crop Protection. The Health Sciences segment is our largest segment in terms of both sales and gross profits. Products that fall within this segment include APIs, pharmaceutical intermediates, nutraceuticals and biopharmaceuticals.

We typically partner with both customers and suppliers years in advance of a drug coming off patent to provide the generic equivalent. We believe we have a pipeline of new APIs poised to reach commercial levels over the coming years as the patents on existing drugs expire, both in the United States and Europe. In addition, we continue to explore opportunities to provide a second-source option for existing generic drugs with ANDAs. The opportunities that we are looking for are to supply the APIs for the more mature generic drugs where pricing has stabilized following the dramatic decreases in price that these drugs experienced after coming off patent. As is the case in the generic industry, the entrance into the market of other generic competition generally has a negative impact on the pricing of the affected products. By leveraging our worldwide sourcing, quality assurance and regulatory capabilities, we believe we can be an alternative lower cost, second-source provider of existing APIs to generic drug companies.

The Chemicals & Colorants segment is a major supplier to the many different industries that require outstanding performance from chemical raw materials and additives. Products that fall within this segment include intermediates for dyes, pigments and agrochemicals. We provide chemicals used to make plastics, surface coatings, textiles, lubricants, flavors and fragrances. Many of our raw materials are also used in high-tech products like high-end electronic parts (circuit boards and computer chips) and binders for specialized rocket fuels. We are currently responding to the changing needs of our customers in the color producing industry by taking our resources and knowledge downstream as a supplier of select organic pigments.

The Crop Protection segment sells herbicides, fungicides, insecticides, and other agricultural chemicals to customers, primarily located in the United States and Western Europe. In fiscal 2009, we continued to add products to our Crop Protection portfolio when we received EPA registrations for Halosulfuron and Glyphosate. Glyphosate is the largest selling herbicide for both crop and non crop use sold in the United States. We plan to begin marketing Glyphosate for the 2010 growing season. In addition, we have two other products that we have already filed with the EPA for registrations and several other products that we plan to file for registrations with the EPA in fiscal 2010. Our plan is to continue to develop this pipeline and bring to market additional products in a similar manner. In May 2008, we sold an insecticide product to its patent owner in conjunction with litigation settlement involving an expired license.

Our main business strengths are sourcing, quality assurance, regulatory support, marketing and distribution. In fiscal 2009, we developed an industrial brand for Aceto called “Enabling Quality Worldwide” and are marketing this brand globally. With a physical presence in ten countries, we distribute over 1000 pharmaceuticals and chemicals used principally as raw materials in the pharmaceutical, agricultural, color, surface coating/ink and general chemical consuming industries. We believe that we are currently the largest buyer of pharmaceutical and specialty chemicals for export from China, purchasing from over 500 different manufacturers.

In this MD&A, we explain our general financial condition and results of operations, including the following:

- factors that affect our business
- our earnings and costs in the periods presented
- changes in earnings and costs between periods
- sources of earnings
- the impact of these factors on our overall financial condition

As you read this MD&A, refer to the accompanying consolidated statements of income, which present the results of our operations for the three years ended June 30, 2009. We analyze and explain the differences between periods in the specific line items of the consolidated statements of income.

Critical Accounting Estimates and Policies

This discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. In preparing these financial statements, we were required to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We regularly evaluate our estimates including those related to allowances for bad debts, inventories, goodwill and indefinite-life intangible assets, long-lived assets, environmental and other contingencies, income taxes and stock-based compensation. We base our estimates on various factors, including historical experience, advice from outside subject-matter experts, and various assumptions that we believe to be reasonable under the circumstances, which together form the basis for our making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We believe the following critical accounting policies affected our more significant judgments and estimates used in preparing these consolidated financial statements.

Revenue Recognition

We recognize revenue from sales of any product when it is shipped and title and risk of loss pass to the customer. We have no acceptance or other post-shipment obligations and we do not offer product warranties or services to our customers.

Sales are recorded net of returns of damaged goods from customers, which historically have been immaterial, and sales incentives offered to customers. Sales incentives consist primarily of volume incentive rebates. We record volume incentive rebates as the underlying revenue transactions that result in progress by the customer in earning the rebate are recorded, in accordance with Emerging Issues Task Force (EITF) 01-09, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)."

Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts relating to estimated losses resulting from customers being unable to make required payments. Allowances for doubtful accounts are based on historical experience and known factors regarding specific customers and the industries in which those customers operate. If the financial condition of our customers were to deteriorate, resulting in their ability to make payments being impaired, additional allowances would be required.

Inventories

Inventories, which consist principally of finished goods, are stated at the lower of cost (first-in first-out method) or market. We write down our inventories for estimated excess and obsolete goods by an amount equal to the difference between the carrying cost of the inventory and the estimated market value based upon assumptions about future demand and market conditions. A significant sudden increase in demand for our products could result in a short-term increase in the cost of inventory purchases, while a significant decrease in demand could result in an increase in the excess inventory quantities on-hand. Additionally, we may overestimate or underestimate the demand for our products which would result in our understating or overstating, respectively, the write-down required for excess and obsolete inventory. Although we make every effort to ensure the accuracy of our forecasts of future product demand, any significant unanticipated changes in demand could have a significant impact on the value of our inventory and reported operating results.

Goodwill and Other Indefinite-Lived Intangible Assets

Goodwill is calculated as the excess of the cost of purchased businesses over the value of their underlying net assets. Other indefinite-lived intangible assets principally consist of trademarks. Goodwill and other indefinite-lived intangible assets are not amortized.

In accordance with Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets," we test goodwill and other indefinite-lived intangible assets for impairment on at least an annual basis. To determine the fair value of these intangible assets, we use many assumptions and estimates that directly impact the results of the testing. In making these assumptions and estimates, we use industry-accepted valuation models and set criteria that are reviewed and approved by various levels of management. If our estimates or our related assumptions change in the future, we may be required to record impairment charges for these assets.

Long-Lived Assets

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Identifiable intangible assets principally consist of customer relationships, product rights and related intangibles, EPA registrations and related data, patent license and covenants not to compete. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. Recoverability of assets held for sale is measured by comparing the carrying amount of the assets to their estimated fair value. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Environmental and Other Contingencies

We establish accrued liabilities for environmental matters and other contingencies when it is probable that a liability has been incurred and the amount of the liability can reasonably be estimated. If the contingency is resolved for an amount greater or less than the accrual, or our share of the contingency increases or decreases, or other assumptions relevant to the development of the estimate were to change, we would recognize an additional expense or benefit in income in the period that the determination was made.

Taxes

We account for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 establishes financial accounting and reporting standards for the effects of income taxes that result from an enterprise's activities during the current and preceding years. It requires an asset-and-liability approach to financial accounting and reporting of income taxes.

As of June 30, 2009, we had current net deferred tax assets of $507 and non-current net deferred tax assets of $1,875. These net deferred tax assets have been recorded based on our projecting that we will have sufficient future earnings to realize these assets, and the net deferred tax assets have been provided for at currently enacted income tax rates. If we determine that we will not be able to realize a deferred tax asset, an adjustment to the deferred tax asset will result in a reduction of net income at that time.

Deferred taxes have not been provided on the majority of undistributed earnings of foreign subsidiaries since substantially all of these earnings are expected to be permanently reinvested in our foreign operations. A deferred tax liability is recognized when we expect that we will recover those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of the investments. In June 2009, we repatriated $6,000 of earnings from certain foreign subsidiaries resulting in a tax charge of approximately $159. At this time, we do not expect any further repatriation of earnings from our foreign subsidiaries. Determination of the amount of the unrecognized U.S. income tax liability on undistributed earnings is not practical because of the complexities of the hypothetical calculation. In addition, unrecognized foreign tax credit carryforwards would be available to reduce a portion of such U.S. tax liability.

Stock-based Compensation

With the adoption of SFAS No. 123(R) on July 1, 2005, we are required to record the fair value of stock-based compensation awards as an expense. In order to determine the fair value of stock options on the date of grant, we apply the Black-Scholes option-pricing model, including an estimate of forfeitures. Inherent in this model are assumptions related to expected stock-price volatility, risk-free interest rate, expected life and dividend yield. Expected stock-price volatility is based on the historical daily price changes of the underlying stock which are obtained from public data sources. The risk-free interest rate is based on U.S. Treasury issues with a term equal to the expected life of the option. We use historical data to estimate expected dividend yield, expected life and forfeiture rates. In fiscal 2007, we utilized the "simplified" method prescribed in SEC Staff Accounting Bulletin No. 107 to estimate the expected life. For stock option grants issued during fiscal 2009, we used an expected stock-price volatility of 48.0% and an expected life of 5.6 years.

Results of Operations

Fiscal Year Ended June 30, 2009 Compared to Fiscal Year Ended June 30, 2008

Net Sales by Segment
Year ended June 30,

	2009		2008		Comparison 2009 Over/(Under) 2008	
Segment	Net sales	% of total	Net sales	% of Total	$ change	% change
Health Sciences	$187,569	58.1%	$211,481	58.8%	$(23,912)	(11.3)%
Chemicals & Colorants	116,906	36.3	129,662	36.1	(12,756)	(9.8)
Crop Protection	18,171	5.6	18,448	5.1	(277)	(1.5)
Net sales	$322,646	100.0%	$359,591	100.0%	$(36,945)	(10.3)%

Gross Profit by Segment
Year ended June 30,

	2009		2008		Comparison 2009 Over/(Under) 2008	
Segment	Gross Profit	% of Sales	Gross Profit	% of sales	$ Change	% change
Health Sciences	$33,619	17.9%	$44,612	21.1%	$(10,993)	(24.6)%
Chemicals & Colorants	17,631	15.1	18,782	14.5	(1,151)	(6.1)
Crop Protection	4,370	24.0	3,911	21.2	459	11.7
Gross profit	$55,620	17.2%	$67,305	18.7%	$(11,685)	(17.4)%

Net Sales

Net sales decreased $36,945, or 10.3%, to $322,646 for the year ended June 30, 2009, compared with $359,591 for the prior year. We reported sales decreases in each of our three segments, as explained below.

Health Sciences

Net sales for the Health Sciences segment decreased by $23,912 for the year ended June 30, 2009, to $187,569, which represents an 11.3% decrease over net sales of $211,481 for the prior year. This decrease is due to various factors including decreased sales from our foreign operations of $13,336, specifically our German and Singapore operations, due primarily to certain customers controlling inventory spending due to the economic recession. Sales of domestic pharmaceutical intermediates, which represent key components used in the manufacture of certain drug products declined by $5,472. Sales in our domestic generics product group decreased by $8,820. As previously mentioned, the forecast for global pharmaceutical sales has declined from the prior prediction. In addition, we saw a decrease in reorders of existing products. We expect this difficult market to continue into the upcoming months. The overall decrease in sales for the Health Sciences segment is offset, in part, by an increase in sales of $3,522 of our domestic nutraceutical products, which represent raw materials used in the production of nutritional supplements.

Chemicals & Colorants

Net sales for the Chemicals & Colorants segment were $116,906 for the year ended June 30, 2009, compared to $129,662 for the prior year. Our chemical business is diverse in terms of products, customers and consuming markets and is directly impacted by the overall difficult market conditions we are facing which resulted in our sales in the Chemicals and Colorants segment to decline 9.8% from the prior year. The decrease in sales from this segment is attributable to decreased sales of $3,644 in chemicals used in aroma products, a decline of $1,956 in sales of color pigments, a $3,636 drop in chemicals used to produce surface coatings, a $1,224 decrease in miscellaneous organic chemicals and reduced sales of agricultural, dye, pigment and other intermediates which together decreased $3,968. Sales of Chemicals and Colorants from our foreign operations also declined by $993 due to reduced demand. These decreases are partially offset by an increase of $1,498 in sales of chemicals utilized in the food, beverage and cosmetic industries and a $1,250 increase in sales of polymer additives.

Crop Protection

Net sales for the Crop Protection segment decreased to $18,171 for the year ended June 30, 2009, a slight decrease of $277, or 1.5%, over net sales of $18,448 for the prior year. The decrease over the prior year is due to a decline in sales of a herbicide which is primarily used on peanuts as the peanut acreage has decreased from 2008. Sales in the Crop Protection segment also declined due to decreased sales of our sprout inhibitor products, which are utilized on potato crops, as well as an insecticide in which we were involved in an antitrust case related to certain licensed technology. In May 2008, we sold this insecticide product to its patent owner in conjunction with litigation settlement involving an expired license. The decrease in Crop Protection sales is offset in part, by the launch of Halosulfuron, a herbicide used to control sedge on rice, vegetables and turf and ornamental grasses and an increase in sales of Asulam, a herbicide used on sugar cane.

Gross Profit

Gross profit by segment decreased $11,685 to $55,620 (17.2% of net sales) for the year ended June 30, 2009, as compared to $67,305 (18.7% of net sales) for the prior year.

Health Sciences

Health Sciences' gross profit of $33,619 for the year ended June 30, 2009 decreased by $10,993, or 24.6%, over the prior year. The gross margin declined to 17.9% for the year ended June 30, 2009 compared to 21.1% for the prior period. The decrease in gross profit was attributable to the overall decline in sales volume and the decrease in gross margin primarily related to unfavorable product mix on both our domestic pharmaceutical intermediates and domestic nutraceutical products, as well as on our Health Sciences products sold by our foreign operations, specifically Germany and Singapore. Gross profit for the domestic pharmaceutical intermediates declined by $1,139 and gross profit for our domestic nutraceutical products declined by $455. Our foreign operations experienced a drop in gross profit of $7,792 over the prior year.

Chemicals & Colorants

Gross profit for the year ended June 30, 2009, decreased by $1,151, or 6.1%, over the prior year. The decrease in the gross profit is due to primarily sales volume decline in our domestic operations. Gross margin was 15.1% for the year ended June 30, 2009 compared to 14.5% for the prior period.

Crop Protection

Gross profit for the Crop Protection segment increased to $4,370 for the year ended June 30, 2009, versus $3,911 for the prior year, an increase of $459 or 11.7%. Gross margin for the year ended June 30, 2009 was 24.0% compared to the prior year gross margin of 21.2%. This increase primarily relates to Halosulfuron, in which the Company first commenced sales on this product in the third quarter of 2009.

Selling, General and Administrative Expenses

Selling, general and administrative expenses (SG&A) decreased $1,848, or 4.1%, to $43,574 for the year ended June 30, 2009 compared to $45,422 for the prior year. As a percentage of sales, SG&A increased to 13.5% for the year ended June 30, 2009 versus 12.6% for the prior year. The decrease in SG&A is partially attributed to a decrease of $1,343 in legal expenses from the prior year for which there is no comparable amount in the current year. These legal costs in the prior year related to an antitrust case that we previously commenced against the owner of certain licensed technology used with one of our crop protection products, which was settled in May 2008. SG&A experienced a $590 drop in sales and marketing expenses, which is directly related to the decline in sales. In addition, in connection with the environmental remediation obligation for Arsynco, in July 2009, the Company entered into a settlement agreement with the former owners of the Arsynco property. Accordingly, the Company recorded a gain of $550, which is included in SG&A, related to past environmental costs. These decreases in SG&A are partially offset by higher bad debt expense of $309 as a result of additional reserves.

Research and Development Expenses

Research and development expenses (R&D) decreased $353 over the prior period to $153 for the year ended June 30, 2009 due to the abandonment of R&D related to two finished dosage form generic pharmaceutical products that were to be distributed in Europe.

Operating Income

Fiscal 2009 operating income was $11,893 compared to $21,377 in the prior year, a decrease of $9,484 or 44.4%. This decrease was due to the overall decrease in gross profit of $11,685 offset by a $2,201 decline in R&D expenses and SG&A.

Interest and Other Income, Net

Interest and other income, net was $937 for the year ended June 30, 2009, which was relatively consistent to the amount of $957 that was in the prior year.

Provision for Income Taxes

The effective tax rate for fiscal 2009 decreased to 32.2% from 39.3% for fiscal 2008. The decrease in the effective tax rate was primarily due to German tax reform, which was enacted in August 2007, that reduced the German corporate headline tax rate for businesses from 40% to 30%, as well as implementing a cap on interest deductions and tightening the tax basis for trade tax income. This tax rate reduction became effective for tax years ending after January 1, 2008. Due to the future reduction in the overall German tax rate, the deferred income tax asset was revalued during the month of enactment of the tax reform, which was in the first quarter of fiscal 2008, and therefore was reduced by approximately $1,429. The decrease in the effective tax rate from the prior period is partially offset by charges, including an approximate $159 tax charge related to the repatriation of earnings from certain foreign subsidiaries. At this time, we do not expect any further repatriation of earnings from our foreign subsidiaries.

Results of Operations

Fiscal Year Ended June 30, 2008 Compared to Fiscal Year Ended June 30, 2007

Net Sales by Segment
Year ended June 30,

	2008		2007		Comparison 2008 Over/(Under) 2007	
Segment	Net sales	% of total	Net sales	% of Total	$ change	% change
Health Sciences	$ 211,481	58.8 %	$ 170,691	54.5 %	$ 40,790	23.9 %
Chemicals & Colorants	129,662	36.1	123,299	39.3	6,363	5.2
Crop Protection	18,448	5.1	19,483	6.2	(1,035)	(5.3)
Net sales	$ 359,591	100.0 %	$ 313,473	100.0 %	$ 46,118	14.7 %

Gross Profit by Segment
Year ended June 30,

	2008		2007		Comparison 2008 Over/(Under) 2007	
Segment	Gross Profit	% of Sales	Gross Profit	% of sales	$ Change	% change
Health Sciences	$ 44,612	21.1 %	$ 33,007	19.3 %	$ 11,605	35.2 %
Chemicals & Colorants	18,782	14.5	16,556	13.4	2,226	13.4
Crop Protection	3,911	21.2	4,930	25.3	(1,019)	(20.7)
Gross profit	$ 67,305	18.7 %	$ 54,493	17.4 %	$ 12,812	23.5 %

Net Sales

Net sales increased $46,118, or 14.7%, to $359,591 for the year ended June 30, 2008, compared with $313,473 for the prior year. We reported sales increases in our Health Sciences and Chemicals & Colorants segments, which were partially offset by a slight sales decrease in our Crop Protection segment.

Health Sciences

Net sales for the Health Sciences segment increased by $40,790 for the year ended June 30, 2008, to $211,481, which represents a 23.9% increase over net sales of $170,691 for the prior year. This increase is due to various factors including increased sales from our foreign operations of $23,475, specifically our European operations and a $4,679 rise in sales of our pharmaceutical intermediates. In addition, our domestic generics product group experienced an increase in sales of $12,004. The domestic sales increase for the year ended June 30, 2008 was due to the volume of re-orders for existing products as well as realization of new products from our pipeline. We expect the volume of re-orders for existing products to continue at a similar rate through the next fiscal year.

Chemicals & Colorants

Net sales for the Chemicals & Colorants segment were $129,662 for the year ended June 30, 2008, compared to $123,299 for the prior year. Our chemical business is diverse in terms of products, customers and consuming markets. The increase in sales from this segment is partially attributable to an increase of $5,049 in sales for chemicals used in aroma products, $5,723 in sales of pigment and dye intermediates, and a $1,032 rise in sales of chemicals used to make surface coatings. In addition, the increase in sales is due to a rise in prices in the chemical industry due to increased demand for chemical products in China. This increase is offset in part by a $4,967 decline in sales of our products sold to the food, beverage and cosmetics industries as a result of the slowdown in the economy.

Crop Protection

Net sales for the Crop Protection segment decreased to $18,448 for the year ended June 30, 2008, a decrease of $1,035, or 5.3%, over net sales of $19,483 for the prior year. The overall decrease in net sales was mainly attributable to decreased sales of an herbicide used for sugar cane as well as decreased sales related to an insecticide in which we were involved in an antitrust case related to certain licensed technology. These decreases were partially offset by an increase in sales of an herbicide which is primarily used on peanuts as the peanut acreage has increased from 2007.

Gross Profit

Gross profit by segment increased $12,812 to $67,305 (18.7% of net sales) for the year ended June 30, 2008, as compared to $54,493 (17.4% of net sales) for the prior year.

Health Sciences

Health Sciences' gross profit of $44,612 for the year ended June 30, 2008, was $11,605 or 35.2 % higher than the prior year. This increase in gross profit was attributable to an $8,084 increase in gross profit primarily from our European operations as well as the overall increase in sales volume. Gross margin increased to 21.1% in fiscal 2008 compared to a gross margin of 19.3% for the prior fiscal year due primarily to favorable product mix in our domestic nutraceutical products, as well as products sold by our European operations, which were more profitable than other products.

Chemicals & Colorants

Gross profit for the year ended June 30, 2008, increased by $2,226, or 13.4%, over the prior year. Gross margin was 14.5% for the year ended June 30, 2008 compared to 13.4% for the prior period. The increase in the gross profit and gross margin percentage primarily relates to the increase in sales volume and positive product mix on aroma chemicals. In addition, there was a $330 settlement of an anti-dumping claim included in the prior year cost of sales.

Crop Protection

Gross profit for the Crop Protection segment decreased to $3,911 for the year ended June 30, 2008, versus $4,930 for the prior year, a decrease of $1,019 or 20.7%. Gross margin for the year ended June 30, 2008 was 21.2% compared to the prior period gross margin of 25.3%.The primary reason for the decrease in the gross profit and gross margin percentage primarily relates to a decline in sales volume of a particular herbicide and insecticide as described above in the Crop Protection net sales section.

Selling, General and Administrative Expenses

Selling, general and administrative expenses (SG&A) increased $6,004, or 15.2%, to $45,422 for the year ended June 30, 2008 compared to $39,418 for the prior year. As a percentage of sales, SG&A remained consistent at 12.6% for fiscal 2008. The increase in SG&A is partially attributed to an increase of $1,300 in legal expenses, the majority of which was incurred relating to an antitrust case that the Company previously commenced against the owner of certain licensed technology used with one of our crop protection products, which was settled in May 2008. SG&A also increased due to a $3,590 rise in personnel related costs, of which $1,849 relates to our foreign operations and $1,741 relates to various factors including annual salary increases, stock-based compensation and increased bonus expense as a result of increased profitability. In addition, commission expense increased by $505 due to increased sales. Additionally, the prior year amount was reduced by $243 of proceeds received from credit insurance, of which there was no comparable amount received during the year ended June 30, 2008.

Research and Development Expenses

Research and development expenses (R&D) increased $495 over the prior year to $506 for the year ended June 30, 2008. R&D relates to the development of two finished dosage form generic pharmaceutical products to be distributed in Europe.

Operating Income

Fiscal 2008 operating income was $21,377 compared to $15,064 in the prior year, an increase of $6,313 or 41.9%. This increase was due to the overall increase in gross profit of $12,812 offset in part by the $6,499 increase in SG&A and R&D expenses.

Interest and Other Income, Net

Interest and other income, net was $957 for fiscal 2008 versus $532 for fiscal 2007. The primary reason for this fluctuation is due to changing the functional currency of our Chinese subsidiaries from the Chinese Renminbi to the U.S. Dollar, since these subsidiaries primarily generate and expend cash in the U.S. Dollar. As a result, we recorded a correction of an error in the third quarter of 2008, which resulted in additional interest and other income, net of approximately $559, which represented approximately $389 after tax profit. We did not deem this adjustment to be material to any prior quarters in fiscal 2008 based upon both quantitative and qualitative factors. In addition, this adjustment does not impact the 2008 year-to-date reported results. This matter was not corrected for periods prior to June 30, 2007 due to the immateriality of the effects of this in earlier years. Beginning in 2006, the Chinese government began to revalue the Chinese Renminbi against other currencies, including the U.S. Dollar. The decision by the Chinese government to no longer peg the Renminbi to the U.S. Dollar has caused a reduction in value of dollar denominated assets held in China, which was particularly experienced in fiscal 2008. The increase in interest and other income, net was partially offset by a $115 decrease in other income related to a government subsidy paid annually for doing business in a free trade zone in Shanghai, China and a $186 increase in unrealized loss on trading securities.

Provision for Income Taxes

The effective tax rate for fiscal 2008 increased to 39.3% from 33.8% for fiscal 2007. The increase in the effective tax rate was primarily due to German tax reform, which was enacted in August 2007, that reduced the corporate headline tax rate for businesses from 40% to 30%, as well as implementing a cap on interest deductions and tightening the tax basis for trade tax income. This tax rate reduction became effective for tax years ending after January 1, 2008. Due to the future reduction in the overall German tax rate, the deferred income tax asset was revalued during the month of enactment of the tax reform, which was in the first quarter of fiscal 2008, and therefore was reduced by approximately $1,429, which is reflected in the consolidated financial statements for the year ended June 30, 2008. Without this adjustment, the fiscal 2008 effective tax rate would have been 32.8%. Additionally, tax reform has taken place in China and effective January 1, 2008, the corporate headline tax rate was increased to 25% from 15%.

Liquidity and Capital Resources

Cash Flows

At June 30, 2009, we had $57,761 in cash, of which $30,372 was outside the United States, $541 in short-term investments and no outstanding bank loans. The $30,372 of cash held outside of the United States is fully accessible to meet any liquidity needs of the countries in which Aceto operates. The majority of the cash located outside of the United States is held by our European operations and can be transferred into the United States. Although these amounts are fully accessible, transferring these amounts into the United States or any other countries could have certain tax consequences. A deferred tax liability will be recognized when we expect that we will recover undistributed earnings of our foreign subsidiaries in a taxable manner, such as through receipt of dividends or sale of the investments. A portion of our cash is held in operating accounts that are with third party financial institutions. These balances exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits. While we monitor daily the cash balances in our operating accounts and adjust the cash balances as appropriate, these cash balances could be impacted if the underlying financial institutions fail or are subject to other adverse conditions in the financial markets. To date, we have experienced no loss or lack of access to cash in our operating accounts.

Our cash position at June 30, 2009 increased $11,246 from the amount at June 30, 2008. Operating activities for the year ended June 30, 2009 provided cash of $22,511 as compared to cash provided by operations of $15,418 for the comparable 2008 period. The $22,511 was comprised of $8,629 in net income, $4,359 derived from adjustments for non-cash items and a net $9,523 increase from changes in operating assets and liabilities. The non-cash items included $1,866 in depreciation and amortization expense, $1,560 in stock compensation, $528 for the provision for doubtful accounts and $191 for the deferred income taxes provision. Trade accounts receivable decreased $18,448 during the year ended June 30, 2009, due to decreased sales during the fourth quarter of 2009 as compared to the fourth quarter of 2008, as well as a significant improvement in days sales outstanding. Inventories and accounts payable decreased by approximately $14,771 and $17,299, respectively, due primarily to a reduction of inventories in both our domestic Health Sciences and Chemicals and Colorants segments as a result of the Company carrying less inventory due to the current market conditions of the economy. In addition, the Company carried more stock as of June 30, 2008 for certain products of both the Chemicals and Colorants and Health Sciences segments that were purchased from China, due to a supplier interruption related to the Olympics that were held in China in August of 2008. Some of this additional stock did not ship until the first and second quarters of 2009. Our European operations also experienced a decline in inventory from June 30, 2008 due to a ramp-up in orders during the fourth quarter of 2008 that did not ship until the first and second quarters of 2009. Accrued expenses and other liabilities decreased $1,991 during the year ended June 30, 2009, due primarily to a decrease in accrued compensation and a decline in accrued income tax payable, due to the timing of income tax payments partially offset by an increase in accrued expenses related to an increase in Value Added Tax (VAT) for our foreign subsidiaries. Other receivables increased $4,192 due to an increase in VAT taxes receivables in our European subsidiaries and increased receivables related to certain Crop Protection products. Our cash position at June 30, 2008 increased $14,195 from the amount at June 30, 2007. Operating activities for the year ended June 30, 2008 provided cash of $15,418 as compared to cash provided by operations of $4,163 for the comparable 2007 period. The $15,418 was comprised of $13,473 in net income and $5,602 derived from adjustments for non-cash items, offset by a net $3,657 decrease from changes in operating assets and liabilities. The primary reason for the increase in cash provided by operations from 2007 to 2008 relates to the increase in net income, as well as the inventories increased more during the 2007 year compared to 2008, as a result of a ramp-up in orders for products to be shipped in the first quarter of 2008 and an increase in products in which we have decided, at that time, to carry stock. Our cash position at June 30, 2007 decreased $1,412 from the amount at June 30, 2006. Operating activities for the year ended June 30, 2007 provided cash of $4,163 as compared to cash provided by operations of $16,028 for the comparable 2006 period. The $4,163 was comprised of $10,212 in net income and $3,878 derived from adjustments for non-cash items, offset by a net $9,927 decrease from changes in operating assets and liabilities, the majority of which related to inventory.

Investing activities for the year ended June 30, 2009 used cash of $4,063 primarily related to the purchase of investments of $10,173, the acquisition of $2,114 of product registrations and related data filed with the United States Environmental Protection Agency and payments to various task force groups related to certain Crop Protection products, $2,020 of the issuance of a notes receivable related to a supplier agreement and $557 related to purchases of property and equipment. We expect capital expenditures will be between $1,000 and $1,500 during fiscal 2010. In addition, the lease for our general headquarters and sales office expires in April 2011. The Company is contemplating a buy versus lease decision with regards to a new building. If we were to purchase a new facility, the amount expended in the next fiscal year could approximate $5,000 for this new facility. Cash used in investing activities is offset in part by $9,964 of maturities of investments, $437 from payments of notes receivable and proceeds from sale of intangible assets of $400. Investing activities for the year ended June 30, 2008 provided cash of $1,404 primarily related to maturities and sale of investments of $2,200 and proceeds from sale of intangible assets of $400. Cash provided by investing activities is offset in part by the purchases of property and equipment of $1,197. Investing activities for the year ended June 30, 2007 used cash of $2,591 primarily related to purchases of investments of $6,274 and purchases of property and equipment and intangibles of $704 and $2,468, respectively, including $2,000 for the Asulam product registration and related data filed with the United States Environmental Protection Agency and state regulatory agencies to support such registrations and other supporting data. The amount of cash used for investing activities is offset in part by $6,779 of maturities of investments.

Financing activities for the year ended June 30, 2009 used cash of $4,261 primarily from the payment of $4,949 of dividends and a $500 payment of a note payable partly offset by proceeds from the exercise of stock options of $1,020. Financing activities for the year ended June 30, 2008 used cash of $6,030 primarily from the payments of dividends of $6,110. Financing activities for the year ended June 30, 2007 used cash of $3,991 primarily from the payments of dividends of $4,257.

Credit Facilities

We have available credit facilities with certain foreign financial institutions. These facilities provide us with a line of credit of $20,330, as of June 30, 2009. We are not subject to any financial covenants under these arrangements.

In June 2007, we amended our revolving credit agreement with a financial institution that expires June 30, 2010, and provides for available credit of $10,000. At June 30, 2009, we had utilized $185 in letters of credit, leaving $9,815 of this facility unused. Under the credit agreement, we may obtain credit through direct borrowings and letters of credit. Our obligations under the credit agreement are guaranteed by certain of our subsidiaries and are secured by 65% of the capital of certain of our non-domestic subsidiaries. There is no borrowing base on the credit agreement. Interest under the credit agreement is at LIBOR plus 1.50%. The credit agreement contains several covenants requiring, among other things, minimum levels of debt service and tangible net worth. We are also subject to certain restrictive debt covenants, including covenants governing liens, limitations on indebtedness, guarantees, sale of assets, sales of receivables, and loans and investments. We were in compliance with all covenants at June 30, 2009.

Working Capital Outlook

Working capital was $124,709 at June 30, 2009, versus $128,786 at June 30, 2008. The decrease in working capital was primarily attributable to the acquisition of product registrations and related data filed with the United States Environmental Protection Agency and payments to various task force groups related to certain crop protection products. We continually evaluate possible acquisitions of or investments in businesses that are complementary to our own, and such transactions may require the use of cash. In connection with our crop protection business, we plan to continue to acquire product registrations and related data filed with the United States Environmental Protection Agency as well as payments to various task force groups, which could approximate $6,300 over the next fiscal year. In addition, the lease for our general headquarters and sales office expires in April 2011. The Company is contemplating a buy versus lease decision with regards to a new building. If we were to purchase a new facility, the amount expended in the next fiscal year could approximate $5,000. We believe that our cash, other liquid assets, operating cash flows, borrowing capacity and access to the equity capital markets, taken together, provide adequate resources to fund ongoing operating expenditures and the anticipated continuation of semi-annual cash dividends for the next twelve months. We are currently looking into obtaining additional credit facilities to enhance our liquidity.

Off-Balance Sheet Arrangements and Commitments and Contingencies

We have no material financial commitments other than those under operating lease agreements, letters of credit and unconditional purchase obligations. We have certain contractual cash obligations and other commercial commitments that will affect our short and long-term liquidity. At June 30, 2009, we had no significant obligations for capital expenditures. At June 30, 2009, contractual cash obligations and other commercial commitments were as follows:

	Payments Due and/or Amount of Commitment (Expiration per Period)				
	Total	Less than 1 year	1-3 Years	4-5 Years	After 5 years
Operating leases	$ 4,030	$ 1,720	$ 1,840	$ 298	$ 172
Commercial letters of credit	185	185	-	-	-
Standby letters of credit	284	284	-	-	-
Unconditional purchase obligations	48,807	48,807	-	-	-
Total	$ 53,306	$ 50,996	$ 1,840	$ 298	$ 172

Other significant commitments and contingencies include the following:

1. A subsidiary of the Company markets certain agricultural chemicals which are subject to the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). FIFRA requires that test data be provided to the EPA to register, obtain and maintain approved labels for pesticide products. The EPA requires that follow-on registrants of these products compensate the initial registrant for the cost of producing the necessary test data on a basis prescribed in the FIFRA regulations. Follow-on registrants do not themselves generate or contract for the data. However, when FIFRA requirements mandate that new test data be generated to enable all registrants to continue marketing a pesticide product, often both the initial and follow-on registrants establish a task force to jointly undertake the testing effort. The Company is presently a member of several such task force groups, which requires payments for such memberships. In addition, in connection with our crop protection business, the Company plans to acquire product registrations and related data filed with the United States Environmental Protection Agency to support such registrations and other supporting data for three products. The acquisition of these product registrations and related data filed with the United States Environmental Protection Agency as well as payments to various task force groups could approximate $6,300 over the next fiscal year.

2. We, together with our subsidiaries, are subject to pending and threatened legal proceedings that have arisen in the normal course of business. We do not know how the final resolution of these matters will affect our results of operations in a particular reporting period. Our management is of the opinion, however, that the ultimate outcome of such matters will not have a material adverse effect upon our financial condition or liquidity.

3.

The Company has environmental remediation obligations in connection with Arsynco, Inc. (Arsynco), a subsidiary formerly involved in manufacturing chemicals located in Carlstadt, New Jersey, which was closed in 1993 and is currently held for sale. During fiscal 2009, based on continued monitoring of the contamination at the site and the approved plan of remediation, the Company received an estimate from an environmental consultant stating that the costs of remediation could be between $8,400 and $10,200. As of June 30, 2009 and 2008, a liability of $8,400 and $7,846, respectively, is included in the accompanying consolidated balance sheet for this matter. In accordance with EITF Issue 90-8, “Capitalization of Costs to Treat Environmental Contamination”, management believes that the majority of costs incurred to remediate the site will be capitalized in preparing the property which is currently classified as held for sale. An appraisal of the fair value of the property by a third-party appraiser supports the assumption that the expected fair value after the remediation is in excess of the amount required to be capitalized. However, these matters, if resolved in a manner different from those assumed in current estimates, could have a material adverse effect on the Company’s financial condition, operating results and cash flows when resolved in a future reporting period.

In connection with the environmental remediation obligation for Arsynco, in July 2009, the Company entered into a settlement agreement with BASF Corporation (BASF), the former owners of the Arsynco property. According to the settlement agreement, BASF will pay for a portion of the prior remediation costs and going forward, will co-remediate the property with the Company. The contract states that BASF, within twenty days of establishing a Trust Account, will pay the Company $550 related to past response costs and pay a proportionate share of the future remediation costs. Accordingly, the Company has recorded a gain of $550, which is included in selling, general and administrative expenses in the accompanying consolidated statement of income for the year ended June 30, 2009. This $550 gain relates to the partial reimbursement of costs of approximately $1,200 that the Company had previously expensed. The Company also recorded an additional receivable from BASF, with an offset against property held for sale, for $3,780, representing its estimated portion of the future remediation costs, which is included in the accompanying consolidated balance sheet as of June 30, 2009.

4. In March 2006, Arsynco received notice from the EPA of its status as a PRP under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) for a site described as the Berry's Creek Study Area. Arsynco is one of over 150 PRPs which have potential liability for the required investigation and remediation of the site. The estimate of the potential liability is not quantifiable for a number of reasons, including the difficulty in determining the extent of contamination and the length of time remediation may require. In addition, any estimate of liability must also consider the number of other PRPs and their financial strength. Based on prior practice in similar situations, it is possible that the State may assert a claim for natural resource damages with respect to the Arsynco site itself, and either the federal government or the State (or both) may assert claims against Arsynco for natural resource damages in connection with Berry's Creek; any such claim with respect to Berry's Creek could also be asserted against the approximately 150 PRPs which the EPA has identified in connection with that site. Any claim for natural resource damages with respect to the Arsynco site itself may also be asserted against BASF, the former owners of the Arsynco property. Since an amount of the liability cannot be reasonably estimated at this time, no accrual is recorded for these potential future costs. The impact of the resolution of this matter on the Company's results of operations in a particular reporting period is not known. However, management believes that the ultimate outcome of this matter will not have a material adverse effect on the Company's financial condition or liquidity.

5. In fiscal years 2009, 2008 and 2007, the Company received letters from the Pulvair Site Group, a group of potentially responsible parties (PRP Group) who are working with the State of Tennessee (the State) to remediate a contaminated property in Tennessee called the Pulvair site. The PRP Group has alleged that Aceto shipped hazardous substances to the site which were released into the environment. The State had begun administrative proceedings against the members of the PRP Group and Aceto with respect to the cleanup of the Pulvair site and the group has begun to undertake cleanup. The PRP Group is seeking a settlement of approximately $1,700 from the Company for its share to remediate the site contamination. Although the Company acknowledges that it shipped materials to the site for formulation over twenty years ago, the Company believes that the evidence does not show that the hazardous materials sent by Aceto to the site have significantly contributed to the contamination of the environment and thus believes that, at most, it is a de minimus contributor to the site contamination. Accordingly, the Company believes that the settlement offer is unreasonable. The impact of the resolution of this matter on the Company's results of operations in a particular reporting period is not known. However, management believes that the ultimate outcome of this matter will not have a material adverse effect on the Company's financial condition or liquidity.

Related Party Transactions

Certain of our directors are affiliated with law firms that serve as our legal counsel on various corporate matters. During fiscal years 2009, 2008 and 2007, we incurred legal fees of $350, $342 and $329, respectively, for services rendered to the Company by those law firms. We believe that the fees charged by those firms were at rates comparable to rates obtainable from other firms for similar services.

During fiscal 2009, repayment of a $500 note payable to a related joint venture was made.

Impact of New Accounting Pronouncements

Emerging Issues Task Force (EITF) Issue No. 06-11, “Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards” (EITF No. 06-11) became effective in the first quarter of fiscal 2009. EITF No. 06-11 requires that the tax benefit received on dividends associated with share-based awards that are charged to retained earnings should be recorded in additional paid-in-capital (APIC) and included in the APIC pool of excess tax benefits available to absorb potential future tax deficiencies on share-based payment awards. The adoption of EITF No. 06-11 did not have a material impact on the Company’s consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin No 51” (SFAS No. 160). SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, changes in a parent’s ownership of a noncontrolling interest, calculation and disclosure of the consolidated net income attributable to the parent and the noncontrolling interest, changes in a parent’s ownership interest while the parent retains its controlling financial interest and fair value measurement of any retained noncontrolling equity investment. SFAS No. 160 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. The Company must adopt these new requirements in its first quarter of fiscal 2010. The adoption of this statement will impact the manner in which the Company presents noncontrolling interests, but will not impact its consolidated financial position or results of operations.

In December 2007, the FASB approved the issuance of SFAS No. 141 (revised 2007) “Business Combinations” (SFAS No. 141R). SFAS No. 141R establishes principles and requirements for how the acquirer in a business combination recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any controlling interest; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The provisions for SFAS No. 141R are effective for fiscal years beginning after December 15, 2008 and are applied prospectively to business combinations completed on or after that date. Early adoption is not permitted. SFAS No. 141R is effective for the Company beginning in the first quarter of fiscal 2010, which will change our accounting treatment for business combinations on a prospective basis.

In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, “Effective Date of FASB Statement No. 157” (FSP 157-2). FSP 157-2 delays the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities, except for certain items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The Company is currently assessing the impact of SFAS No. 157 on its condensed consolidated financial statements for items within the scope of FSP 157-2, which will become effective beginning with our first quarter of fiscal 2010.

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities— An Amendment of FASB Statement No. 133” (SFAS No. 161). SFAS No. 161 requires enhanced qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. SFAS No. 161 became effective in the third quarter of fiscal 2009. The adoption of SFAS No. 161 did not have a material impact on the Company’s consolidated financial statements.

In June 2008, the FASB issued Staff Position EITF No. 03-06-1, “Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities” (FSP EITF 03-06-1). FSP EITF 03-06-1 provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method in SFAS No. 128, “Earnings per Share”. The Company will adopt FSP EITF 03-06-1 effective

July 1, 2009. The Company is currently assessing the impact of FSP EITF 03-06-1 on its consolidated financial statements.

In April 2009, the FASB issued FSP FAS No. 107-1 and Accounting Principles Board (APB) 28-1 “Interim Disclosures about Fair Value of Financial Instruments,” which requires disclosures about fair value of financial instruments for interim reporting periods and amends APB Opinion No. 28 “Interim Financial Reporting” to require those disclosures in summarized financial information at interim reporting periods. The FSP is effective for interim reporting periods ending after June 15, 2009. The FSP does not require disclosures for earlier periods presented for comparative purposes at initial adoption. As this FSP provides only disclosure requirements, the adoption of this standard will not have a material impact on the Company’s financial condition or operating results.

In May 2009, the FASB issued SFAS No. 165, “Subsequent Events” (SFAS No. 165). SFAS No. 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. The Company adopted SFAS No. 165 during the fourth quarter of 2009. In accordance with SFAS No. 165, the Company has evaluated subsequent events through the date and time the financial statements were issued on September 11, 2009.

In June 2009, the FASB issued SFAS No. 168, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162” (SFAS No. 168), and establishes only two levels of U.S. generally accepted accounting principles (“GAAP”), authoritative and nonauthoritative. SFAS No. 168 will become the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the Securities and Exchange Commission (SEC), which are sources of authoritative GAAP, for SEC registrants. All other nongrandfathered, non-SEC accounting literature not included in the Codification will become nonauthoritative. SFAS No. 168 will become effective in the first quarter of 2010 and as SFAS No. 168 was not intended to change or alter existing GAAP, it will not have any impact on the Company’s consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market Risk Sensitive Instruments

The market risk inherent in our market-risk-sensitive instruments and positions is the potential loss arising from adverse changes in investment market prices, foreign currency exchange-rates and interest rates.

Investment Market Price Risk

We had short-term investments of $541 at June 30, 2009. Those short-term investments consisted of time deposits and corporate equity securities. Time deposits are short-term in nature and are accordingly valued at cost plus accrued interest, which approximates fair value. Corporate equity securities are recorded at fair value and have exposure to price risk. If this risk is estimated as the potential loss in fair value resulting from a hypothetical 10% adverse change in prices quoted by stock exchanges, the effect of that risk would be $33 as of June 30, 2009. Actual results may differ.

Foreign Currency Exchange Risk

In order to reduce the risk of foreign currency exchange rate fluctuations, we hedge some of our transactions denominated in a currency other than the functional currencies applicable to each of our various entities. The instruments used for hedging are short-term foreign currency contracts (futures). The changes in market value of such contracts have a high correlation to price changes in the currency of the related hedged transactions. At June 30, 2009, we had foreign currency contracts outstanding that had a notional amount of $36,424. The difference between the fair market value of the foreign currency contracts and the related commitments at inception and the fair market value of the contracts and the related commitments at June 30, 2009, was not material.

We are subject to risk from changes in foreign exchange rates for our subsidiaries that use a foreign currency as their functional currency and are translated into U.S. dollars. These changes result in cumulative translation adjustments, which are included in accumulated other comprehensive income (loss). On June 30, 2009, we had translation exposure to various foreign currencies, with the most significant being the Euro. The potential loss as of June 30, 2009, resulting from a hypothetical 10% adverse change in quoted foreign currency exchange rates amounted to $7,282. Actual results may differ.

Interest rate risk

Due to our financing, investing and cash-management activities, we are subject to market risk from exposure to changes in interest rates. We utilize a balanced mix of debt maturities along with both fixed-rate and variable-rate debt to manage our exposure to changes in interest rates. Our financial instrument holdings at year-end were analyzed to determine their sensitivity to interest rate changes. In this sensitivity analysis, we used the same change in interest rate for all maturities. All other factors were held constant. If there were an adverse change in interest rates of 10%, the expected effect on net income related to our financial instruments would be immaterial. However, there can be no assurances that interest rates will not significantly affect our results of operations.

Item 8. Financial Statements and Supplementary Data.

The financial statements and supplementary data required by this Item 8 are set forth later in this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Our disclosure controls and procedures are also designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officer, to allow timely decisions regarding required disclosure. Our chief executive officer and chief financial officer, with assistance from other members of our management, have reviewed the effectiveness of our disclosure controls and procedures as of June 30, 2009 and, based on their evaluation, have concluded that the disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the three months ended June 30, 2009 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as that term is defined in Rule 13a-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our principal executive and principal financial officers, we assessed, as of June 30, 2009, the effectiveness of our internal control over financial reporting. This assessment was based on criteria established in the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment using those criteria, management concluded that our internal control over financial reporting as of June 30, 2009, was effective.

Our internal control over financial reporting as of June 30, 2009, has been audited by BDO Seidman, LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

Internal control over financial reporting is defined as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

- provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of the inherent limitations of any internal control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Aceto Corporation:

We have audited Aceto Corporation's internal control over financial reporting as of June 30, 2009, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Aceto Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Aceto Corporation maintained, in all material respects, effective internal control over financial reporting as of June 30, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Aceto Corporation as of June 30, 2009 and 2008, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2009 and our report dated September 11, 2009, expressed an unqualified opinion thereon.

/s/ BDO Seidman, LLP

Melville, New York
September 11, 2009

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Incorporated herein by reference to our definitive proxy statement to be filed with the Securities and Exchange Commission with respect to our annual meeting of shareholders scheduled to be held on December 3, 2009.

Item 11. Executive Compensation

Incorporated herein by reference to our definitive proxy statement to be filed with the Securities and Exchange Commission with respect to our annual meeting of shareholders scheduled to be held on December 3, 2009.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Incorporated herein by reference to our definitive proxy statement to be filed with the Securities and Exchange Commission with respect to our annual meeting of shareholders scheduled to be held on December 3, 2009.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Incorporated herein by reference to our definitive proxy statement to be filed with the Securities and Exchange Commission with respect to our annual meeting of shareholders scheduled to be held on December 3, 2009.

Item 14. Principal Accountant Fees and Services

Incorporated herein by reference to our definitive proxy statement to be filed with the Securities and Exchange Commission with respect to our annual meeting of shareholders scheduled to be held on December 3, 2009.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this Report:

(a) The financial statements listed in the Index to Consolidated Financial Statements are filed as part of this Annual Report. All financial statement schedules have been included in the Consolidated Financial Statements or Notes thereto.

(b) Exhibits

Exhibit Number	Description
3.1	Restated Certificate of Incorporation (incorporated by reference to Exhibit 4(a)(iii) to Registration Statement No. 2-70623 on Form S-8 (S-8 2-70623)).

3.2 Certificate of Amendment dated November 21, 1985 to Restated Certificate of Incorporation (incorporated by reference to Exhibit 3(ii) to the Company's annual report on Form 10-K for the fiscal year ended June 30, 1986).

3.3 Amended and restated by-laws of Aceto Corporation, effective as of February 2, 2005 (incorporated by reference to Exhibit 3.1 to the Company’s current report on Form 8-K dated February 2, 2005).

3.4 Amended and restated by-laws of Aceto Corporation, effective as of December 6, 2007 (incorporated by reference to Exhibit 3.1 to the Company’s current report on Form 8-K dated December 6, 2007).

10.1 Aceto Corporation 401(k) Retirement Plan, effective August 1, 1997, as amended and restated as of July 1, 2002 (incorporated by reference to Exhibit 10.1 to the Company's annual report on Form 10-K for the fiscal year ended June 30, 2004).

10.2 Supplemental Executive Retirement Plan, as amended and restated, effective June 30, 2004 and frozen as of December 31, 2004 (incorporated by reference to Exhibit 10.2 to the Company's annual report on Form 10-K for the fiscal year ended June 30, 2004).

10.3 Aceto Corporation Stock Option Plan (as Amended and Restated effective as of September 19, 1990) (and as further Amended effective June 9, 1992) (incorporated by reference to Exhibit 10(v)(b) to the Company's
annual report on Form 10-K for the fiscal year ended June 30, 1992).

10.4 1998 Aceto Corporation Omnibus Equity Award Plan (incorporated by reference to Exhibit 10(v) to the Company's annual report on Form 10-K for the fiscal year ended June 30, 1999).

10.5 Aceto Corporation 2002 Stock Option Plan (incorporated by reference to Exhibit 4(i) to Registration Statement No. 333-110653 on Form S-8).

10.6 Lease between Aceto Corporation and M. Parisi & Son Construction Co., Inc. for office space at One Hollow Lane, Lake Success, NY dated April 28, 2000 (incorporated by reference to Exhibit 10(vi) to the Company's annual report on Form 10-K for the fiscal year ended June 30, 2000).

10.7 Lease between Aceto Corporation and M. Parisi & Son Construction Co., Inc. for office space at One Hollow Lane, Lake Success, NY dated April 28, 2000 (incorporated by reference to Exhibit 10(vi)(b) to the Company's annual report on Form 10-K for the year ended June 30, 2000).

10.8 Lease between CDC Products Corp. and Seaboard Estates for manufacturing and office space at 1801 Falmouth Avenue, New Hyde Park, NY dated October 31, 1999 (incorporated by reference to Exhibit 10(vi)(c) to the Company's annual report on Form 10-K for the year ended June 30, 2000).

10.9 Stock Purchase Agreement among Windham Family Limited Partnership, Peter H. Kliegman, CDC Products Corp. and Aceto Corporation (incorporated by reference to Exhibit 10(vii) to the Company's annual report on Form 10-K for the year ended June 30, 1999).

10.10 Asset Purchase Agreement among Magnum Research Corporation, CDC Products Corp., Roy Gross and Aceto Corporation (incorporated by reference to Exhibit 10 (viii) to the Company's annual report on Form 10-K for the year ended June 30, 2000).

10.11 Asset Purchase Agreement between Schweizerhall, Inc. and Aceto Corporation (incorporated by reference to Exhibit 10(ix) to the Company's annual report on Form 10-K for the year ended June 30, 2000).

10.12 Purchase and Sale Agreement among Schweizerhall Holding AG, Chemische Fabrik Schweizerhall, Schweizerhall, Inc., Aceto Corporation and Aceto Holding B.V., I.O. (incorporated by reference to Exhibit 2.1 to the Company's current report on Form 8-K dated April 4, 2001).

10.13 Loan Guarantee between Aceto Corporation and subsidiaries and Deutsche Bank AG dated March 22, 2001 (incorporated by reference to Exhibit 10.13 to the Company's annual report on Form 10-K for the year ended June 30, 2001).

10.14 Credit Agreement between Aceto Corporation and subsidiaries and JPMorgan Chase Bank dated May 10, 2002 (incorporated by reference to Exhibit 10.13 to the Company's annual report on Form 10-K for the year ended June 30, 2002).

10.15 Amendment and Waiver to Credit Agreement between Aceto Corporation and subsidiaries and JPMorgan Chase Bank dated June 29, 2004 (incorporated by reference to Exhibit 10.15 to the Company's annual report on Form 10-K for the year ended June 30, 2004).

10.16 Waiver to Credit Agreement between Aceto Corporation and subsidiaries and JPMorgan Chase Bank dated August 31, 2004 (incorporated by reference to Exhibit 10.16 to the Company's annual report on Form 10-K for the year ended June 30, 2004).

10.17 Share Purchase Agreement dated as of December 12, 2003 between Aceto Holding GmbH and Corange Deutschland Holding GmbH (incorporated by reference to Exhibit 2.1 to the Company's current report on Form 8-K dated December 31, 2003).

10.18 Aceto Corporation Supplemental Executive Deferred Compensation Plan, effective March 14, 2005 (incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K dated March 14, 2005).

10.19 Form of purchase agreement between Shanghai Zhongjin Real Estate Development Company Limited and Aceto (Hong Kong) Limited dated November 10, 2004 (incorporated by reference to Exhibit 10.1 to the Company's quarterly report on Form 10-Q for the quarter ended December 31, 2004).

10.20 Amendment and Waiver to Credit Agreement between Aceto Corporation and subsidiaries and JPMorgan Chase Bank dated June 26, 2007.

10.21 Aceto Corporation 2007 Long-Term Performance Incentive Plan (incorporated by reference to Exhibit 4(i) to