

Marico Bangladesh Limited

Auditors' report and financial statements
(including consolidated financial statements)
for the year ended 30 September 2007



Rahman Rahman Huq

Chartered Accountants

9 Mohakhali C/A (11th & 12th Floors)
Dhaka 1212
Bangladesh

Telephone +880 (2) 988 6450-2

Fax +880 (2) 988 6449

Email kpmg-rh@citech-bd.com

Internet www.rahman-rahman-huq.com

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

We have audited the accompanying consolidated balance sheet of Marico Bangladesh Limited and its subsidiary ("the group") for the year ended 30 September 2007 and the related profit and loss account, cash flow statement and statement of changes in shareholders' equity for the year then ended. The preparation of these financial statements is the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. 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 2007 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 purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the group 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 respective books of account.


Dhaka, 29 October 2007


Marico Bangladesh Limited

Consolidated balance sheet as at 30 September 2007

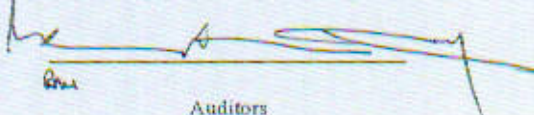
	Notes	2007 Taka	2006 Taka
Sources of fund			
Shareholders equity			
Share capital		10,000,000	10,000,000
Proposed dividend		26,000,000	11,100,000
Tax holiday reserve		305,545,269	182,480,710
Accumulated profit		315,562,244	248,696,791
		657,107,513	452,277,501
Deferred tax liability		6,253,535	-
Total		663,361,048	452,277,501
Applications of fund			
Property, plant and equipment			
Cost	2	160,970,006	123,841,534
Less: Accumulated depreciation		42,248,241	25,104,576
		118,721,765	98,736,958
Asset under construction	3	130,000,000	130,000,000
Intangible assets	4	17,986,685	19,787,155
Other assets	5	89,291,653	100,791,661
Current assets			
Inventories	6	46,135,557	58,714,046
Goods in transit		59,658,790	26,105,830
Accrued interest		9,069,555	4,833,257
Trade debtors	7	123,685,753	146,466,708
Advances and deposits	8	173,660,138	96,811,300
Cash and cash equivalents	9	456,615,524	216,435,171
Total current assets		868,825,317	549,366,312
Current liabilities and provisions			
Short term finance	10	265,745,302	240,777,949
Liability for expenses	11	99,154,680	104,223,378
Interest payable		2,590,972	6,957,639
Trade creditors		142,415,807	78,876,379
Income tax payable	12	3,971,855	931,283
Payable to holding company		28,671,028	11,409,535
Other liabilities	13	18,914,728	3,228,422
Total current liabilities		561,464,372	446,404,585
Net current assets		307,360,945	102,961,727
Total		663,361,048	452,277,501

The accompanying notes 1 to 15 form an integral part of these financial statements.


Director


Director

As per our annexed report of same date.


Auditors

Dhaka, 29 October 2007



Marico Bangladesh Limited

Consolidated profit and loss account
for the year ended 30 September 2007


	Notes	2007 Taka	2006 Taka
Turnover		1,690,974,911	1,225,150,825
Cost of sales		(1,125,942,628)	(839,770,395)
Gross profit		<u>565,032,283</u>	<u>385,380,430</u>
General and administration expenses	14	(134,594,197)	(90,897,783)
Selling and distribution expenses	15	(195,353,302)	(154,464,736)
Net profit before interest expense		<u>235,084,784</u>	<u>140,017,911</u>
Interest expense		(20,263,281)	(27,063,956)
Net profit after interest expense		<u>214,821,503</u>	<u>112,953,955</u>
Other income		22,519,017	18,294,544
Net profit before taxation		<u>237,340,520</u>	<u>131,248,499</u>
Tax expenses:			
Current tax		(15,256,973)	(16,639,070)
Deferred tax		(6,253,535)	-
Net profit after taxation		<u>215,830,012</u>	<u>114,609,429</u>
Tax holiday reserve		(123,064,559)	(44,344,253)
Dividend reverse/(proposed)		(25,900,000)	(11,100,000)
Profit brought forward		248,696,791	189,531,615
Accumulated profit carried forward to the balance sheet		<u>315,562,244</u>	<u>248,696,791</u>

The accompanying notes 1 to 15 form an integral part of these financial statements.


Director


Director

As per our annexed report of same date.


Auditors

Dhaka, 29 October 2007



Marico Bangladesh Limited

Consolidated cash flow statement
for the year ended 30 September 2007

	2007 Taka	2006 Taka
A) Cash flows from operating activities		
Net profit before tax	237,340,520	131,248,499
Add: Depreciation	20,723,709	10,440,098
Deferred expenses write off	11,500,008	11,500,006
Amortisation of brand rights	2,550,470	2,232,757
Loss on sale of fixed asset	7,318	-
Gain on sale of fixed asset	(40,002)	-
	34,741,503	24,172,861
Changes in working capital:		
Current liabilities increase/(decrease)		
Short term finance	24,967,353	240,777,949
Liability for expenses	(5,068,698)	39,168,785
Interest payable	(4,366,667)	6,957,639
Trade creditors	63,539,428	15,883,073
Payable to holding company	17,261,493	(11,803,084)
Other Liabilities	15,686,306	(3,025,981)
	112,019,215	287,958,381
Current assets (increase)/decrease		
Inventories	12,578,489	(51,636,869)
Goods in transit	(33,552,959)	(2,893,211)
Accrued Interest	(4,236,298)	(1,227,332)
Trade debtors	22,780,955	(96,474,803)
Advances and deposits	(76,848,838)	25,173,511
	(79,278,651)	(127,058,704)
Income tax paid	(12,216,402)	(15,976,718)
<i>Net cash generated from operating activities</i>	<u>292,606,185</u>	<u>300,344,319</u>
B) Cash flows from investing activities		
Acquisition of fixed assets	(41,151,076)	(86,065,156)
Sale proceed from sale of fixed asset	475,244	-
Assets under construction	-	(130,000,000)
Acquisition of intangible assets	(750,000)	(15,000,000)
Investment in business support contract	-	(50,000,000)
<i>Net cash generated/(used) from investing activities</i>	<u>(41,425,832)</u>	<u>(281,065,156)</u>
C) Cash flows from financing activities		
Dividend paid	(11,000,000)	-
<i>Net cash generated/(used) from financing activities</i>	<u>(11,000,000)</u>	<u>-</u>
D) Net increase in cash and cash equivalent (A+B+C)	240,180,353	19,279,163
Opening cash and cash equivalents	216,435,171	197,156,008
Closing cash and cash equivalent	<u>456,615,524</u>	<u>216,435,171</u>



Marico Bangladesh Limited

**Consolidated statement of changes in shareholders' equity
for the year ended 30 September 2007**

	Share capital Taka	Tax holiday reserve Taka	Proposed dividend Taka	Accumulated profit Taka	Total Taka
Balance at 30 September 2005	10,000,000	138,136,457	-	189,531,614	337,668,071
Net profit after tax for the year 2006	-	-	-	114,609,430	114,609,430
Transferred to tax holiday reserve	-	44,344,253	-	(44,344,253)	-
Proposed dividend			11,100,000	(11,100,000)	-
Balance at 30 September 2006	10,000,000	182,480,710	11,100,000	248,696,791	452,277,501
Net profit after tax for the year 2007	-	-	-	215,830,012	215,830,012
Transferred to tax holiday reserve		123,064,559		(123,064,559)	-
Dividend paid			(11,000,000)		(11,000,000)
Proposed dividend			25,900,000	(25,900,000)	-
Balance at 30 September 2007	10,000,000	305,545,269	26,000,000	315,562,244	657,107,513



Marico Bangladesh Limited

**Notes to the consolidated financial statements
for the year ended 30 September 2007**

1.1 Basis of consolidation

These consolidated financial statements have been prepared in accordance with BAS 27- Consolidated Financial Statements and Accounting for Investments in Subsidiaries. In respect of the subsidiary undertaking, audited financial statements for the year ended 30 September 2007 have been used to draw up these financial statements.

1.2 Subsidiary

Subsidiary is an entity controlled by the parent company. Control exists when the parent company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

1.3 Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, have been eliminated while preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees have been eliminated against the investment to the extent of the parent company's interest in the investee. Unrealised losses were eliminated in the same way as unrealised gains, but only to the extent that there was no evidence of impairment.



2. Property, plant and equipment (consolidated)

Particulars	Cost				Depreciation			Net book value		
	As at 1 Oct 2006	Addition during the year	Disposal during the year	As at 30 Sep 2007	As at 1 Oct 2006	Charged for the year	Adjustment for the year	As at 30 Sep 2007	As at 30 Sep 2007	As at 30 Sep 2006
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Plant and machinery	96,436,609	13,798,706	219,082	108,016,233	9,752,050	13,101,770	214,913	22,658,905	85,377,328	96,684,559
Pre-paid land	-	12,679,600	-	12,679,600	-	-	-	-	12,679,600	-
Vehicles	7,161,007	5,355,717	1,296,150	11,220,374	4,000,616	2,137,003	861,109	5,366,511	5,853,961	3,070,391
Factory equipment	4,978,193	101,351	1,007,445	3,992,599	3,333,056	610,539	1,087,443	2,856,150	1,116,449	1,645,137
Moulds	4,219,248	2,052,260	-	6,782,208	1,899,672	1,503,282	-	3,404,954	3,277,254	2,819,576
Factory building	1,833,640	2,909,599	-	4,743,030	448,942	414,098	-	863,040	3,877,990	3,384,098
Laboratory equipment	817,600	10,500	90,500	738,100	629,089	153,266	90,000	694,353	43,743	188,311
Office equipments	2,149,930	1,221,666	236,069	3,135,525	1,354,474	682,583	236,969	1,600,988	1,334,537	993,456
Computers	3,477,572	1,569,059	739,390	4,307,241	1,752,218	1,233,941	736,239	3,249,960	2,057,261	1,725,354
Furniture & fixtures	3,507,385	907,847	354,268	4,061,464	1,723,749	676,196	354,268	2,045,676	2,015,787	1,784,137
A/C, Refrigerator, water coolers	760,450	533,183	-	1,293,633	320,711	204,951	-	525,702	267,931	439,739
At 30 September 2007	123,841,534	41,151,076	4,072,604	169,070,006	25,104,576	20,723,709	3,580,044	42,248,241	118,721,763	98,736,958
At 30 September 2006	37,776,378	86,085,156	-	123,841,534	14,664,474	10,440,098	-	25,104,576	98,736,958	21,111,980

Depreciation has been allocated as follows:

	Taka
Manufacturing	14,862,956
Administration	5,860,753
	<u>20,723,709</u>



3. **Asset under construction**

	<u>2007</u> Taka	<u>2006</u> Taka
Opening balance	130,000,000	-
Add: Addition during the year	<u>41,151,076</u>	<u>216,065,156</u>
	171,151,076	216,065,156
Less: Transfer to property, plant & equipment	<u>41,151,076</u>	<u>86,065,156</u>
Closing balance	<u>130,000,000</u>	<u>130,000,000</u>

Above assets remain yet to be installed for commercial production as at balance sheet date.

4. **Intangible assets**

MBL through an agreement dated 25 April 2005 with Marks & Allys Limited, paid Taka 5,000,000 for acquiring the intellectual property right and copy right of "Camelia" and "Magnolia" soaps. Taka 15,000,000 had also been paid for acquiring the intellectual property right and copy right of "Aromatic" brand vide an agreement dated 7 October 2005 with Aromatic Cosmetic Limited.

Marks & Allys Limited

Intellectual property right	2,500,000	2,500,000
Copy right	2,500,000	2,500,000
	5,000,000	5,000,000

Aromatic Cosmetics Limited

Intellectual property right	7,500,000	7,500,000
Copy right	7,500,000	7,500,000
	15,000,000	15,000,000
Incidental to capital expenditure	3,075,125	2,325,125
Total cost	<u>23,075,125</u>	<u>22,325,125</u>
Less: Amortised	5,088,440	2,537,970
Net value	<u>17,986,685</u>	<u>19,787,155</u>

5. **Other assets**

These represent a sum of Tk 65,000,000 paid to Marks & Allys Limited and Tk 50,000,000 paid to Aromatic Cosmetics Limited in respect of business and commercial support contract, covering the period of 10 years, executed on 25 April 2005 and 7 October 2005 respectively.

Deferred expenditure

Marks & Allys Limited	65,000,000	65,000,000
Aromatic Cosmetics Limited	<u>50,000,000</u>	<u>50,000,000</u>
Total deferred expenditure	115,000,000	115,000,000
Less: Amortised	<u>25,708,347</u>	<u>14,208,339</u>
	<u>89,291,653</u>	<u>100,791,661</u>



6. **Inventories**

	2007 <u>Taka</u>	2006 <u>Taka</u>
Raw materials	23,743,933	33,100,924
Packing materials	8,878,911	21,220,157
Finished goods	<u>13,512,713</u>	<u>4,392,965</u>
	<u>46,135,557</u>	<u>58,714,046</u>

7. **Trade debtors**

Kallol Limited	115,211,767	144,515,493
Others	<u>8,473,986</u>	<u>1,951,215</u>
	<u>123,685,753</u>	<u>146,466,708</u>

All debtors in these balances are less than six months due.

8. **Advances and deposits**

Advances:

Ethical Drugs Limited	34,730,694	34,730,694
For materials & goods	40,074,843	8,814,092
Loan to Marks & Ally's Limited	20,000,000	20,000,000
For service	<u>65,325,856</u>	<u>25,647,326</u>
	160,131,393	89,192,112

Deposits:

VAT current account	9,690,265	4,091,856
Supplementary duty	306,185	306,185
Security deposits	<u>3,532,295</u>	<u>3,221,147</u>
	13,528,745	7,619,188
	<u>173,660,138</u>	<u>96,811,300</u>

9. **Cash and bank balances**

Cash on hand	295,107	153,115
Fixed deposit with:		
State Bank of India	334,000,000	166,100,000
IDLC Finance Limited	<u>100,000,000</u>	<u>-</u>
	434,000,000	166,100,000
Cash at banks:		
Citibank N.A.	16,880,000	48,693,628
Standard Chartered Bank	5,403,487	1,488,428
Commercial Bank of Ceylon	<u>36,930</u>	<u>-</u>
	22,320,417	50,182,056
	<u>456,615,524</u>	<u>216,435,171</u>



10. **Short term finance**

	<u>2007</u> Taka	<u>2006</u> Taka
Short term loan:		
Citibank N.A.	150,000,000	200,000,000
Commercial Bank of Ceylon	100,000,000	-
	250,000,000	200,000,000
Bank overdraft:		
Citibank N.A.	15,745,302	37,157,701
Standard Chartered Bank	-	3,620,248
	15,745,302	40,777,949
Citibank N.A.	<u>265,745,302</u>	<u>240,777,949</u>

a) **Limit**

Total aggregate limit of short term loan and bank overdraft is Tk.338.6 million. The short term loans are repayable within 75 days. Short term loan is taken whenever required.

b) **Nature of security (Short term loan and bank overdraft)**

Demand promissory note and letter of continuity for Tk 338.6 million.

c) **Rate of interest**

Rate of interest has been varied from 10.25% to 11% depending on the money market and inter relationship.

Commercial Bank of Ceylon

a) **Limit**

Total aggregate limit of short term loan is Tk 100 million of which Tk 50 million each taken on 5 June 2007 and 3 July 2007 respectively. The loans are repayable within 120 days respectively. The short term loan taken on 5 June 2007 has been totally repaid subsequently.

b) **Nature of security (Short term loan and bank overdraft)**

Demand promissory note and letter of continuity for Tk 100 million.

c) **Rate of interest**

Rate of interest has been varied from 10.25% to 11% depending on the money market and inter relationship.



Standard Chartered Banka) **Limit**

Against a limit of Tk 200 million, the company is enjoying an overdraft facility a limit of Tk 50 million.

b) **Nature of security**

Demand promissory note and letter of continuity for Tk 215 million each.

c) **Rate of interest**

Rate of interest has been varied from 10.25% to 11% depending on the money market and inter relationship.

11. **Liability for expenses**

	<u>2007</u> Taka	<u>2006</u> Taka
Business promotion expenses	48,501,177	61,791,499
Advertisement expenses	28,221,649	27,971,752
For services	9,814,279	2,496,008
Audit fees	400,000	430,000
Leave encashment	350,000	350,000
Capital goods	-	361,655
Creditors for supplies	8,117,563	9,670,040
Other expenses	3,750,013	1,152,424
	<u>99,154,680</u>	<u>104,223,378</u>

12. **Provision for income tax**

Opening balance	931,283	268,932
Add: Provision for current taxation	<u>15,256,973</u>	<u>16,639,070</u>
	16,188,256	16,908,002
Less: Advance tax paid & deduction at source	<u>12,216,401</u>	<u>15,976,719</u>
	<u>3,971,855</u>	<u>931,283</u>

13. **Other liabilities**

Advance from customers	17,741,703	-
Tax deducted from Vendors' bills	848,664	2,386,522
VAT payable	<u>324,361</u>	<u>841,900</u>
	<u>18,914,728</u>	<u>3,228,422</u>



14. **General and administration expenses**

	<u>2007</u>	<u>2006</u>
	Taka	Taka
Salaries and allowances	50,077,823	33,954,194
Rent	1,577,450	1,179,740
Professional charges	3,730,689	3,860,835
Security charges	771,387	906,499
Legal charges	1,402,642	1,782,239
Director's remuneration	373,338	293,337
Repair and maintenance	2,072,168	2,084,935
Communication expenses	4,551,191	2,842,569
Entertainment	135,156	51,443
Printing and stationery	930,334	732,165
Vehicle running expenses	6,054,291	4,408,102
Travelling and conveyance	10,041,385	8,749,556
Audit fees	580,000	450,000
Recruitment expenses	480,079	340,058
Insurance premium	2,015,961	1,648,085
Books and periodicals	66,333	43,482
Deferred expenses written off	11,500,008	11,500,006
Bank charges	949,625	298,331
Bank guarantee commission	8,262,527	-
Miscellaneous write offs	4,105,283	-
Exchange loss	369,500	2,900,232
Staff welfare expenses	1,704,597	2,123,934
Conference and training expenses	1,442,781	708,274
Electricity and gas charges	410,120	320,659
Amortization of brand rights	2,550,470	2,232,757
Royalty	12,570,989	4,441,420
Loss on sale of asset	7,318	-
Depreciation	5,860,753	3,044,931
	<u>134,594,197</u>	<u>90,897,783</u>

15. **Selling and distribution expenses**

Business promotion expenses	96,158,002	68,367,851
Advertisement	88,698,102	81,685,219
Market research expenses	6,958,060	2,802,245
Redistribution expenses	3,539,138	1,609,421
	<u>195,353,302</u>	<u>154,464,736</u>

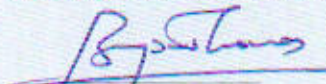


Marico Bangladesh Limited

Balance sheet as at 30 September 2007

<u>Sources of fund</u>	<u>Notes</u>	<u>2007</u> <u>Taka</u>	<u>2006</u> <u>Taka</u>
Shareholders equity:			
Share capital	4	10,000,000	10,000,000
Tax holiday reserve		305,545,269	182,480,710
Proposed dividend		26,000,000	11,100,000
Accumulated profit		265,007,823	216,981,876
		606,553,092	420,562,586
Deferred tax liability		6,177,803	-
Total		<u>612,730,895</u>	<u>420,562,586</u>
Applications of fund			
Property, plant and equipments			
Cost	5	155,337,189	118,311,911
Less: Accumulated depreciation		40,368,692	24,523,585
		114,968,497	93,788,326
Asset under construction	6	130,000,000	130,000,000
Intangible assets	7	17,986,685	19,787,155
Other assets	8	89,291,653	100,791,661
Investment in subsidiary		1,000,000	1,000,000
Current assets:			
Inventories	9	41,595,775	57,727,047
Goods in transit		59,658,788	26,105,830
Accrued interest	10	639,521	5,045,253
Trade debtors	11	115,211,767	125,500,462
Advances and deposits	12	162,506,590	96,530,783
Advance income tax	13	3,276,376	(2,753,197)
Cash and cash equivalents	14	133,478,475	167,304,745
Total current assets		516,367,292	475,460,923
Less: Current liabilities and provisions:			
Short term finance	15	65,745,302	240,777,949
Liability for expenses	16	64,872,084	70,109,638
Interest payable		125,278	6,957,639
Trade creditors	17	90,478,115	48,707,037
Loan from subsidiary		-	20,000,000
Payable to holding company	18	27,141,252	11,409,535
Other liabilities	19	8,521,201	2,303,681
Total current liabilities		256,883,232	400,265,479
Net current assets		259,484,060	75,195,444
Total		<u>612,730,895</u>	<u>420,562,586</u>

The accompanying notes 1 to 33 form an integral part of these financial statements.


Director


Director

As per our annexed report of same date.


Auditors

Dhaka, 29 October 2007




Marico Bangladesh Limited

**Profit and loss account
for the year ended 30 September 2007**

	Notes	2007			2006
		Tax holiday	Non-tax holiday	Total (Taka)	Taka
Turnover	20	1,263,987,974	187,901,834	1,451,889,808	888,284,048
Cost of sales	21	(774,300,391)	(160,003,450)	(934,303,842)	(573,124,065)
Gross profit		489,687,582	27,898,384	517,585,966	315,159,983
General and administration expenses	22	(85,994,545)	(26,222,026)	(112,216,571)	(81,397,527)
Selling and distribution expenses	23	(131,602,724)	(57,955,543)	(189,558,267)	(111,799,248)
Net profit before interest expense		272,090,313	(56,279,185)	215,811,128	121,963,208
Interest expense	24	(15,682,642)	-	(15,682,642)	(27,063,956)
Net profit after interest expense		256,407,672	(56,279,185)	200,128,486	94,899,252
Other income	25	5,671,188	-	5,671,188	15,961,380
Net profit before taxation		262,078,859	(56,279,185)	205,799,674	110,860,632
Tax expenses:					
Current tax		(2,631,366)	-	(2,631,366)	(8,483,923)
Deferred tax		-	(6,177,803)	(6,177,803)	-
Net profit after taxation		259,447,494	(62,456,988)	196,990,505	102,376,709
Tax holiday reserve		(123,064,559)	-	(123,064,559)	(44,344,253)
Proposed dividend	26	(25,900,000)	-	(25,900,000)	(11,100,000)
Profit brought forward		263,115,739	(46,133,862)	216,981,877	170,049,421
Accumulated profit carried forward to the balance sheet		373,598,673	(108,590,850)	265,007,823	216,981,877

The accompanying notes 1 to 33 form an integral part of these financial statements.


Director


Director

As per our annexed report of same date.


Auditors

Dhaka, 29 October 2007



Marico Bangladesh Limited
Cash flow statement
for the year ended 30 September 2007

	<u>2007</u>	<u>2006</u>
	<u>Taka</u>	<u>Taka</u>
A) Cash flows from operating activities		
Net profit/(loss) before tax	205,799,674	110,860,632
Add: Depreciation	19,425,151	9,928,028
Deferred expenses write off	11,500,008	11,500,006
Amortisation of brand rights	2,550,470	2,232,757
Loss on sale of fixed asset	7,318	-
Gain on sale of fixed asset	(40,000)	-
	<u>33,442,947</u>	<u>23,660,791</u>
Changes in working capital:		
Current liabilities increase/(decrease)-		
Short term finance	(175,032,647)	240,777,949
Liability for expenses	(5,237,554)	28,493,261
Interest payable	(6,832,361)	6,957,639
Trade creditors	41,771,078	113,025
Loan from subsidiary	(20,000,000)	20,000,000
Payable to holding company	15,731,717	(11,803,084)
Other liabilities	6,217,520	(3,614,604)
	<u>(143,382,247)</u>	<u>280,924,186</u>
Current assets (increase)/decrease-		
Inventories	16,131,272	(50,649,870)
Goods in transit	(33,552,958)	(2,893,211)
Accrued interest	4,405,732	(2,288,555)
Trade debtors	10,288,695	(91,418,784)
Advances and deposits	(65,975,807)	25,454,028
	<u>(68,703,066)</u>	<u>(121,796,392)</u>
Income tax paid	(8,660,939)	(4,837,280)
<i>Net cash generated from operating activities</i>	<u>18,496,368</u>	<u>288,811,937</u>
B) Cash flows from investing activities		
Acquisition of fixed assets	(41,047,882)	(80,890,933)
Sale proceed from sale of fixed asset	475,243	-
Assets under construction	-	(130,000,000)
Acquisition of intangible assets	(750,000)	(15,000,000)
Investment in business support contract	-	(50,000,000)
<i>Net cash generated / (used) from investing activities</i>	<u>(41,322,639)</u>	<u>(275,890,933)</u>
C) Cash flows from financing activities		
Dividend paid	(11,000,000)	-
<i>Net cash generated / (used) from financing activities</i>	<u>(11,000,000)</u>	<u>-</u>
D) Net increase in cash and cash equivalent (A+B+C)	(33,826,270)	12,921,004
Opening cash and cash equivalents	167,304,745	154,383,741
Closing cash and cash equivalent	<u>133,478,475</u>	<u>167,304,745</u>



Marico Bangladesh Limited

**Statement of changes in shareholders' equity
for the year ended 30 September 2007**

	Share capital Taka	Tax holiday reserve Taka	Proposed dividend Taka	Undistributed profit Taka	Total Taka
Balance at 30 September 2005	10,000,000	138,136,457	-	170,049,421	318,185,878
Net profit after tax for the year 2006	-	-	-	102,376,709	102,376,709
Transferred to tax holiday reserve	-	44,344,253	-	(44,344,253)	-
Proposed dividend	-	-	11,100,000	(11,100,000)	-
Balance at 30 September 2006	10,000,000	182,480,710	11,100,000	216,981,877	420,562,587
Net profit after tax for the year 2007	-	-	-	196,990,505	196,990,505
Transferred to tax holiday reserve	-	123,064,559	-	(123,064,559)	-
Dividend paid	-	-	(11,000,000)	-	(11,000,000)
Dividend reversed	-	-	(100,000)	100,000	-
Proposed dividend	-	-	26,000,000	(26,000,000)	-
Balance at 30 September 2007	<u>10,000,000</u>	<u>305,545,269</u>	<u>26,000,000</u>	<u>265,007,823</u>	<u>606,553,092</u>



Marico Bangladesh Limited

**Notes to the financial statements
for the year ended 30 September 2007**

1. Reporting entity

Marico Bangladesh Limited (MBL) is a private limited company incorporated on 6 September 1999 in Bangladesh under the Companies Act 1994. The address of the company's registered office is 272, Tejgaon Industrial Area, Dhaka-1208. The present authorised and paid up capital of the company 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 Limited, India.

The company started commercial operations from 30 January 2000.

The principal activities of the company are to manufacture, market and sell pure coconut oil, hair oil and beauty soap.

MBL has set up a manufacturing unit at Gazipur and went into commercial production from 27 October 2002. The factory land and building had been acquired from Quality Chemical Industries Limited in 30 March 2007.

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 10,000,000 divided into 1,000,000 ordinary shares of Tk 10 each and paid up capital of Tk 1,000,000 divided into 100,000 ordinary shares of Tk 10 each. Marico Bangladesh Limited owns 100% shares of MBL Industries Limited.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS).

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention as modified to include revaluation of certain property, plant and equipment.



2.3 **Functional and presentational currency**

These financial statements are prepared in Bangladesh Taka, which is the company's functional currency. All financial information presented in Taka has been rounded off to the nearest integer.

2.4 **Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

2.5 **Going concern**

The company has adequate resources to continue in operation for foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the company provide sufficient fund to meet the present requirements of its existing business and operations.

3. **Significant accounting policies**

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

3.1 **Foreign currency**

Transactions in foreign currencies are translated to Bangladesh Taka at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities are reconverted at the rates prevailing at the balance sheet date. Non-monetary assets and liabilities are reported using the exchange rate at the date of transaction. Differences arising on conversion are charged or credited to the profit and loss accounts.

3.2 **Financial instrument**

Non-derivative financial instruments comprise accounts and other receivables, cash and cash equivalents, loans and borrowings. Other payables are shown at transaction cost.

3.3 **Property, Plant and Equipment**

i) **Recognition and measurement**

Property, Plant & Equipment are stated at cost less accumulated depreciation and impairment loss. Cost includes expenditure that are directly attributable to the acquisition of the assets. Components of property, plant and equipment having different useful lives, are accounted for as separate items.



ii) **Subsequent cost:**

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

iii) **Depreciation:**

Depreciation is recognised in the profit and loss account on straight line method over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated. Considering the estimated useful lives of the assets the following rates have been applied:

Assets	Depreciation rate
Plant and machinery	10-33%
Factory equipment	10-33%
Moulds	20-50%
Factory building	10-20%
Laboratory equipment	20-33%
Office equipment	20-50%
Vehicles	20-33%
Computers	20-33%
Furniture	20-33%
Fixtures	20-33%
Air conditioner, refrigerator	20-33%

Depreciation is charged from the month of acquisition of property, plant and equipment but no depreciation is charged in the month of disposal.

3.4 **Intangible assets:**

Intangible assets have finite useful lives and are stated at cost less accumulated amortization using straight line method. Intangible assets are recognised in accordance with BAS-38. Intangible assets include cost of acquisition of the intellectual property, copy right and other costs incidental to such capital expenditure.

Amortization-

Amortization is recognized in the profit and loss account on straight line basis over the estimated useful lives of intangible assets from the date they are available for use. Assets are amortized over a period of seven years commencing from 1 May 2005 for 'Camelia' and ten years for 'Aromatic' commencing from 1 October 2005.



3.5 **Impairment:**

Carrying amount of the company's assets are reviewed at each balance sheet date or whenever there is an indication of impairment. If any such indication exist, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment loss, if any, is recognized in the profit and loss account.

3.6 **Taxation**

The company qualifies as a "Private Limited Company" and accordingly the rate of income tax applied for the year is 40%.

3.7 **Tax holiday**

The company has enjoyed tax holiday for its Parachute Coconut Oil unit. The tax holiday period expired on 30 September 2007.

3.8 **Deferred tax**

The company has adopted deferred tax accounting policy as per Bangladesh Accounting Standards. Accordingly deferred tax asset/liability is accounted for all the temporary timing differences arising between the tax base of the assets and liabilities and their carrying value for financial reporting purpose. No deferred tax has been provided for tax holiday unit as the unit is enjoying tax holiday u/s 46A of Income Tax Ordinance, 1984.

3.9 **Provisions**

Provisions are made where an obligation exists for future liability in respect of a past event and where the amount of the obligation can be reliably measured.

3.10 **Revenue recognition:**

Revenue from sale of goods is measured at fair value of the consideration received or receivable, net off return and allowance, trade discount, volume rebates exclusive of VAT. Revenue is recognized when the risk and reward of the ownership is transferred to the buyer, recovery of the consideration is probable, the associated cost and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods sold. Transfer of risk and rewards occurs for the sale of goods when the product is delivered along with dispatch documents and invoices to customers.



3.11 Inventories

Raw materials and packing materials are valued at lower of average cost of material or net realizable value. Finished goods are valued at cost or net realizable value whichever is lower.

3.12 General

The financial period of the company covers one year from 1 October to 30 September consistently.

3.13 Events after the balance sheet date

Events after balance sheet date that provide additional information about the company's positions at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are non-adjusting events are disclosed in the notes when material.

4. Share capital

	<u>2007</u> Taka	<u>2006</u> Taka
Authorised:		
1,000,000 Ordinary shares of Tk 10 each	<u>10,000,000</u>	<u>10,000,000</u>
Paid up:		
1,000,000 Ordinary shares of Tk 10 each fully paid up in cash	<u>10,000,000</u>	<u>10,000,000</u>

The shares are held by Marico Limited.



5. Property, plant and equipment

Particulars	Cost				Depreciation			Written down value		
	As at 1 Oct 2006 Taka	***Addition during the year Taka	Disposal during the year Taka	As at 30 Sep. 2007 Taka	As at 1 Oct. 2006 Taka	Charged for the year Taka	Adjustment for the year Taka	As at 30 Sep. 2007 Taka	As at 30 Sep. 2007 Taka	As at 30 Sep. 2006 Taka
Plant and machinery	89,806,609	13,798,706	219,082	103,386,233	9,443,383	12,175,770	214,915	21,404,238	81,981,994	80,363,226
Free hold land	-	12,679,600	-	12,679,600	-	-	-	-	12,679,600	-
Vehicles *	7,161,007	5,355,717	1,296,350	11,220,374	4,090,616	2,137,003	861,108	5,366,511	5,853,863	3,070,391
Factory equipment	4,978,193	101,851	1,087,445	3,992,599	3,333,056	610,539	1,087,445	2,856,150	1,136,449	1,645,137
Moulds	4,719,248	2,062,960	-	6,782,208	1,899,672	1,505,282	-	3,404,954	3,377,254	2,819,576
Factory building	1,833,040	2,909,990	-	4,743,030	448,942	416,098	-	865,040	3,877,990	1,384,098
Laboratory equipment	817,600	10,500	90,000	738,100	629,089	155,266	90,000	694,355	43,745	188,511
Office equipments	2,121,940	1,185,969	236,069	3,071,840	1,136,402	663,638	236,069	1,563,971	1,507,869	985,558
Computers	2,605,939	1,501,560	739,390	3,368,109	1,497,966	880,368	736,239	1,642,095	1,726,014	1,107,973
Furniture & fixtures **	3,507,885	907,847	354,268	4,061,464	1,723,748	676,196	354,268	2,045,676	2,015,787	1,284,137
A/C, Refrigerator, water cooler	760,450	533,183	-	1,293,633	320,711	204,991	-	525,702	767,931	439,230
At 30 September 2007	118,311,911	41,047,882	4,022,604	155,337,189	24,523,585	19,425,151	3,580,644	40,368,692	114,968,497	93,788,326
At 30 September 2006	37,420,978	80,890,933	-	118,311,911	14,595,557	9,928,028	-	24,523,585	93,788,326	22,825,421

Depreciation allocated to:

	Taka
Manufacturing	14,982,956
Administration	4,442,195
	<u>19,425,151</u>

*During the year vehicles shown comprise of cars and jeeps and vans, it was shown separately last year.

**During the year furniture and fixtures shown comprise furniture and fixtures, it was shown separately last year.

***Addition to property, plant and equipments during the year for non tax holiday unit are shown below:

Particulars	Amounts Tk.
Plant and machinery	2,870,157
Factory equipment	33,800
Moulds	655,775
Vehicles	827,337
	<u>4,387,269</u>



6. **Asset under construction**

	<u>2007</u> <u>Taka</u>	<u>2006</u> <u>Taka</u>
Opening balance	130,000,000	-
Add: Addition during the year	<u>41,047,882</u>	<u>210,890,933</u>
	171,047,882	210,890,933
Less: Transfer to property, plant & equipment	<u>41,047,882</u>	<u>80,890,933</u>
Closing balance	<u>130,000,000</u>	<u>130,000,000</u>

Above assets remain yet to be installed for commercial production as at the balance sheet date.

7. **Intangible assets**

MBL through an agreement dated 25 April 2005 with Marks & Allys Limited, paid Taka 5,000,000 for acquiring the intellectual property right and copy right of "Camelia" and "Magnolia" soaps. Taka 15,000,000 had also been paid for acquiring the intellectual property right and copy right of "Aromatic" brand vide an agreement dated 7 October 2005 with Aromatic Cosmetic Limited.

Marks & Allys Limited:

Intellectual property right	2,500,000	2,500,000
Copy right	2,500,000	2,500,000
	5,000,000	5,000,000

Aromatic Cosmetics Limited:

Intellectual property right	7,500,000	7,500,000
Copy right	7,500,000	7,500,000
	15,000,000	15,000,000

Incidental to capital expenditure	<u>3,075,125</u>	<u>2,325,125</u>
Total cost	23,075,125	22,325,125
Less: Accumulated amortization	<u>5,088,440</u>	<u>2,537,970</u>
Net value	<u>17,986,685</u>	<u>19,787,155</u>

8. **Other assets**

These represent a sum of Tk 65,000,000 paid to Marks & Allys Limited and Tk 50,000,000 paid to Aromatic Cosmetics Ltd. in respect of business and commercial support contract, covering a period of 10 years, executed on 25 April 2005 and 7 October 2005 respectively.

Deferred expenditure

Marks & Allys Limited	65,000,000	65,000,000
Aromatic Cosmetics Limited	<u>50,000,000</u>	<u>50,000,000</u>
Total deferred expenditure	115,000,000	115,000,000
Less: Amortized	<u>25,708,347</u>	<u>14,208,339</u>
	<u>89,291,653</u>	<u>100,791,661</u>



9. Inventories	<u>2007</u>	<u>2006</u>
	Taka	Taka
Raw materials	23,743,933	33,100,924
Packing materials	8,878,911	21,220,157
Finished goods	8,972,931	3,405,966
	<u>41,595,775</u>	<u>57,727,047</u>
10. Accrued interest		
Interest on FDR	544,521	4,279,315
Interest on call deposit	95,000	-
Interest on loan to MBL Industries Limited	-	765,938
	<u>639,521</u>	<u>5,045,253</u>
11. Trade debtors		
Receivable from Kallol Traders Ltd.	115,211,767	123,549,247
Receivable from others	-	1,951,215
	<u>115,211,767</u>	<u>125,500,462</u>
12. Advances and deposits		
<i>Advances:</i>		
Ethical Drugs Limited	34,730,694	34,730,694
Materials	30,642,975	8,814,092
Loan to Marks & Allys Limited	20,000,000	20,000,000
Advance for Services	63,604,176	25,366,809
	148,977,846	88,911,595
<i>Deposits:</i>		
VAT current account	9,690,265	4,091,856
Supplementary duty	306,185	306,185
Security deposits	3,532,295	3,221,147
	13,528,745	7,619,188
	<u>162,506,590</u>	<u>96,530,783</u>
13. Advance income tax		
Opening balance	(2,753,197)	893,446
Add: Advance tax paid & deductions at source	8,660,939	4,837,280
	5,907,742	5,730,726
Less: Provision for current taxation	2,631,366	8,483,923
Closing balance	<u>3,276,376</u>	<u>(2,753,197)</u>



14. **Cash and bank balances**

	<u>2007</u> Taka	<u>2006</u> Taka
Cash on hand	222,406	120,547
Fixed deposit with:		
State Bank of India	30,000,000	140,000,000
IDLC Finance Limited	100,000,000	-
	130,000,000	140,000,000
Cash at banks:		
Citibank N.A.	-	27,184,198
Standard Chartered Bank	3,251,849	-
Commercial Bank of Ceylon	4,220	-
	3,256,069	27,184,198
	<u>133,478,475</u>	<u>167,304,745</u>

15. **Short term finance**

Short term loan:		
Citibank N.A.	50,000,000	200,000,000
Bank overdraft:		
Citibank N.A.	15,745,302	37,157,701
Standard Chartered Bank, Dhaka	-	3,620,248
	15,745,302	40,777,949
	<u>65,745,302</u>	<u>240,777,949</u>

Citibank N.A.

a) **Limit**

Total aggregate limit of short term loan and bank overdraft is Tk.178.6 million repayable within 75 days. Short term loan is taken whenever required.

b) **Nature of security (Short term loan and bank overdraft)**

Demand promissory note and letter of continuity for Tk 178.6 million.

c) **Rate of interest**

Rate of interest has been varied from 10.25% to 11% depending on the money market and inter relationship.



16. Liability for expenses		
	<u>2007</u>	<u>2006</u>
	<u>Taka</u>	<u>Taka</u>
Business promotion expenses	24,294,962	30,797,442
Advertisement expenses	28,221,649	27,971,752
Audit fees	200,000	215,000
Leave encashment	350,000	350,000
Creditors for supplies	8,117,563	9,670,040
Other expenses	3,687,911	1,105,404
	<u>64,872,084</u>	<u>70,109,638</u>
17. Trade creditors		
Marico Limited, India	82,148,574	31,476,951
Import duty and related charges	8,329,541	17,230,085
	<u>90,478,115</u>	<u>48,707,037</u>
18. Payable to holding company		
Royalty	20,408,616	11,409,535
Bank guarantee commission	6,732,636	-
	<u>27,141,252</u>	<u>11,409,535</u>
19. Other liabilities		
Advance from customers	7,693,606	-
Tax deducted from vendors' bills	827,594	2,303,681
	<u>8,521,201</u>	<u>2,303,681</u>



20. **Turnover**

	2007			2006
	Tax holiday	Non-tax holiday	Total (Taka)	Taka
Products				
Parachute coconut oil	1,263,987,974	-	1,263,987,974	874,505,920
Aromatic soap	-	187,901,834	187,901,834	13,778,128
	<u>1,263,987,974</u>	<u>187,901,834</u>	<u>1,451,889,808</u>	<u>888,284,048</u>

21. **Cost of sales**

Raw and packing materials consumption	758,828,062	145,493,706	904,321,768	557,232,030
Add: Factory overhead (note-21.1)	15,229,991	14,400,082	29,630,073	15,757,873
Carriage inward	241,500	110,500	352,000	134,162
	<u>15,471,491</u>	<u>14,510,582</u>	<u>29,982,073</u>	<u>15,892,035</u>
	<u>774,299,553</u>	<u>160,004,289</u>	<u>934,303,842</u>	<u>573,124,065</u>

21.1 **Factory overhead**

Salary and wages	4,135,928	1,127,227	5,263,155	3,011,241
Power expenses	1,359,067	1,096,626	2,455,693	906,087
Factory rent	453,459	289,050	742,509	1,229,364
Hire charges on plant and machinery	-	2,500,000	2,500,000	365,000
Loading charges	94,085	16,191	110,276	20,089
Repairs & maintenance-plant and machineries	731,005	231,472	962,477	823,495
Repairs and maintenance-Factory building	550,810	-	550,810	188,209
Depreciation	6,110,327	8,872,629	14,982,956	7,395,168
Other expenses	1,795,310	266,887	2,062,197	1,819,219
	<u>15,229,991</u>	<u>14,400,082</u>	<u>29,630,073</u>	<u>15,757,873</u>



22. **General and administration expenses**

	2007			2006
	Tax holiday	Non-tax holiday	Total (Taka)	Taka
Salaries and allowances (Note 22.1)	34,552,598	5,241,646	39,794,244	28,846,842
Rent	1,373,298	204,152	1,577,450	1,179,740
Professional charges	2,118,326	464,906	2,583,232	2,445,788
Security charges	733,221	38,166	771,387	906,499
Legal charges	1,294,127	106,758	1,400,885	1,680,799
Director's remuneration	325,021	48,317	373,338	293,337
Repair and maintenance	1,466,902	512,116	1,979,018	1,775,185
Communication expenses	3,826,594	649,942	4,476,536	2,788,679
Entertainment	111,496	16,575	128,071	31,779
Printing and stationery	729,512	128,956	858,468	705,988
Vehicle running expenses	4,748,122	1,134,306	5,882,429	4,298,638
Travelling and conveyance	6,572,322	954,329	7,526,651	7,583,527
Audit fees (Note 22.2)	317,762	47,238	365,000	225,000
Recruitment expenses	417,948	62,131	480,079	226,843
Insurance premium	1,231,897	392,108	1,624,005	1,400,256
Books and periodicals	58,799	7,534	66,333	43,482
Deferred expenses written off	-	11,500,008	11,500,008	11,500,006
Bank charges	758,254	112,720	870,974	279,673
Bank guarantee commission	5,861,406	871,345	6,732,751	-
Exchange loss*	369,500	-	369,500	2,900,232
Staff welfare expenses	1,364,039	326,840	1,690,879	2,121,057
Conference and training expenses	1,030,979	153,263	1,184,242	636,480
Electricity and gas charges	357,043	53,077	410,120	320,659
Amortization of brand rights	-	2,550,470	2,550,470	2,232,757
Royalty	12,570,989	-	12,570,989	4,441,420
Loss on sale of asset	2,743	4,574	7,318	-
Depreciation	3,801,649	640,546	4,442,195	2,532,861
	<u>85,994,545</u>	<u>26,222,026</u>	<u>112,216,571</u>	<u>81,397,527</u>

*In the year 2006 exchange loss was included with cost of goods sold, this year it has been shown separately.

22.1 **Salaries and allowances**

These include remuneration of Tk 8,348,861 to the executive director as salaries and benefits.

22.2 **Audit fees**

Statutory audit	200,000	125,000
Special audit	150,000	100,000
Out of pocket expenses	15,000	-
	<u>365,000</u>	<u>225,000</u>



23. **Selling and distribution expenses**

	2007			2006
	Tax holiday	Non-tax holiday	Total (Taka)	Taka
Business promotion expenses	90,251,630.13	2,237,735	92,489,365	36,381,557
Advertisement	34,854,200.07	52,699,204	87,553,404	72,701,904
Market research expenses	3,417,278.97	2,939,216	6,356,495	1,636,321
Redistribution expenses	3,079,614.50	79,388	3,159,002	1,079,466
	<u>131,602,724</u>	<u>57,955,543</u>	<u>189,558,267</u>	<u>111,799,248</u>

24. **Interest expense**

Interest on term loan	10,909,722	-	10,909,722	24,937,150
Interest on overdraft	3,115,725	-	3,115,725	2,126,806
Interest on loan from MBL Industries Ltd.	1,657,195	-	1,657,195	-
	<u>15,682,642</u>	<u>-</u>	<u>15,682,642</u>	<u>27,063,956</u>

25. **Other income**

Interest on fixed deposit	5,203,540	-	5,203,540	14,877,410
Interest on call deposit	348,210	-	348,210	307,497
Interest on loan to MBL Industries Ltd.	-	-	-	765,938
Profit on sale of asset	40,000	-	40,000	-
Interest on staff loan	79,439	-	79,439	10,535
	<u>5,671,188</u>	<u>-</u>	<u>5,671,188</u>	<u>15,961,380</u>

26. **Proposed dividend**

Dividend for the year is proposed at Tk 26,000,000. During the year 2006 proposed dividend was Tk 11,100,000 but in the AGM final dividend for an amount of Tk 11,000,000 was declared and approved. The excess proposed dividend of Tk 100,000 has been adjusted during this year.

27. **Related party transactions**

<u>Name of the related party</u>	<u>Nature of transactions</u>	<u>Equivalent Taka</u>	<u>Equivalent Taka</u>
Marico Limited, India	Purchase of coconut oil	<u>397,269,280</u>	<u>289,651,234</u>



28. **Contingent liabilities**

There are L/C commitments for Tk 54.68 million and Tk 115.72 million with Standard Chartered Bank and Citibank,N.A respectively. There are also commitments for Tk.4.04 million on account of shipping guarantee issued by Standard Chartered Bank in favour of the company.

29. **Number of employees**

The number of employees engaged for the whole period or part thereof who received a total salary of Tk 36,000 p.a. and above was 31.

30. **Import of capital machinery and raw materials**

During the year import of capital machinery US\$ 149,293 and raw material was worth US\$ 7,054,514.

31. **Subsequent position**

There was no subsequent event, to report after the balance sheet date, which had an influence on the financial statements for the year ended 30 September 2007.

32. **Tax holiday reserve**

The company has enjoyed tax holiday for parachute manufacturing unit till 30 September 2007 and tax holiday reserve amounting Tk 305,562,244 has been utilised as per section 46/A(2)(c) of Income Tax Ordinance 1984.

33. **General**

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

