Audited Financial Statements

(4th Quarter Ended September 30, 2010)

MARICO BANGLADESH LIMITED

Registered & Corporate Office:
House-1, Road-1, Sector-1, Uttara, Dhaka-1230

Statement of Financial Position

as on September 30, 2010

	2010	2009
Assets	Taka	Taka
Property, plant and equipment	242,529,709	270,961,065
Asset under construction	-	65,000,000
Intangible assets	8,959,246	12,610,744
Deferred tax assets	29,959,740	609,231
Non-current assets	281,448,695	349,181,040
Inventories	282,364,562	455,461,843
Goods in transit	65,391,044	179,072,508
Accrued interest	40,304,110	48,406,023
Investments	40,752,823	100,000,000
Advances and deposits	68,071,366	41,474,311
Advance income tax	202,932,329	86,021,441
Fixed deposit	2,652,015,300	1,037,340,522
Cash and cash equivalents	106,741,118	238,727,661
Current assets	3,458,572,651	2,186,504,309
Total assets	3,740,021,346	2,535,685,349
Equity		
Share capital	315,000,000	315,000,000
Share premium	252,000,000	252,000,000
Reserve	28,155,877	-
Retained earnings	1,600,067,396	1,003,704,892
Equity attributable to the owners of the Company	2,195,223,273	1,570,704,892
Total equity	2,195,223,273	1,570,704,892
Liabilities		
Provision for gratuity	8,088,052	7,112,926
Non-current liabilities	8,088,052	7,112,926
Short term loan	189,627,813	77,179,122
Liability for expenses	436,540,120	275,044,840
Interest payable	2,000,000	193,000
Income tax payable	448,224,604	168,272,288
Trade creditors	328,179,028	341,116,259
Payable to holding company	97,089,004	70,682,949
Other liabilities	35,049,453	25,379,072
Current liabilities	1,536,710,022	957,867,530
Total liabilities	1,544,798,074	964,980,457
Total equity and liabilities	3,740,021,346	2,535,685,349

Company Secretary　　Director　　Director　　Auditor

Statement of Comprehensive Income

for the period ended September 30, 2010

	Audited July to Sep 2010 Taka	Unaudited July to Sep 2009 Taka	Unaudited Oct 09 to Sep 10 Taka	Audited Oct 08 to Sep 09 Taka
Turnover	1,789,691,360	1,369,986,527	5,358,337,069	4,056,700,695
Cost of goods sold	(1,232,099,724)	(996,990,935)	(3,756,593,149)	(2,979,011,189)
Gross profit	557,591,636	372,995,592	1,601,743,921	1,077,689,506
Distribution expenses	(150,236,933)	(104,803,800)	(553,479,187)	(278,070,756)
Administration expenses	(77,721,562)	(148,798,847)	(289,626,173)	(304,647,656)
	(227,958,495)	(253,602,647)	(843,105,359)	(582,718,412)
Results from operating activities	329,633,141	119,392,945	758,638,562	494,971,094
Finance income	80,455,533	41,772,284	201,562,016	91,395,512
Finance costs	(21,122,892)	(2,506,923)	(33,910,330)	(6,869,004)
Net finance costs	59,332,641	39,265,361	167,651,686	84,526,508
Profit before taxation	388,965,782	158,658,307	926,290,248	579,497,602
Tax (expenses)/income				
Current tax	(147,689,504)	(54,040,508)	(280,528,253)	(117,532,661)
Deferred tax	25,723,914	25,753,255	29,350,509	8,900,152
	(121,965,590)	(28,287,253)	(251,177,744)	(108,632,509)
Profit for the period/year	267,000,192	130,371,054	675,112,504	470,865,093
Earnings per share (EPS)				
Weighted aver no of ordinary shares	31,500,000	28,626,164	31,500,000	28,626,164
Earnings per share	8.48	4.55	21.43	16.45

Company Secretary	Director	Director	Auditor

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be more. every day.

Statement of Comprehensive Income

for the period ended September 30, 2010

	Audited July to Sep 2010 Taka	Un-audited July to Sep 2009 Taka	Un-audited Oct 09 to Sep 10 Taka	Audited Oct 08 to Sep 09 Taka
Profit for the period/year	267,000,192	130,371,054	675,112,504	470,865,093
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	28,155,877	-	28,155,877	-
Other comprehensive income for the period/ year	28,155,877	-	28,155,877	-
Total profit for the period / year	295,156,069	130,371,054	703,268,381	470,865,093

Company Secretary | Director | Director | Auditor

Statement of changes in equity

for 12 months ended September 30, 2010

	Share capital	Share premium	Fair value reserve	Proposed dividend	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 October 2008	90,000,000	-	-	31,500,000	726,339,799	847,839,799
Net profit after tax for the year 2009	-	-	-	-	470,865,093	470,865,093
Dividend paid	-	-	-	(31,500,000)	-	(31,500,000)
Proposed dividend	-	-	-	-	-	-
Transferred to share capital	225,000,000	-	-	-	(193,500,000)	31,500,000
Share premium	-	252,000,000	-	-	-	252,000,000
Balance as at 30 September 2009	315,000,000	252,000,000	-	-	1,003,704,892	1,570,704,892
Balance as at 1 October 2009	315,000,000	252,000,000	-	-	1,003,704,892	1,570,704,892
Net profit (unaudited) after tax for the year 2010	-	-	-	-	675,112,504	675,112,504
Other comprehensive income	-	-	28,155,877	-	-	28,155,877
Dividend paid	-	-	-	-	(78,750,000)	(78,750,000)
Balance as at 30 September 2010	315,000,000	252,000,000	28,155,877	-	1,600,067,396	2,195,223,273

Statement of Cash Flows

for 12 months ended September 30, 2010

		2010	2009
		Taka	Taka
A)	Cash flows from operating activities		
	Collection from customers	5,368,878,683	4,080,838,737
	Payment to suppliers and operating expenses	(4,003,843,278)	(3,283,774,414)
	Interest paid	(32,103,331)	(6,676,003)
	Interest received	209,663,929	51,841,611
	Income tax paid	(116,910,887)	(160,190,630)
	Net cash from operating activities	1,425,685,117	682,039,301
B)	Cash flows from investing activities		
	Acquisition of fixed assets	(53,119,077)	(71,906,162)
	Investment in FDR	(1,614,674,778)	(757,340,522)
	Investment in Zero Coupon Bond	100,000,000	-
	Net cash used in investing activities	(1,567,793,855)	(829,246,684)
C)	Cash flows from financing activities		
	Issue of new shares for cash	-	31,500,000
	Share premium	-	252,000,000
	Royalty paid	(23,576,497)	-
	Dividend paid	(78,750,000)	(31,500,000)
	Short term loan	112,448,691	(30,766,667)
	Net cash from financing activities	10,122,194	221,233,333
Net increase in cash and cash equivalents (A+B+C)		(131,986,544)	74,025,950
Opening cash and cash equivalents		238,727,661	164,701,711
Closing cash and cash equivalents		106,741,118	238,727,661

Notes to the financial statements as at and for the quarter ended 30 September, 2010

1.1 Reporting Entity

Marico Bangladesh Limited (MBL) was incorporated on 6 September 1999 in Bangladesh under the Companies Act 1994 as a private company limited by shares. Subsequently, the company was converted into a "Public Company" limited by shares vide special resolution passed in the extra ordinary general meeting held on 21 September 2008. The company is a subsidiary of Marico Limited, India. The company is listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

1.2 Registered office

The address of the company's registered office is at House # 01, Road # 01, Sector # 01, Uttara Model Town, Dhaka-1230.

1.3. Authorised capital

The authorized capital of the company is Tk. 400,000,000 divided into 40,000,000 ordinary shares of Tk. 10.00 each. The company was initially registered with an authorised capital of Tk. 10,000,000 divided into 1,000,000 ordinary shares of Tk. 10.00 each. Subsequently, the authorised capital was increased to Tk. 300,000,000 divided into 30,000,000 ordinary shares of Tk. 10.00 each vide special resolution passed in the extra ordinary general meeting held on 18 September 2008. The company further increased its authorised capital to Tk. 400,000,000 divided into 40,000,000 ordinary shares of Tk. 10.00 each vide special resolution passed in the extra ordinary general meeting held on 31 December 2008.

1.4 Nature of Business Activities

MBL carries on business in Branded Fast Moving Consumer Goods (FMCG) in Bangladesh. The company manufactures, markets and trades coconut oil, perfumed hair oil, soaps etc under the brand name of Parachute, Beliphool, Aromatic Gold, Camelia, Parachute Advansed etc in Bangladesh. MBL's products reach its consumers through retail outlets serviced by its own distribution network comprising of four sales depots located in Dhaka, Chittagong, Bogra and Jessore.

1.5 Factory operations

MBL has set up a manufacturing unit at Mouchak, Gazipur and went into commercial production from 27 October 2002 on a rented factory land and building. Subsequently the factory land measuring 66 decimals and the building had been acquired from Quality Chemical

Industries Limited on 12 March 2007. Adjacent land of the factory measuring 143.5 decimals had also been purchased from Mr. Sadequl Islam Bhuiyan.

2. Basis of Preparation

2.1 Statement of compliance

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

2.2 Date of authorization

The Board of Directors has authorised these financial statements on 21 October 2010 for issue.

2.3 Basis of measurement

The financial statements have been prepared under the historical cost convention.

2.4 Functional and presentational currency

The financial statements are prepared in Bangladesh Taka (Taka), which is the company functional currency. The figures of the financial statements have been rounded off to the nearest integer.

2.5 Reporting period

The balance sheet of the company as at 30 September 2010 and profit and loss account covered three months from 1 July 2010 to 30 September 2010.

2.6 Other regulatory compliance

The Company is also required to comply with the following major legal provisions in addition to the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

The Income Tax Ordinance 1984
The Income Tax Rules 1984
The Value Added Tax (VAT) Act 1991
The Value Added Tax (VAT) Rules 1991

2.7 Use of estimates and judgments

The preparation of these financial statements in conformity with BASs/ BFRSs, requires management to make judgments, estimates and assumptions that affect the amount reported in the financial statements and the accompanying notes. The accounting estimates that require most significant, difficult, and subjective judgments include:

- the assessment of recoverability of long-lived assets;
- the recognition and measurement of current and deferred income tax assets and liabilities

(including the measurement of uncertain tax provision);
- the valuation of inventories; and
- measurement of liability for staff gratuity.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

2.8 Going concern

The company has adequate resources to continue in operation for foreseeable future and hence, the financial statements have been prepared on a going concern basis. As per management assessment there are no materials uncertainties related to events or conditions which may cast significant doubt upon the company's ability to continue as a going concern.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at banks which are held available for use by the company without any restrictions.

The cash flow statement is prepared under direct method as per BAS-7.

2.10 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate thereof can be made.

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

The figures in the financial statements are denominated in Bangladesh Taka. Monetary assets and liabilities denominated in foreign currencies are translated into Bangladesh Taka at the exchange rates ruling at the balance sheet date. Non-monetories and liabilities denominated in foreign currencies, stated at historical cost, are translated into Bangladesh Taka at the exchange rates ruling at the date of transaction. Foreign exchange differences if any arising on translation are recognized in the profit and loss account. These are included in the finance cost under profit and loss account.

3.2 Property, plant and equipment

3.2.1 Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss if any. 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.

3.2.2 Subsequent cost

The cost of replacing a 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.

3.2.3 Depreciation

Depreciation is recognized 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 from the month of disposal.

3.3 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 intellectual property, copyright and other costs incidental to such capital expenditure.

3.4 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 exists, 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

Provision for income tax is made on the basis of the company's computation of taxable profit until the assessment is finalized by the tax authority. Adjustment, if any, arising out of the assessment is made in the year the assessment is completed. Applicable tax rate was 27.5% during the year.

3.7 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. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be availed against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.8 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 risks and rewards occur for the sale of goods when the product is delivered along with dispatch documents and invoices to customers.

3.9 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, costs include an appropriate share of production overheads based on normal operation capacity. The valuation of inventory requires to estimate obsolete or excess inventory as well as the inventory that is not of saleable quality. The determination of obsolete or excess inventory requires to estimate the future demand for the products.

Goods in transit represent the cost incurred up to the date of balance sheet for the items that were not received till to the date of balance sheet.

3.10 Defined benefit plan (gratuity)

Defined benefit plan is a retirement benefit plan under which amounts to be paid as retirement benefits are determined by reference to employees' earnings and/or year of service. The recognised Employees' Gratuity Fund is being considered as defined benefit plan as it meets the recognition criteria. The Company's obligation is to provide the agreed benefits to current employees as per the conditions of the fund.

Present value of the retirement benefit plan under the fair value of the plan assets has been determined by professional actuary. The difference between fair value of the plan assets and present value of obligation is recognised as a liability or an asset in the balance sheet. The rate used to discount post employment benefit obligations is determined by reference to the rate stated in the actuarial report. The expected return on plan assets is based on market expectation and is one of the components of expenses recognised in the profit and loss account. Total expenses recognised in the profit and loss account comprise of current service cost, interest cost, expected return on plan assets.

3.11 Leave encashment

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

3.12 Earnings per share

The Company presents its basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.13 Events after the reporting period

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.