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Marico Bangladesh Limited

Audit report and financial statements
(including consolidated financial statements)
for the year ended 30 September 2004



**Auditors' Report
to the Shareholders of
Marico Bangladesh Limited**

We have audited the accompanying balance sheet of Marico Bangladesh Limited for the year ended 30 September 2004 and the related profit and loss account, statement of changes in shareholders' equity and cash flow statement for the year then ended. The preparation of these financial statements is the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

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

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the affairs of the company and its subsidiary ("the group") for the year ended 30 September 2004 and of the results of its operations and cash flow for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- c) the company's as well as the group's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account.

Dhaka, 29 December 2004

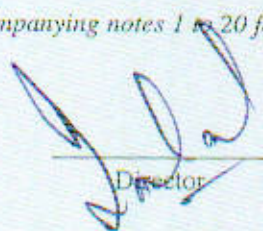


Marico Bangladesh Limited

Balance sheet as at 30 September 2004

<u>Sources of funds</u>	<u>Notes</u>	<u>2004</u> <u>Taka</u>	<u>2003</u> <u>Taka</u>
Shareholders equity:			
Share capital	4	10,000,000	10,000,000
Tax holiday reserve		75,956,809	17,500,000
Accumulated profit		116,992,722	72,543,058
Total		<u>202,949,531</u>	<u>100,043,058</u>
Application of funds			
Property, plant and equipment			
Cost	5	28,534,285	24,166,097
Less: Accumulated depreciation		<u>9,774,290</u>	<u>5,868,253</u>
		18,759,995	18,297,844
Investments		1,000,000	1,000,000
Current assets:			
Inventories	6	8,460,739	3,687,734
Goods in transit		10,501,725	12,507,000
Accrued interest		2,243,994	-
Trade debtors	7	24,805,562	25,272,255
Advances and deposits	8	98,209,948	55,253,485
Cash and bank balances	9	136,138,160	62,388,023
Total current assets		280,360,128	159,108,497
Less: Current liabilities and provisions:			
Liability for expenses	10	79,445,736	50,974,916
Liability for goods		3,698,931	-
Provision for income tax	11	2,233,662	14,408,408
Payable to holding company		10,501,725	12,507,000
Other liabilities	12	1,290,538	472,959
Total current liabilities		97,170,592	78,363,283
Net current assets		<u>183,189,536</u>	<u>80,745,214</u>
Total		<u>202,949,531</u>	<u>100,043,058</u>

The accompanying notes 1 to 20 form an integral part of these financial statements.

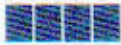

Director


Director

As per our separate report of even date.


Auditors

Dhaka, 29 December 2004



Marico Bangladesh Limited
Profit and loss account
for the year ended 30 September 2004

	<u>Notes</u>	<u>2004</u> <u>Taka</u>	<u>2003</u> <u>Taka</u>
Turnover		501,181,457	434,295,851
Cost of sales	13	<u>(279,860,146)</u>	<u>(230,238,289)</u>
Gross profit		221,321,311	204,057,562
General and administration expenses	14	(35,479,862)	(27,095,936)
Selling and distribution expenses	15	<u>(44,362,850)</u>	<u>(85,930,713)</u>
Net profit for the year		141,478,599	91,030,913
Other income		6,983,329	1,938,711
Net profit before taxation		148,461,928	92,969,624
Provision for taxation		<u>(1,555,455)</u>	<u>(19,700,000)</u>
Net profit after taxation		146,906,473	73,269,624
Tax holiday reserve		(58,456,809)	(17,500,000)
Dividend including dividend distribution tax		(44,000,000)	-
Profit brought forward		<u>72,543,058</u>	<u>16,773,434</u>
Profit carried forward to the balance sheet		<u>116,992,722</u>	<u>72,543,058</u>

The accompanying notes 1 to 20 form an integral part of these financial statements.

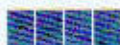

Director


Director

As per our separate report of even date.


Auditors

Dhaka, 29 December 2004



Marico Bangladesh Limited

Cash flow statement for the year ended 30 September 2004

	<u>2004</u> <u>Taka</u>	<u>2003</u> <u>Taka</u>
A) Cash flows from operating activities		
Net profit/(loss) after tax	146,906,473	73,269,624
Add : Depreciation (after adjustment)	<u>3,906,037</u>	<u>3,605,358</u>
	150,812,510	76,874,982
Changes in working capital:		
Current liabilities increased/(decreased)	18,807,309	51,541,084
Current assets (increased)/decreased	<u>(47,501,494)</u>	<u>(77,288,960)</u>
Cash generated from operation	<u>122,118,325</u>	<u>51,127,106</u>
<i>Net cash generated from operating activities</i>	<u>122,118,325</u>	<u>51,127,106</u>
B) Cash flows from investing activities		
Acquisition of fixed assets	(4,368,188)	(13,523,921)
Acquisition of shares in subsidiary	<u>-</u>	<u>(999,960)</u>
<i>Net cash generated from investing activities</i>	<u>(4,368,188)</u>	<u>(14,523,881)</u>
C) Cash flows from financing activities		
Dividend paid including dividend distribution tax	(44,000,000)	-
D) Net increase in cash and cash equivalents (A+B+C)	73,750,137	36,603,225
E) Opening cash and cash equivalents	62,388,023	25,784,798
F) Closing cash and cash equivalent (D+E)	<u>136,138,160</u>	<u>62,388,023</u>



Marico Bangladesh Limited

Statement of changes in shareholders' equity for the year ended 30 September 2004

	<u>Share capital Taka</u>	<u>Tax holiday reserve Taka</u>	<u>Proposed dividend Taka</u>	<u>Unappropriated profit Taka</u>	<u>Total Taka</u>
Balance at 1 October 2002	10,000,000	-	-	16,773,434	26,773,434
Net profit after tax for the year 2003	-	-	-	73,269,624	73,269,624
Transferred to tax holiday reserve	-	17,500,000	-	(17,500,000)	-
Balance at 30 September 2003	10,000,000	17,500,000	-	72,543,058	100,043,058
Net profit after tax for the year 2004	-	-	-	146,906,473	146,906,473
Transferred to tax holiday reserve	-	58,456,809	-	(58,456,809)	-
Proposed dividend including dividend distribution tax	-	-	44,000,000	(44,000,000)	-
Dividend paid	-	-	(44,000,000)	-	(44,000,000)
Balance at 30 September 2004	10,000,000	75,956,809	-	116,992,722	202,949,531

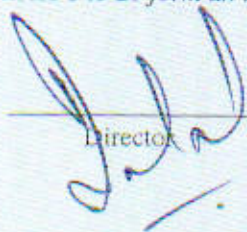


Marico Bangladesh Limited

Consolidated balance sheet as at 30 September 2004


<u>Sources of funds</u>	<u>Notes</u>	<u>2004</u> <u>Taka</u>	<u>2003</u> <u>Taka</u>
Shareholders equity:			
Equity attributable to group company shareholders:			
Share capital	4	10,000,000	10,000,000
Tax holiday reserve		75,956,809	17,500,000
Unappropriate profit		130,345,357	73,993,106
Total		<u>216,302,166</u>	<u>101,493,106</u>
 Application of funds			
Property, plant and equipment			
Cost	5a	28,652,285	24,166,097
Less: Accumulated depreciation		<u>9,777,568</u>	<u>5,868,253</u>
		18,874,717	18,297,844
 Current assets:			
Inventories	6	8,460,739	3,687,734
Goods in transit		10,501,725	12,507,000
Accrued interest	6a	2,914,973	-
Trade debtors	7a	42,093,625	31,796,777
Advances and deposits	8a	98,440,043	55,253,485
Cash and bank balances	9a	163,127,193	77,602,636
Total current assets		325,538,298	180,847,632
 Less: Current liabilities and provisions:			
Liability for expenses	10a	89,766,942	52,024,916
Liability for goods		3,698,931	-
Provision for income tax	11a	361,546	15,358,408
Trade creditors		22,477,602	16,978,924
Payable to holding company		10,501,725	12,507,000
Other liabilities	12a	1,304,103	783,122
Total current liabilities		<u>128,110,849</u>	<u>97,652,370</u>
Net current assets		<u>197,427,449</u>	<u>83,195,262</u>
Total		<u>216,302,166</u>	<u>101,493,106</u>

The accompanying notes 1 to 20 form an integral part of these financial statements.


Director


Director

As per our separate report of even date.


Auditors

Dhaka, 29 December 2004



Marico Bangladesh Limited

Consolidated profit and loss account
for the year ended 30 September 2004



	Notes	2004 Taka	2003 Taka
Turnover		650,296,821	454,782,533
Cost of sales	13a	(390,487,483)	(247,217,212)
Gross profit		<u>259,809,338</u>	<u>207,565,321</u>
General and administration expenses	14a	(38,141,859)	(27,203,645)
Selling and distribution expenses	15a	(61,747,010)	(86,930,715)
Net profit for the year		<u>159,920,469</u>	<u>93,430,961</u>
Other income		8,021,948	1,938,711
Net profit before taxation		<u>167,942,417</u>	<u>95,369,672</u>
Provision for taxation		(9,133,357)	(20,650,000)
Net profit after taxation		<u>158,809,060</u>	<u>74,719,672</u>
Tax holiday reserve		(58,456,809)	(17,500,000)
Dividend including dividend distribution tax		(44,000,000)	-
Profit brought forward		73,993,106	16,773,434
Profit carried forward to the balance sheet		<u>130,345,357</u>	<u>73,993,106</u>

The accompanying notes 1 to 20 form an integral part of these financial statements.


Director


Director

As per our separate report of even date.


Auditors 

Dhaka, 29 December 2004



Marico Bangladesh Limited

Consolidated cash flow statement for the year ended 30 September 2004

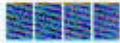
	<u>2004</u>	<u>2003</u>
	<u>Taka</u>	<u>Taka</u>
A) Cash flows from operating activities		
Net profit/(loss) after tax	158,809,060	74,719,672
Add: Depreciation (after adjustment)	<u>3,909,314</u>	<u>3,605,358</u>
	162,718,374	78,325,030
Changes in working capital:		
Current liabilities increased/(decreased)	32,330,595	70,830,171
Current assets (increased)/decreased	<u>(61,038,224)</u>	<u>(83,813,442)</u>
Cash generated from operation	<u>134,010,745</u>	<u>65,341,759</u>
<i>Net cash generated from operating activities</i>	<u>134,010,745</u>	<u>65,341,759</u>
B) Cash flows from investing activities		
Acquisition of fixed assets	<u>(4,486,188)</u>	<u>(13,523,921)</u>
<i>Net cash generated from investing activities</i>	<u>(4,486,188)</u>	<u>(13,523,921)</u>
C) Cash flows from financing activities		
Dividend paid including dividend distribution tax	<u>(44,000,000)</u>	<u>-</u>
	<u>(44,000,000)</u>	<u>-</u>
D) Net increase in cash and cash equivalent (A+B+C)	85,524,557	51,817,838
Opening cash and cash equivalents	77,602,636	25,784,798
Closing cash and cash equivalent	<u>163,127,193</u>	<u>77,602,636</u>



Marico Bangladesh Limited

Consolidated statement of changes in shareholders' equity
for the year ended 30 September 2004

	Group equities					Total Taka
	Share capital Taka	Tax holiday reserve Taka	Capital reserve Taka	Proposed dividend Taka	Unappropriated profit Taka	
Balance at 1 October 2002	10,000,000	-	-	-	16,773,434	26,773,434
Share capital of subsidiary company	-	-	1,000,000	-	-	1,000,000
Net profit for the year 2003	-	-	-	-	74,719,672	74,719,672
Cost of investment	-	-	(1,000,000)	-	-	(1,000,000)
Tax holiday reserve	-	17,500,000	-	-	(17,500,000)	-
Balance at 30 September 2003	10,000,000	17,500,000	-	-	73,993,106	101,493,106
Net profit for the year 2004	-	-	-	-	158,809,060	158,809,060
Transferred to tax holiday reserve	-	58,456,809	-	-	(58,456,809)	-
Dividend including dividend distribution tax	-	-	-	44,000,000	(44,000,000)	-
Dividend paid	-	-	-	(44,000,000)	-	(44,000,000)
Balance at 30 September 2004	10,000,000	75,956,809	-	-	130,345,357	216,302,166



Marico Bangladesh Limited

Notes to the financial statements for the year ended 30 September 2004

1. Company profile

Marico Bangladesh Limited (MBL) is a private limited company incorporated on 6 September 1999 in Bangladesh under the Companies Act 1994. The present authorised and paid up capital is Tk 10,000,000 divided into 1,000,000 ordinary shares of Tk 10 each. The company is a wholly owned subsidiary of Marico Industries Limited, India.

1.1 Description of subsidiary MBL Industries Limited:

MBL Industries Limited is a private limited company registered under the Companies Act 1994 with an authorised capital of Tk 1,000,000 divided into 100,000 ordinary shares of Tk 10 each. Marico Bangladesh Limited acquired 99,996 ordinary shares of MBL Industries Limited on 4 August 2003.

2. Nature of business

The principal activities of the company are to manufacture, market and sell coconut oils, hair oils and other consumer products.

MBL has set up a manufacturing unit at Gazipur and went into commercial production from 27 October 2002 and from 17 April 2003 MBL discontinued its trading business. The land and factory building has been taken on lease and for this the company entered into a lease agreement on 30 May 2002 for a period of 5 years which is covered by tripartite agreement amongst Quality Chemical Industries Ltd., Marico Bangladesh Limited and Bangladesh Shilpa Bank.

3. Principal accounting policies

3.1 Basis of accounting

These accounts have been prepared in accordance with Bangladesh Accounting Standards (BAS).



3.2 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation has been charged on straight line method. Considering the estimated useful lives of the assets, the following rates have been applied:

Airconditioner, refrigerator, water coolers	15-20%
Vehicles	20%
Computer	15-33%
Factory building	15-20%
Factory equipment	15-20%
Furniture	15%
Laboratory equipment	15-33%
Moulds	15-20%
Office equipment	15%
Plant and machinery	15-20%
Fixtures	20%

3.3 Basis of consolidation

These consolidated financial statements have been prepared in accordance with BAS no. 27. In respect of the subsidiary undertaking, audited financial statements for the year ended 30 September 2004 have been used to draw up these financial statements.

3.4 Revenue recognition

Sales are recognized at the time of delivery of goods to the distributor and are exclusive of VAT.

3.5 Taxation

Provision for income tax is made on the basis of company's computation of fiscal profit until the assessment is finalised by tax authorities. Adjustment, if any, arising out of assessment would be made in the year the assessment is completed.

3.6 Stock and stores

These are valued at lower of average cost of material and net realizable value.

3.7 Reporting currency and level of precision

The figures in the financial statements are denominated in Bangladesh taka, which have been rounded off to the nearest integer.

3.8 Reporting period

Financial statements of the company cover the period from 1 October 2003 to 30 September 2004.

4. Share capital

The shares are wholly owned by Marico Industries Limited, India and its nominees.



5. Property, plant and equipment

Particulars	Cost			Depreciation			Net book value	
	As at 1 October 2003 Taka	Addition during the year Taka	As at 30 September 2004 Taka	As at 1 October 2003 Taka	Charged for the year Taka	As at 30 September 2004 Taka	As at 30 September 2004 Taka	As at 30 September 2003 Taka
Refrigerator, water coolers	446,950	26,000	472,950	85,498	67,476	152,974	319,976	361,452
Vehicles	4,422,807	29,000	4,451,807	874,242	885,045	1,759,287	2,692,520	3,548,565
Computers	1,137,150	224,968	1,362,118	386,968	333,050	720,018	642,100	750,182
Factory building	30,000	73,458	103,458	1,500	8,173	9,673	93,785	28,500
Factory equipment	4,823,144	40,000	4,863,144	1,619,987	561,529	2,181,516	2,681,628	3,203,157
Furniture	2,386,730	76,390	2,463,120	573,818	323,050	896,868	1,566,252	1,812,911
Laboratory equipment	175,100	642,500	817,600	35,920	116,589	152,509	665,091	139,180
Moulds	1,841,405	946,648	2,788,053	1,009,347	178,535	1,187,882	1,600,171	832,058
Office equipments	1,478,135	224,015	1,702,150	354,817	213,566	568,383	1,133,767	1,123,318
Plant and machinery	7,424,676	2,034,640	9,459,316	926,156	1,215,654	2,141,810	7,317,506	6,498,521
Fixtures	-	50,569	50,569	-	3,370	3,370	47,199	-
Total	24,166,097	4,368,188	28,534,285	5,868,253	3,906,037	9,774,290	18,759,995	18,297,844

Depreciation allocated to:

	Taka
Manufacturing	2,080,479
Administrating	1,825,558
	<u>3,906,037</u>



5a. Property, plant and equipment

	2004		
	<u>MBL</u> <u>Taka</u>	<u>MBL Ind. Ltd.</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Cost	24,166,097	-	24,166,097
Add: Addition during the year	4,368,188	118,000	4,486,188
	<u>28,534,285</u>	<u>118,000</u>	<u>28,652,285</u>
Less: Accumulated depreciation	9,774,290	3,278	9,777,568
Written down value as on 30.09.04	<u>18,759,995</u>	<u>114,722</u>	<u>18,874,717</u>

6. Inventories

	2004	2003
	<u>Taka</u>	<u>Taka</u>
Raw materials	4,667,769	2,192,892
Packing materials (bottles)	3,275,392	215,713
Packing materials (cartons)	-	119,700
Packing materials (caps)	-	1,102,000
Semifinished goods	517,578	-
Finished goods	-	57,429
	<u>8,460,739</u>	<u>3,687,734</u>

6a. Consolidated accrued interest

	2004		
	<u>MBL</u> <u>Taka</u>	<u>MBL Ind. Ltd.</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Accrued interest	<u>2,243,994</u>	<u>670,979</u>	<u>2,914,973</u>

7. Trade debtors

	2004	2003
	<u>Taka</u>	<u>Taka</u>
Receivable from Kallol Traders Ltd. (KTL) - below six months	<u>24,805,562</u>	<u>25,272,255</u>

7a. Consolidated trade debtors

	2004		
	<u>MBL</u> <u>Taka</u>	<u>MBL Ind. Ltd.</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Receivable from KTL - below six months	<u>24,805,562</u>	<u>17,288,063</u>	<u>42,093,625</u>



8. Advances and deposits

	<u>2004</u> Taka	<u>2003</u> Taka
<i>Advances:</i>		
To EDL	44,180,694	44,180,694
For goods	35,665,160	1,834,055
For services	11,117,126	5,213,549
	<u>90,962,980</u>	<u>51,228,298</u>
<i>Deposits:</i>		
VAT current account	3,096,676	1,388,298
Supplementary duty	306,185	-
Security deposit	3,844,107	2,636,889
	<u>7,246,968</u>	<u>4,025,187</u>
	<u>98,209,948</u>	<u>55,253,485</u>

8a. Consolidated advances and deposits

	2004		
	<u>MBL</u> Taka	<u>MBL Ind. Ltd.</u> Taka	<u>Total</u> Taka
<i>Advances:</i>			
To EDL	44,180,694	-	44,180,694
For goods	35,665,160	31,000	35,696,160
For services	11,117,126	188,207	11,305,333
	<u>90,962,980</u>	<u>219,207</u>	<u>91,182,187</u>
<i>Deposits:</i>			
VAT current account	3,096,676	10,888	3,107,564
Supplementary duty	306,185	-	306,185
Security deposit	3,844,107	-	3,844,107
	<u>7,246,968</u>	<u>10,888</u>	<u>7,257,856</u>
	<u>98,209,948</u>	<u>230,095</u>	<u>98,440,043</u>

9. Cash and bank balances

	<u>2004</u> Taka	<u>2003</u> Taka
Cash on hand	216,304	213,462
Fixed deposit with:		
Citibank N.A.	52,500,000	-
Standard Chartered Bank	53,411,266	-
	<u>105,911,266</u>	<u>-</u>
Cash at banks:		
Citibank N.A.	2,369,244	20,261,185
Standard Chartered Bank (Note 9.1)	27,641,346	41,913,376
	<u>30,010,590</u>	<u>62,174,561</u>
	<u>136,138,160</u>	<u>62,388,023</u>



9.1 Cash at Standard Chartered Bank

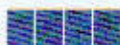
The company enjoys overdraft facilities with a limit of Tk 30,000,000 from Standard Chartered Bank, Dhaka which is secured against letter of credit for Tk 30,000,000 from Standard Chartered Bank/Standard Chartered Grindlays Bank, Mumbai, India, demand promissory note and letter of continuation for the same amount. However, the facility has not been availed during the year.

9a. Consolidated cash and bank balances

	2004		
	<u>MBL</u> <u>Taka</u>	<u>MBL Ind. Ltd.</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Cash on hand	216,304	62,170	278,474
Fixed deposit with:			
Citibank N.A.	52,500,000	-	52,500,000
Standard Chartered Bank	53,411,266	20,467,640	73,878,906
	105,911,266	20,467,640	126,378,906
Cash at banks:			
Citibank N.A.	2,369,244	-	2,369,244
Standard Chartered Bank	27,641,346	6,459,223	34,100,569
	30,010,590	6,459,223	36,469,813
	<u>136,138,160</u>	<u>26,989,033</u>	<u>163,127,193</u>

10. Liability for expenses

	2004	2003
	<u>Taka</u>	<u>Taka</u>
Business promotion expenses	33,177,541	17,787,328
Advertisement expenses	6,000,000	17,100,001
Leakage and damage	2,604,033	-
Audit fees	282,925	265,000
Consulting fees	-	30,000
Legal charges	-	10,000
Royalty	3,572,260	-
Provision for claim	-	12,753,861
Creditors for supplies	29,266,105	-
Other expenses	4,542,872	3,028,726
	<u>79,445,736</u>	<u>50,974,916</u>



10a. Consolidated liability for expenses

	2004		
	<u>MBL</u> <u>Taka</u>	<u>MBL Ind. Ltd.</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Business promotion expenses	33,177,541	2,646,265	35,823,806
Advertisement expenses	6,000,000	4,809,396	10,809,396
Leakage and damages	2,604,033	2,452,382	5,056,415
Royalty	3,572,260	-	3,572,260
Audit fees	282,925	104,500	387,425
Legal charges	-	308,663	308,663
Creditors for supplies	29,266,105	-	29,266,105
Other expenses	4,542,872	-	4,542,872
	<u>79,445,736</u>	<u>10,321,206</u>	<u>89,766,942</u>

11. Provision for income tax

	2004	2003
	<u>Taka</u>	<u>Taka</u>
Opening balance	14,408,408	10,725,006
Add: Provision for current taxation	1,555,455	19,700,000
	<u>15,963,863</u>	<u>30,425,006</u>
Less: Provision adjusted	-	10,032,966
	<u>15,963,863</u>	<u>20,392,040</u>
Less: Advance tax paid u/s 64	-	5,983,632
Tax paid u/s 74	13,207,017	-
Tax deducted at source	523,184	-
	<u>13,730,201</u>	<u>5,983,632</u>
	<u>2,233,662</u>	<u>14,408,408</u>

11a. Consolidated provision for income tax

	2004		
	<u>MBL</u> <u>Taka</u>	<u>MBL Ind. Ltd.</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Opening balance	14,408,408	950,000	15,358,408
Add: Provision for current taxation	1,555,455	7,577,902	9,133,357
	<u>15,963,863</u>	<u>8,527,902</u>	<u>24,491,765</u>
Less: Advance tax paid u/s 64	-	10,400,018	10,400,018
Tax paid u/s 74	13,207,017	-	13,207,017
Tax deducted at source	523,184	-	523,184
	<u>13,730,201</u>	<u>10,400,018</u>	<u>24,130,219</u>
	<u>2,233,662</u>	<u>(1,872,116)</u>	<u>361,546</u>



12. Other liabilities

	<u>2004</u> <u>Taka</u>	<u>2003</u> <u>Taka</u>
Tax deducted from suppliers' bills	<u>1,290,538</u>	<u>472,959</u>

12a. Consolidated other liabilities

	<u>2004</u>		
	<u>MBL</u> <u>Taka</u>	<u>MBL Ind. Ltd.</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Tax deducted from suppliers' bills	<u>1,290,538</u>	<u>13,565</u>	<u>1,304,103</u>

13. Cost of sales

	<u>2004</u> <u>Taka</u>	<u>2003</u> <u>Taka</u>
Purchase	274,034,324	247,322,328
Less: Price difference	-	21,039,920
Closing inventory	-	3,687,734
	<u>274,034,324</u>	<u>242,604,674</u>
Add: Factory overhead	5,726,757	5,050,488
Carriage inward	99,065	2,593,127
	<u>5,825,822</u>	<u>7,643,615</u>
	<u>279,860,146</u>	<u>250,248,289</u>

13a. Consolidated cost of sales

	<u>2004</u>		
	<u>MBL</u> <u>Taka</u>	<u>MBL Ind. Ltd.</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Purchase	274,034,324	110,627,337	384,661,661
Add: Factory overhead	5,726,757	-	5,726,757
Carriage inward	99,065	-	99,065
	<u>5,825,822</u>	<u>-</u>	<u>5,825,822</u>
	<u>279,860,146</u>	<u>110,627,337</u>	<u>390,487,483</u>



14. General and administration expenses

	<u>2004</u> <u>Taka</u>	<u>2003</u> <u>Taka</u>
Salaries and allowances (Note 14.1)	12,924,711	12,255,029
Rent	746,509	841,497
Consulting fee	695,661	1,301,381
Security charges	320,942	378,416
Legal charges	10,000	124,000
Repair and maintenance	886,148	1,146,159
Communication expenses	1,878,474	1,438,092
Entertainment	337,728	373,758
Printing and stationery	446,099	237,029
Vehicle running expenses	2,448,751	1,412,605
Travelling and conveyance	2,657,050	2,963,329
Audit fees (Note 14.2)	350,600	169,288
Recruitment expenses	400	8,794
Subscription and donation	400	60,270
Fees, forms and renewals	188,415	342,485
Insurance premium	1,207,025	813,557
Books and periodicals	38,351	28,879
Crockeries and cutleries	-	6,454
Bank interest and charges	1,214,224	60,301
Medical expenses	1,038,497	7,747
Carriage outward	1,157,335	492,800
Fooding and lodging	780,487	386,976
Staff welfare expenses	952,595	176,399
Conference and training exp.	566,857	518,794
LC expenses	30,155	642,247
Electricity and gas charges	270,982	267,691
Loss on sale of assets	-	63,771
Royalty	2,505,908	1,066,352
Bad debt provision	-	(1,929,209)
Depreciation	1,825,558	1,441,045
	<u>35,479,862</u>	<u>27,095,936</u>

14.1 Salaries and allowances:

These include remuneration of Tk 2,511,910 to executive director for salaries and benefits.

14.2 Auditors' remuneration:

Statutory audit fee	78,375	75,000
Tax audit fee	97,050	94,288
Special audit fee	175,175	-
	<u>350,600</u>	<u>169,288</u>



14a. Consolidated general and administration expenses

	2004		
	<u>MBL</u> <u>Taka</u>	<u>MBL Ind. Ltd.</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Salaries and allowances	12,924,711	646,485	13,571,196
Rent	746,509	-	746,509
Consulting fee	695,661	51,924	747,585
Security charges	320,942	376,610	697,552
Legal charges	10,000	39,550	49,550
Repair and maintenance	886,148	7,228	893,376
Communication expenses	1,878,474	9,483	1,887,957
Entertainment	337,728	15,443	353,171
Printing and stationery	446,099	112,797	558,896
Vehicle running expenses	2,448,751	-	2,448,751
Travelling and conveyance	2,657,050	214,000	2,871,050
Audit fees	350,600	72,083	422,683
Recruitment expenses	400	-	400
Subscription and donation	400	-	400
Fees, forms and renewals	188,415	-	188,415
Insurance premium	1,207,025	-	1,207,025
Books and periodicals	38,351	-	38,351
Crockeries and cutleries	-	-	-
Bank interest and charges	1,214,224	8,317	1,222,541
Medical expenses	1,038,497	-	1,038,497
Carriage outward	1,157,335	609,059	1,766,394
Fooding and lodging	780,487	-	780,487
Staff welfare expenses	952,595	3,880	956,475
Conference and training exp.	566,857	27,717	594,574
LC expenses	30,155	-	30,155
Electricity and gas charges	270,982	-	270,982
Loss on sale of assets	-	-	-
Royalty	2,505,908	-	2,505,908
Obsolete goods written off	-	464,144	464,144
Depreciation	1,825,558	3,277	1,828,835
	<u>35,479,862</u>	<u>2,661,997</u>	<u>38,141,859</u>

15. Selling and distribution expenses

	2004		2003	
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Business promotion expenses		21,036,830		45,061,768
Advertisement		17,284,111		33,386,341
Market research expenses		2,034,163		2,594,931
Leakage and damages		4,007,746		4,887,673
		<u>44,362,850</u>		<u>85,930,713</u>



15a. Consolidated selling and distribution expenses

	2004		
	<u>MBL</u> <u>Taka</u>	<u>MBL, Ind. Ltd.</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Business promotion expenses	21,036,830	2,984,864	24,021,694
Advertisement	17,284,111	9,741,330	27,025,441
Market research expenses	2,034,163	2,205,584	4,239,747
Leakage and damages	4,007,746	2,452,382	6,460,128
	<u>44,362,850</u>	<u>17,384,160</u>	<u>61,747,010</u>

16. Related party transactions

<u>Name of the related party</u>	<u>Nature of transactions</u>	<u>Equivalent</u> <u>Taka</u>
Marico Industries Ltd, India	Purchase of coconut oil	148,160,480
	Purchase of capital machineries	1,981,267
		<u>150,141,747</u>

17. Number of employees

The number of employees engaged for the whole period or part thereof who received a total salary of Tk 36,000 and above was 22.

18. Tax holiday reserve

This reserve has been made as per section 46A (c) of Income Tax Ordinance 1984.

19. Import of capital machinery and raw materials

During the year CIF value & import of raw material was worth US\$ 2,668,711, production and spare parts US\$ 7,534 and capital machinery US\$ 36,273.54.

20. General

Previous year's figures have been rearranged wherever considered necessary.