marico

Uncommon sense

SUBSIDIARIES' FINANCIALS

Annual Report
2008-09

INDEX

Board of Directors	Harsh Mariwala Milind Sarwate Vijay Subramaniam Debashish Neogi Kunal Gupta
Registered Office	House-1, Road-1, Sector-1, Uttara, Dhaka – 1230, Bangladesh
Factory	Coconut Oil: Mouchak, Kaliakoir, Gazipur, Bangladesh Soap : 426 & 428, Gajaria para, Gazipur, Bangladesh
Auditors	Rahman Rahman Huq Chartered Accountants
Internal Auditors	Farhad Hussain & Co.
Bankers	Citibank N.A.Standard Chartered Bank HSBC Commercial Bank of Ceylon
Legal Advisors	Mr. Khairul Alam Chowdhury Barrister-at-law (Supreme Court), Law Valley, Segunbagicha, Dhaka, Bangladesh

DIRECTORS' REPORT

To,

The Members

The Board of Directors is pleased to present the Annual Report together with audited accounts of your Company for the year ended September 30, 2008.

FINANCIAL RESULTS

	(Taka Crore)		(Rs. Crore)	
Particulars	**2008**	**2007**	**2008**	**2007**
Sales and Other Income	268.05	145.76	184.14	100.13
Profit before tax	**42.87**	**20.58**	**29.45**	14.14
Tax	(16.14)	(0.88)	(11.10)	(0.60)
Profit after Tax	**26.73**	**19.70**	**18.36**	13.53
Add : Surplus brought forward	26.50	21.70	18.21	14.91
Profit available for Appropriation	**53.23**	**41.40**	**36.57**	**28.44**
Appropriation:				
Tax Holiday Reserve	30.55	(12.31)	20.99	(8.45)
Transfer to equity	(8.00)	(5.50)	–	
Dividend including dividend distribution tax	(3.15)	(2.59)	(2.16)	(1.78)
Surplus carried forward	**72.63**	**26.50**	**49.90**	18.21

Note: The exchange rate used to convert Taka to Rs. Is 0.687 / Taka (Rs. 0.578 / Taka)

SALES TURNOVER & PROFITABILITY

The year ended September 30, 2008 (FY08) has been a year of sustained volume growth. Turnover at Taka 265.89 Crore (Rs. 182.66 Crore), increased by 82% over FY07. Profit before tax (PBT) at Taka 42.87 Crore (Rs. 29.45 Crore) and Profit after tax (PAT) at Taka 26.73 Crore(Rs.18.36), showed substantial growths over the previous year.

SUBSIDIARY

The Company has sold its subsidiary, MBL Industries Limited to Marico Middle East FZE vide agreement dated on September 21, 2008 at par amounting total value Tk. 10 lacs.

AUTHORIZED AND PAID UP CAPITAL:

Your company's authorized capital was increased from Tk. 1 crore to Tk. 30 crore vide special resolution passed on September 18, 2008 and paid up capital increased to Tk. 9 crore from Tk. 1 Crore through 800% bonus issue vide board resolution on September 18, 2008.

CHANGE IN REGISTERED OFFICE

The address of the registered office has been shifted to House-1, Road-1, Sector-1, Uttara, Dhaka-1230 on July 2, 2008 from 272, Tejgaon Industrial Area, Dhaka-1208.

DIVIDEND

Your Directors have recommended a dividend payout of 35 % (including tax deduction at source). The dividend, if approved at the ensuing Annual General meeting, would be paid out of profits of the Company to the those members whose names appear in its Register of Members as on the date of declaration.

DIRECTORS' REPORT

DIRECTORS

The Board of Directors was same as the previous period.

AUDITORS

Your Company's Auditors, M/s. Rahman Rahman Huq, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness for re-appointment.

HUMAN RESOURCES

The Board wishes to place on record its appreciation of the co-operation and support received from all members of the organisation.

ACKNOWLEDGEMENT

The Board acknowledges the continued support and assistance received from the Government of Bangladesh, Bankers, Vendors, Distributors and other business associates and looks forward to continued support of all these partners in progress.

For and on behalf of Board of Directors

DEBASHISH NEOGI	**KUNAL GUPTA**
Director	Director

Place : Dhaka
Date : 10 November 2008

AUDITORS' REPORT

To

The Shareholders of Marico Bangladesh Limited

We have audited the accompanying balance sheet of Marico Bangladesh Limited as of 30 September 2008 and the related profit and loss account, cash flow statement and the statement of changes in 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 (BSA). 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 (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as of 30 September 2008 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 Company so far as it appeared from our examination of those books; and

c) the company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account.

Rahman Rahman Huq

Auditor

Place : Dhaka
Date : 10 November 2008

BALANCE SHEET

	Notes	As at September 30, 2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
SOURCES OF FUNDS					
Shareholders equity:					
Share capital	4	90,000,000	10,000,000	6.18	0.58
Tax holiday reserve		–	305,545,269	–	17.66
Proposed dividend		31,500,000	25,900,000	2.17	1.50
Accumulated profit		726,339,798	265,007,823	49.90	15.32
		847,839,798	606,553,092	58.25	35.06
Deferred tax liability		8,291,020	6,177,803	0.57	0.36
Provision for gratuity		2,235,457	–	0.15	–
		10,526,477	6,177,803	0.72	0.36
Total		**58,366,275**	**612,730,895**	**58.97**	**35.42**
Applications of fund					
Property, plant and equipments	5				
Cost		305,885,168	155,337,189	21.01	8.98
Less: Accumulated depreciation		65,647,625	40,368,692	4.51	2.33
		240,237,542	**114,968,497**	**16.50**	**6.65**
Asset under construction	6	65,000,000	130,000,000	4.47	7.51
Intangible assets	7	15,298,714	17,986,685	1.05	1.04
Other assets	8	77,791,645	89,291,653	5.34	5.16
Investment in subsidiary		–	1,000,000	–	0.06
Current assets:					
Inventories	9	175,874,007	41,595,775	12.08	2.40
Goods in transit		193,876,114	59,658,788	13.32	3.45
Accrued interest	10	4,150,411	639,521	0.29	0.04
Trade debtors	11	4,208,637	115,211,767	0.29	6.66
Investments	12	100,000,000	–	6.87	–
Advances and deposits	13	120,589,326	162,506,590	8.28	9.39
Advance income tax	14	–	3,276,376	–	0.19
Cash and cash equivalents	15	444,701,711	133,478,475	30.55	7.72
Total current assets		**1,043,400,205**	**516,367,292**	**71.68**	**29.85**
Less: Current liabilities and provisions:					
Short term finance	16	30,766,667	65,745,302	2.11	3.80
Liability for expenses	17	189,308,846	64,872,084	13.01	3.75
Interest payable		–	125,278	–	0.01
Income tax payable	14	124,908,717	–	8.58	–
Trade creditors	18	190,018,426	90,478,115	13.05	5.23
Payable to holding company	19	45,016,335	27,141,252	3.09	1.57
Other liabilities	20	3,342,840	8,521,201	0.23	0.49
Total current liabilities		583,361,831	256,883,232	40.07	14.85
Net current assets		**460,038,374**	**259,484,060**	**31.61**	**15.00**
Total		**858,366,275**	**612,730,895**	**58.97**	**35.42**

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

As per our separate report of even date.

For and on behalf of the Board of Directors

Rahman Rahman Huq	**Debashish Neogi**	**Kunal Gupta**
Auditors	Director	Director
Place : Dhaka	Place : Dhaka	
Date : 10 November 2008	Date : 10 November 2008	

Note: The exchange rate used to convert Taka to Rs. 0.687 / Taka (Rs. 0.578 / Taka)

PROFIT AND LOSS ACCOUNT

	Notes	2008 Taka Tax holiday	2007 Taka Non-tax holiday	2008 Rs. Crore	2007 Rs. Crore
		Year ended September 30,			
Turnover	21	2,658,852,912	1,451,889,808	182.66	99.74
Cost of sales	22	(1,879,585,931)	(934,303,842)	(129.13)	(64.19)
Gross profit		**779,266,981**	**517,585,966**	**53.54**	**35.56**
General and administration expenses	23	(155,914,243)	(112,216,571)	(10.71)	(7.71)
Selling and distribution expenses	24	(210,209,088)	(189,558,267)	(14.44)	(13.02)
Net profit before interest expense		413,143,650	215,811,128	28.38	14.83
Interest expense	25	(5,965,403)	(15,682,642)	(0.41)	(1.08)
Net profit after interest expense		**407,178,247**	**200,128,486**	**27.97**	**13.75**
Other income	26	21,551,307	5,671,188	1.48	0.39
Net profit before taxation		**428,729,554**	**205,799,674**	**29.45**	**14.14**
Tax expenses:					
Current tax		(159,329,730)	(2,631,366)	(10.95)	(0.18)
Deferred tax		(2,113,118)	(6,177,803)	(0.15)	(0.42)
Net profit after taxation		267,286,706	196,990,505	18.36	13.53
Tax holiday reserve		305,545,269	(123,064,559)	20.99	(8.45)
Proposed dividend	26	(31,500,000)	(25,900,000)	(2.16)	(1.78)
Profit brought forward		265,007,823	216,981,877	18.21	14.91
Transfer to equity		(80,000,000)	–	(5.50)	–
Accumulated profit carried forward to the balance sheet		**726,339,798**	**265,007,823**	**49.90**	**18.21**

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

As per our separate report of even date.

For and on behalf of the Board of Directors

Rahman Rahman Huq
Auditors
Place : Dhaka
Date : 10 November 2008

Debashish Neogi
Director

Kunal Gupta
Director

Place : Dhaka
Date : 10 November 2008

Note: The exchange rate used to convert Taka to Rs. 0.687 / Taka (Rs. 0.578 / Taka)

CASH FLOW STATEMENT

		Year ended September 30,			
		2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
A)	**Cash flows from operating activities**				
	Net profit/(loss) before tax	428,729,554	205,799,674	29.45	11.90
	Add: Depreciation	25,377,157	19,425,151	1.74	1.12
	Deferred expenses write off	11,500,008	11,500,008	0.79	0.66
	Amortisation of brand rights	2,687,970	2,550,470	0.18	0.15
	Loss on sale of fixed asset	23,257	7,318	0.01	0.01
	Gain on sale of fixed asset	–	(40,000)	–	(0.01)
	Provision for gratuity	2,235,457	–	0.15	–
		41,823,849	33,442,947	2.88	1.93
	Changes in working capital:				
	Current liabilities increase/(decrease)-				
	Short term finance	(34,978,635)	(175,032,647)	(2.40)	(10.12)
	Liability for expenses	124,436,762	(5,237,554)	8.55	(0.30)
	Interest payable	(125,278)	(6,832,361)	(0.01)	(0.39)
	Trade creditors	99,540,311	41,771,078	6.84	2.41
	Loan from subsidiary	–	(20,000,000)	–	(1.16)
	Payable to holding company	17,875,083	15,731,717	1.23	0.91
	Other liabilities	(5,178,360)	6,217,520	(0.36)	0.36
		201,569,883	(143,382,247)	13.85	(8.29)
	Current assets (increase)/decrease-				
	Inventories	(134,278,232)	16,131,272	(9.22)	0.93
	Goods in transit	(134,217,326)	(33,552,958)	(9.22)	(1.94)
	Accrued interest	(3,510,890)	4,405,732	(0.24)	0.25
	Trade debtors	111,003,130	10,288,695	7.63	0.59
	Advances and deposits	41,917,265	(65,975,807)	2.88	(3.81)
		(119,086,053)	(68,703,066)	(8.18)	(3.97)
	Income tax paid	(31,144,537)	(8,660,939)	(2.14)	(0.50)
	Net cash generated from operating activities	**521,892,696**	**18,496,368**	**35.86**	**1.07**
B)	**Cash flows from investing activities**				
	Acquisition of fixed assets	(85,669,459)	(41,047,882)	(5.89)	(2.37)
	Sale proceed from sale of fixed asset	–	475,243	–	0.03
	Acquisition of intangible assets	–	(750,000)	–	(0.04)
	Sale of investment in subsidiaries	1,000,000	–	0.07	–
	Investment in Zero coupon bond	(100,000,000)	–	(6.87)	–
	Net cash generated / (used) from investing activities	**(184,669,459)**	**(41,322,639)**	**(12.69)**	**(2.39)**
C)	**Cash flows from financing activities**				
	Dividend paid	(26,000,000)	(11,000,000)	(1.79)	(0.64)
	Net cash generated / (used) from financing activities	**(26,000,000)**	**(11,000,000)**	**(1.79)**	**(0.64)**
D)	**Net increase in cash and cash equivalent (A+B+C)**	311,223,237	(33,826,270)	21.39	(1.96)
	Opening cash and cash equivalents	133,478,475	167,304,745	9.17	9.67
	Closing cash and cash equivalent	**444,701,711**	**133,478,475**	**30.56**	**7.72**

Note: The exchange rate used to convert Taka to Rs. 0.687 / Taka (Rs. 0.578 / Taka)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended September 30, 2008

	Share capital Taka	Tax holiday reserve Taka	Proposed dividend Taka	Undistributed profit Taka	Total Taka	Share capital Rs. Crore	Tax holiday reserve Rs. Crore	Proposed dividend Rs. Crore	Undistributed profit Rs. Crore	Total Rs. Crore
Balance at 30 September 2005	**10,000,000**	**138,136,457**	-	**170,049,421**	**318,185,878**	**0.72**	**9.90**	-	**12.19**	**22.81**
Net profit after tax for the year 2006	-	-	-	102,376,709	102,376,709	-	-	-	7.34	7.34
Transferred to tax holiday reserve	-	44,344,253	-	(44,344,253)	-	-	3.18	-	(3.18)	-
Proposed dividend	-	-	11,100,000	(11,100,000)	-	-	-	0.80	(0.80)	-
Balance at 30 September 2006	**10,000,000**	**182,480,710**	**11,100,000**	**216,981,877**	**420,562,587**	**0.72**	**13.08**	**0.80**	**15.56**	**30.15**
Net profit after tax for the year 2007	-	-	-	196,990,505	196,990,505	-	-	-	11.39	11.39
Transferred to tax holiday reserve	-	123,064,559	-	(123,064,559)	-	-	7.11	-	(7.11)	-
Dividend paid	-	-	(11,000,000)	(11,000,000)	-	-	(0.64)	-	(0.64)	-
Dividend reversed	-	-	(100,000)	100,000	-	-	(0.01)	0.01	-	-
Proposed dividend	-	-	26,000,000	(26,000,000)	-	-	-	1.50	(1.50)	-
Balance at 30 September 2007	**10,000,000**	**305,545,269**	**26,000,000**	**265,007,823**	**606,553,092**	**0.69**	**20.99**	**1.79**	**18.21**	**41.67**
Net profit after tax for the year 2008	-	-	-	267,286,706	267,286,706	-	-	-	18.36	18.36
Reversal of the tax holiday reserve	-	(305,545,269)	-	305,545,269	-	-	(20.99)	-	20.99	-
Dividend paid	-	-	(26,000,000)	(26,000,000)	-	-	(1.79)	-	(1.79)	-
Proposed dividend	-	-	31,500,000	(31,500,000)	-	-	-	2.16	(2.16)	-
Transferred to Share capital	80,000,000	-	-	(80,000,000)	-	5.50	-	-	(5.50)	-
Balance at 30 September 2008	**90,000,000**	-	**31,500,000**	**726,339,798**	**847,839,798**	**6.18**	-	**2.16**	**49.90**	**58.25**

Note: The exchange rate used to convert Taka to Rs. 0.687 / Taka (Rs. 0.578 / Taka)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2008

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 converted to "Public Company" limited by shares vide special resolution passed in the extra ordinary gerenal meeting held on 21 September 2008. The company is a wholly owned subsidiary of Marico Limited, India.

1.2 Registered Office

The address of the company's registered office has been shifted to House # 01, Road #. 01, Sector #01, 4th floor, Uttara Model Town, Dhaka- 1230 on 2 July 2008 from 272, Tejgaon Industrial Area, Dhaka-1208.

1.3 Authorised Capital

The authorised capital of the company has been increased from Tk 10,000,000 (Rs. 0.69 Crore) divided into 1,000,000 ordinary shares of Tk 10 each to Tk. 300,000,000 (Rs. 20.61 Crore) divided in to 30,000,000 ordinary shares of Tk. 10 each vide special resolution dated 18th September, 2008 passed in the extra ordinary general meeting.

1.4 Nature of Business Activities

The company is engaged in manufacturing and marketing of Branded Fast Moving Consumer Goods under the brand name of Parachute, Beliphool, Aromatic Gold, Camelia, etc in Bangladesh. The company sells its products with its own managed depot from Chittagong, Bogra, Jessore and also through Kallol Limited. The company started its commercial operations from 30 January 2000.

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. Subquently 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 128.5 decimals had also been purchased from Mr. Sadequl lslam Bhuiyan on 14 November 2007. A deed of agreement for purchase of another piece of land measuring 15 decimals had been signed with Mr. Sadequl Islam Bhuiyan on 14 November 2007.

1.6 Transfer of shareholdings of MBL Indistries Limited

MBL Indistries Limited, a Private Limited Company limited by share incorporated under Companies Act 1994 with authorized and paid up capital of Tk 1,000,000 divided into 100,000 shares at a face value of Tk 10 per share was a wholly owned subsidiary of Marico Bangladesh Limited. But as a part of restructuring of intra-group ownership of subsidiaries in Marico Group the entire share holding in MBL Indistries Limited has been transferred by Marico Bangladesh Limited to Marico Middle East FZE vide agreement dated 21 September 2008.

2. Specific accounting policy selected and applied for significant transactions and events

2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS) and as per the requirements of the Companies Act 1994.

2.2 Basis of preparation

The financial statements except for cash flow information are prepared on accrual basis of accounting.

2.3 Basis of measurement

The financial statements except for cash flow information are prepared on accrual basis of accounting.

2.4 Reporting currency and level of precision

The figures in the financial statements are denominated in Bangladesh Taka (BDT), rounded off to the nearest integer.

2.5 Reporting period

Financial statements of the company covered the period from 1 October 2007 to 30 September 2008 consistently.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2008

2.6 Regulatory compliance

The Company is required to comply with amongst others, the following laws and regulations.

The Companies Act 1994

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 judgements

The preparation of the 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.

2.8 Going concern

The company has adequate resources to continue in operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management assessment there are no material 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

Cosidering the provisions of BAS-I and BAS-7, cash on hand and bank balances have been stated as cash and cash equivalents.

The net cash flow from operating activities is determined by adjusting profit for the year under indirect 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 Bangladeshi Taka. Monetary assets and liabilities denominated in foreign currencies are translated into Bangladeshi Taka at the exchange rates ruling at the balance sheet date. Non-monetaries and liabilities denominated in foreign currencies, stated at historical cost, are translated into Bangladesh Taka at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognized in the profit and loss account.

3.2 Property, Plant and Equipment

i) **Recognition and measurement**

Property, Plant and 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2008

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	20-31%

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

3.4 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.

3.5 Taxation

Provision for income tax is made on the basis of 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 37.5% during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2008

3.6 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.

3.7 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.

3.8 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.

3.9 Defined benefit plan (Gratuity)

Gratuity is provided to the employees completing minimum five years of service with the organization. 50% of latest basic salary (one month) is multiplied by length of service to calculate provision for gratuity.

3.10 General

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

3.11 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

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Authorised:				
30,000,000 Ordinary shares ofTk 10 each*	300,000,000	10,000,000	20.61	0.58
Paid up:				
9,000,000 Ordinary shares ofTk 10 each**	90,000,000	10,000,000	6.18	0.58

* Refer Note 1.3

** 1,000,000 no. of share alloted against cash and rest of the share alloted as bonus share. Bonus issued @ 800% as interim declaration vide Board Decision dated 18 September 2008.

The shares are held by Marico Limited, India.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2008

5. Property, plant and equipment

Particulars	Cost				Depreciation				Written down value	
	As at 1 Oct. 2007	***Addition during the year	Disposal during the year	As at 30 Sep. 2008	As at 1 Oct. 2007	Charged for the year	Adjustment for the year	As at 30 Sep. 2008	As at 30 Sep. 2008	As at 30 Sep. 2007
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Plant and machinery	103,386,233	83,745,486	–	187,131,719	21,404,238	16,566,333	–	37,970,571	149,161,147	81,981,994
Free hold land	12,679,600	23,714,886	–	36,394,486	–	–	–		36,394,486	12,679,600
Vehicles	11,220,374	–		11,220,374	5,366,511	1,830,001	–	7,196,512	4,023,862	5,853,863
Factory equipment	3,992,599	57,600	–	4,050,199	2,856,150	550,401	–	3,406,551	643,648	1,136,449
Moulds	6,782,208	3,256,741	–	10,038,949	3,404,954	1,762,691	–	5,167,645	4,871,304	3,377,254
Factory building	4,743,030	–	–	4,743,030	865,040	564,323	–	1,429,363	3,313,667	3,877,990
Office building	–	31,116,725	–	31,116,725	–	777,918	–	777,918	–	–
Laboratory equipment	738,100	–	–	738,100	694,355	28,365	–	722,720	15,380	43,745
Office equipments	3,071,840	955,479	–	4,027,319	1,563,971	934,795	–	2,498,766	1,528,553	1,507,869
Computers	3,368,109	479,350	93,000	3,754,459	1,642,095	858,123	69,743	2,430,475	1,323,984	1,726,014
Furniture & fixtures	4,061,464	6,863,292	28,480	10,896,276	2,045,676	1,198,192	28,480	3,215,388	7,680,887	2,015,787
A/C, Refrigerator, water coolers	1,293,633	479,900	–	1,773,533	525,702	306,015	–	831,717	941,816	767,931
At 30 September 2008	155,337,189	150,669,459	121,480	305,885,168	40,368,692	25,377,157	98,223	65,647,626	209,898,735	114,968,497
At 30 September 2007	118,311,911	41,047,882	4,022,604	155,337,189	24,523,585	19,425,151	3,580,044	40,368,692	114,968,497	93,788,326

Depreciation allocated to:

	Taka
Manufacturing	19,352,113
Administration	6,025,044
	25,377,157

Particulars	Cost				Depreciation				Written down value	
	As at 1 Oct. 2007	***Addition during the year	Disposal during the year	As at 30 Sep. 2008	As at 1 Oct. 2007	Charged for the year	Adjustment for the year	As at 30 Sep. 2008	As at 30 Sep. 2008	As at 30 Sep. 2007
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Plant and machinery	5.98	5.75	–	12.86	1.24	1.14	–	2.61	10.25	4.74
Free hold land	0.73	1.63	–	2.50	–	–	–	–	2.50	0.73
Vehicles	0.65	–	–	0.77	0.31	0.13	–	0.49	0.28	0.34
Factory equipment	0.23	0.00	–	0.28	0.17	0.04	–	0.23	0.04	0.07
Moulds	0.39	0.22	–	0.69	0.20	0.12	–	0.36	0.33	0.20
Factory building	0.27	–	–	0.33	0.05	0.04	–	0.10	0.23	0.22
Office building	–	2.14	–	2.14	–	0.05	–	0.05	–	–
Laboratory equipment	0.04	–	–	0.05	0.04	0.00	–	0.05	0.00	0.00
Office equipments	0.18	0.07	–	0.28	0.09	0.06	–	0.17	0.11	0.09
Computers	0.19	0.03	0.01	0.26	0.09	0.06	0.00	0.17	0.09	0.10
Furniture & fixtures	0.23	0.47	0.00	0.75	0.12	0.08	0.00	0.22	0.53	0.12
A/C, Refrigerator, water coolers	0.07	0.03	–	0.12	0.03	0.02	–	0.06	0.06	0.04
At 30 September 2008	8.98	10.35	0.01	21.01	2.33	1.74	0.01	4.51	14.42	6.65
At 30 September 2007	8.48	2.37	0.23	8.98	1.76	1.12	0.21	2.33	6.65	6.72

Depreciation allocated to:

	Rs. Crore
Manufacturing	1.74
Administration	–
	1.74

*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 Taka	Amounts Rs. Crore
Plant and machinery	2,870,157	0.20
Factory equipment	33,800	0.00
Moulds	655,775	0.05
Vehicles	827,537	0.06
	4,387,269	**0.30**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2008

6. Asset under construction

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Opening balance	130,000,000	130,000,000	8.93	7.51
Add: Addition during the year	–	–	–	–
	130,000,000	130,000,000	8.93	7.51
Less: Transfer to property, plant & equipment	65,000,000	–	4.47	–
Closing balance	**65,000,000**	**130,000,000**	**4.47**	**7.51**

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 (Rs. 0.34 Crore) for acquiring the intellectual property right and copy right of “Camelia” and “Magnolia” soaps. Taka 15,000,000 (Rs. 1.03 Crore) 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.

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Marks & Allys Limited:				
Intellectual property right	2,500,000	2,500,000	0.17	0.14
Copy right	2,500,000	2,500,000	0.17	0.14
	5,000,000	5,000,000	0.34	0.29
Aromatic Cosmetics Limited:				
Intellectual property right	7,500,000	7,500,000	0.52	0.43
Copy right	7,500,000	7,500,000	0.52	0.43
	15,000,000	15,000,000	1.03	0.87
Incidental to capital expenditure	3,075,125	3,075,125	0.21	0.18
Total cost	23,075,125	23,075,125	1.59	1.33
Less: Accumulated amortization	7,776,411	5,088,440	0.53	0.29
Net value	**15,298,714**	**17,986,685**	**1.05**	**1.04**

8. Other assets

These represent a sum of Tk 65,000,000 (Rs. 4.47 Crore) paid to Marks & Allys Limited and Tk 50,000,000 (Rs. 3.43 Crore) 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:

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Marks & Allys Limited	65,000,000	65,000,000	4.47	3.76
Aromatic Cosmetics Limited	50,000,000	50,000,000	3.44	2.89
Total deferred expenditure	115,000,000	115,000,000	7.90	6.65
Less: Amortized	37,208,355	25,708,347	2.56	1.49
	77,791,645	**89,291,653**	**5.34**	**5.16**

9. Inventories

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Raw materials	105,101,760	23,743,933	7.22	1.37
Packing materials	21,910,713	8,878,911	1.51	0.51
Finished goods	48,861,534	8,972,931	3.36	0.52
	175,874,007	**41,595,775**	**12.08**	**2.40**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2008

10. Accrued interest

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Interest on FDR	4,150,411	544,521	0.29	0.03
Interest on call deposit	–	95,000	–	0.01
	4,150,411	**639,521**	**0.29**	**0.04**

11. Trade debtors

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Receivable from Kallol Traders Ltd.	4,208,637	115,211,767	0.29	6.66
	4,208,637	**115,211,767**	**0.29**	**6.66**

12. Investments

The company has made investment in "Zero Coupon Bond" during the year with IDLC as per "Deed Trust" dated 29 June 2008 and 'Subscription Agreement' dated 23 September 2008. Ten Zero Coupon Bonds have been alloted in favor of the company with face value Tk 11,314,082 (Rs.0.78 Crore) and issue price Tk 10,000,000 (Rs.0.69 Crore) per bond.

13. Advances and deposits

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Advances:				
Ethical Drugs Limited *	14,976,245	34,730,694	1.03	2.01
Materials	82,326,899	30,642,975	5.66	1.77
Marks & Allys Limited	–	20,000,000	–	1.16
Advance for Services	7,259,716	63,604,176	0.50	3.68
	104,562,860	**148,977,846**	**7.18**	**8.61**
Deposits:				
VAT current account	13,129,744	9,690,265	0.90	0.56
Supplementary duty	–	306,185	–	0.02
Security deposits	2,896,721	3,532,295	0.20	0.20
	16,026,465	13,528,745	1.10	0.78
	120,589,325	**162,506,590**	**8.28**	**9.39**

* Ethical Drugs Limited is a contract manufacturer of MBL.

14. Advance income tax income tax payable

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Opening balance	3,276,376	(2,753,197)	0.23	(0.16)
Add: Advance tax paid & deductions at source	31,144,637	8,660,939	2.14	0.50
	34,421,013	**5,907,742**	**2.36**	**0.34**
Less: Provision for current taxation	159,329,730	2,631,366	10.95	0.15
Closing balance	**(124,908,717)**	**3,276,376**	**(8.58)**	**0.19**

15. Cash and cash equivalents

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Cash on hand	615,371	222,406	0.04	0.01
Fixed deposit with:				
State Bank of India	130,000,000	30,000,000	8.93	1.73
IDLC Finance Limited	80,000,000	100,000,000	5.50	5.78
Brac Bank limited	20,000,000	–	1.37	–
Bank Asia	50,000,000	–	3.44	–
	280,000,000	**130,000,000**	**19.24**	**7.51**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2008

Cash at banks:

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Citibank N.A.	139,596,248	–	9.59	–
Standard Chartered Bank	2,750,540	3,251,849	0.19	0.19
Commercial Bank of Ceylon	2,117	4,220	0.00	0.01
HSBC	4,737,435	–	0.33	–
IDLC Finance Limited	17,000,000	–	1.17	–
	164,086,340	**3,256,069**	**11.27**	**0.20**
	444,701,711	**133,478,475**	**30.55**	**7.73**

16. Short term finance

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Short term loan:				
Citibank N.A	–	50,000,000	2.89	–
Bank overdraft:				
Citibank N.A.	30,766,667	15,745,302	2.11	0.91
Standard Chartered Bank, Dhaka	–	–	–	–
	30,766,667	15,745,302	2.11	0.91
	30,766,667	**65,745,302**	**2.11**	**3.80**

Citibank N.A.

a) **Limit**

Total aggregate limit of short term loan and bank overdraft is Tk.340 million (Rs. 23.36 Crore). 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.340 million (Rs. 23.36 Crore).

c) **Rate of interest**

Rate of interest has been varied from 11 % to 13% depending on the money market and inter relationship.

HSBC

a) **Limit**

Total aggregate limit of short term loan and bank overdraft is Tk 215 million (Rs. 14.77 Crore). 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 215 million (Rs. 14.77 Crore)

c) **Rate of interest**

Rate of interest has been varied from 10.25% to 12% depending on the money market and inter relationship.

17. Liability for expenses

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Business promotion expenses	110,470,105	24,294,962	7.59	1.40
Advertisement expenses	70,877,406	28,221,649	4.87	1.63
Audit fees	250,000	200,000	0.02	0.01
Leave encashment	–	350,000	–	0.02
Creditors for supplies	4,438,766	8,117,563	0.30	0.47
Other expenses	3,272,569	3,687,911	0.22	0.21
	189,308,846	**64,872,084**	**13.01**	**3.75**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2008

18. Trade creditors

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Marico Limited, India	82,148,574	31,476,951	5.64	1.82
Import duty and related charges	8,329,541	17,230,085	0.57	1.00
	90,478,115	**48,707,037**	**6.22**	**2.82**

19. Payable to holding company

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Royalty	36,122,349	20,408,616	2.48	1.18
Bank guarantee commission	8,893,986	6,732,636	0.61	0.39
	45,016,335	**27,141,252**	**3.09**	**1.57**

20. Other liabilities

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Advance from customers	1,180,440	7,693,606	0.08	0.44
Tax deducted from vendors' bills	861,423	827,594	0.06	0.05
Supplementary duty	1,300,978	–	0.09	–
	3,342,841	**8,521,200**	**0.23**	**0.49**

21. Turnover

Products

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Parachute coconut oil	2,357,649,671	1,263,987,974	161.97	73.06
Beli	17,306,653	–	1.19	–
Camelia	7,420,280	–	0.51	–
Aromatic soap	276,476,308	187,901,834	18.99	10.86
	2,658,852,912	**1,451,889,808**	**182.66**	**83.92**

22. Cost of sales

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Raw and packing materials consumption	1,840,899,812	904,321,768	126.47	52.27
Add: Factory overhead (note-22.1)	38,353,720	29,630,073	2.63	1.71
Carriage inward	332,400	352,000	0.02	0.02
	38,686,120	29,982,073	2.66	1.73
	1,879,585,932	**934,303,842**	**129.13**	**54.00**

22.1 Factory overhead

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Salary and wages	6,732,958	5,263,155	0.46	0.30
Power expenses	2,976,308	2,455,693	0.20	0.14
Factory rent	395,860	742,509	0.03	0.04
Hire charges on plant and machinery	1,233,000	2,500,000	0.08	0.14
Loading charges	505,644	110,276	0.03	0.01
Repairs & maintenance-plant and machineries	2,256,014	962,477	0.15	0.06
Repairs and maintenance-Factory building	1,176,705	550,810	0.08	0.03
Depreciation	19,352,113	14,982,956	1.33	0.87
Other expenses	3,725,119	2,062,197	0.26	0.12
	38,353,721	**29,630,073**	**2.63**	**1.71**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2008

23. General and administration expenses

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Salaries and allowances (Note 23.1)	62,713,638	39,794,244	4.31	2.30
Gratuity	2,335,856	–	0.16	–
Rent	2,199,153	1,577,450	0.15	0.09
Professional charges	3,361,404	2,583,232	0.23	0.15
Security charges	786,092	771,387	0.05	0.04
Legal charges	1,312,451	1,400,885	0.09	0.08
Director's remuneration	133,335	373,338	0.01	0.02
Repair and maintenance	3,021,953	1,979,018	0.21	0.11
Communication expenses	6,348,772	4,476,536	0.44	0.26
Subscription to trade association	103,417	–	0.01	–
Entertainment	1,212,610	953,235	0.08	0.06
Printing and stationery	1,430,260	858,468	0.10	0.05
Vehicle running expenses	6,985,980	5,882,429	0.48	0.34
Travelling and conveyance *	11,727,341	7,526,651	0.81	0.44
Audit fees	28,700	365,000	0.00	0.02
Recruitment expenses	490,085	480,079	0.03	0.03
Insurance premium	990,016	1,624,005	0.07	0.09
Books and periodicals	102,854	66,333	0.01	0.00
Deferred expenses written off	11,500,008	11,500,008	0.79	0.66
Bank charges	1,244,283	870,974	0.09	0.05
Bank guarantee commission	2,161,350	6,732,751	0.15	0.39
Exchange loss	–	369,500	–	0.02
Staff welfare expenses	2,073,830	865,715	0.14	0.05
Conference and training expenses	712,478	1,184,242	0.05	0.07
Electricity and gas charges	625,610	410,120	0.04	0.02
Amortization of brand rights	2,687,970	2,550,470	0.18	0.15
Royalty **	23,576,497	12,570,989	1.62	0.73
Loss on sale of asset	23,257	7,318	0.00	0.00
Depreciation	6,025,044	4,442,195	0.41	0.26
	155,914,244	**112,216,571**	**10.71**	**6.49**

* It includes Tk. 4,519,509 for overseas travel

** It includes TDS in accordance with the ITO 1984

23.1 Salaries and allowances

These include remuneration of Tk 18,566,507 (Rs. 1.28 Crore) to the Managing Director and Executive Director as salary and benefits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2008

24. Selling and distribution expenses

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Business promotion expenses	53,999,080	87,354,759	3.71	5.05
Advertisement	132,827,867	87,553,404	9.13	5.06
Market research expenses	4,515,874	6,356,495	0.31	0.37
Redistribution expenses	8,021,421	3,159,002	0.55	0.18
Freight- outward	10,844,846	5,134,606	0.75	0.30
	210,209,088	**189,558,267**	**14.44**	**10.96**

25. Interest expense

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Interest on term loan	4,121,738	10,909,722	0.28	0.63
Interest on overdraft	1,843,664	3,115,725	0.13	0.18
Interest on loan from MBL Industries Ltd.	–	1,657,195	–	0.10
	5,965,402	**15,682,642**	**0.41**	**0.91**

26. Other income

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Interest on fixed deposit	20,915,505	5,203,540	1.44	0.30
Interest on call deposit	452,806	348,210	0.03	0.02
Profit on sale of asset	–	40,000	–	0.01
Interest on staff loan	–	79,439	–	0.01
Exchange gain	182,996	–	0.01	–
	21,551,307	**5,671,188**	**1.48**	**0.34**

27. Proposed dividend

Dividend for the year is proposed @ 35% at Tk 31,500,000 (Rs.2.16 Crore).

28. Related party transactions

Name of the related party / Nature of transactions

	Equivalent Taka	Equivalent Taka	Equivalent Rs. Crore	Equivalent Rs. Crore
Marico Limited, India Purchase of coconut oil	861,529,562	397,269,280	59.19	22.96

29. Contingent liabilities

There are L/C commitments for Tk 72,036,671 (Rs.4.95 Crore) and shipping guarantee for Tk 517,973 (Rs. 0.04 Crore) with The Hongkong Shanghai Banking Corporation Limited Bangladesh and L/C commitments for Tk 32,000,000 (Rs.2.20 Crore) with Standard Chartered Bank and Tk 291,204,683 (Rs. 20.01 Crore) with Citibank N.A.

30. 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 55.

31. Import of capital machinery and raw materials

During the year import of capital machinery was for US$ 233,746 (Rs. 1.10 Crore) and raw material was worth US$ 16,120,152.29 (Rs. 75.71 Crore).

32. Subsequent position

There was no subsequent event, to report after the balance sheet date, which had an influence on the fmancial statements for the year ended 30 September 2008.

33. General

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

Board of Directors	Harsh Mariwala
	Milind Sarwate
	Debashish Neogi
	Vijay Subramaniam
	Kunal Gupta
Registered Office	House-1, Road-1, Sector-1,
	Uttara, Dhaka – 1230, Bangladesh
Auditors	Rahman Rahman Huq
	Chartered Accountants
Internal Auditors	Farhad Hussain & Co.
Bankers	Standard Chartered Bank
	Citibank N.A.
	Commercial Bank of CeylonHSBC
Legal Advisors	Mr. Khairul Alam Chowdhury
	Barrister-at-law (Supreme Court),
	Law Valley, Segunbagicha, Dhaka, Bangladesh

DIRECTORS' REPORT

To,

The Members

The Board of Directors is pleased to present the Annual Report together with audited accounts of your Company for the year ended September 30, 2008.

FINANCIAL RESULTS

	(Taka Crore)		(Rs. Crore)	
Particulars	**2008**	**2007**	**2008**	**2007**
Sales and Other Income	13.81	25.76	9.47	14.89
Profit before tax	**1.14**	**3.15**	**0.78**	**1.82**
Tax	(0.44)	(1.27)	(0.30)	(0.73)
Profit after Tax	**0.70**	**1.88**	**0.48**	**1.09**
Add : Surplus brought forward	5.05	3.17	3.47	1.83
Surplus carried forward	**5.75**	**5.06**	**3.95**	**2.92**

Note: The exchange rate used to convert Taka to Rs. is Rs. 0.686 / Taka (Rs. 0.578 / Taka)

SALES TURNOVER & PROFITABILITY

During the year ended September 30, 2008 (FY08), your Company recorded a turnover of Taka 10.54(Rs.7.23 Crore) Crore on which it earned a profit before tax of Taka 1.14 Crore (Rs.0.78 Crore) and a profit after tax of Taka 0.70 Crore (Rs.0.48 Crore).

DIVIDEND

No dividend is being proposed for this year.

DIRECTORS

The Board of Directors was same as previous period

CHANGE IN OWNERSHIP

The company was a wholly owned subsidiary of Marico Bangladesh Ltd. As a part of group corporate restructuring, the company is now 100% subsidiary of Marico Middle East FZE (MME) from this year. MME is also 100% subsidiary of Marico Ltd. India.

CHANGE IN REGISTERED OFFICE

The address of the registered office has been shifted to House-1, Road-1, Sector-1, Uttara, Dhaka-1230 on July 2, 2008 from 272, Tejgaon Industrial Area, Dhaka-1208.

AUDITORS

M/s. Rahman Rahman Huq, Chartered Accountants, retire and being eligible offer themselves for re-appointment as Auditors of the Company.

HUMAN RESOURCES

The Board wishes to place on record its appreciation of the co-operation and support received from all members of the organisation.

ACKNOWLEDGEMENT

The Board acknowledges the continued support and assistance received from the Government of Bangladesh, Bankers, Vendors, Distributors and other business associates and looks forward to continued support of all these partners in progress.

For and on behalf of Board of Directors

Place : Dhaka

Date : Date: 10 November 2008

DEBASHISH NEOGI
Director

KUNAL GUPTA
Director

AUDITORS' REPORT

To
The Shareholders of MBL Industries Limited

We have audited the accompanying balance sheet of MBL Industries Limited as at 30 September 2008 and the related profit and loss account, cash flow statement and the statement of changes in 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 (BSA). 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 (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at 30 September 2008 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 balance sheet and profit and loss account dealt with by the report are in agreement with the books of account.

Rahman Rahman Huq

Place : Dhaka **Auditor**

Date : 10 November 2008

BALANCE SHEET

	Notes	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
		As at September 30,			
SOURCE OF FUNDS					
Shareholders equity :					
Share capital	4	1,000,000	1,000,000	0.07	0.06
Accumulated profit		57,544,779	50,554,421	3.95	2.92
		58,544,779	51,554,421	4.02	2.98
Deferred tax liability		459,017	75,732	0.03	–
Provision for gratuity		570,034	–	0.04	–
Total		**59,573,830**	**51,630,153**	**4.09**	**2.98**
Application of funds					
Property, plant and equipments					
Cost	5	16,874,998	5,632,818	1.16	0.33
Less: Accumulated depreciation		3,340,465	1,879,549	0.23	0.11
		13,534,533	3,753,269	0.93	0.22
Current assets, loans and advances:					
Inventory of finished goods	6	5,879,598	4,539,783	0.40	0.26
Trade debtors	7	1,355,595	8,473,986	0.09	0.49
Advances and deposits	8	1,508,701	11,153,548	0.11	0.64
Accrued interest	9	2,106,370	8,555,312	0.14	0.49
Cash and cash equivalents	10	47,457,278	323,137,049	3.26	18.68
Total current assets		58,307,542	355,859,678	4.00	20.56
Current liabilities and provisions:					
Short term finance	11	11,872	200,000,000	–	11.56
Income tax payable/(refundable)	12	900,727	7,248,231	0.06	0.42
Trade creditors	13	–	51,937,692	–	3.00
Liability for expenses	14	6,069,970	34,282,596	0.42	1.98
Interest payable	15	–	2,590,972	–	0.15
Payable to holding company	16	3,609,981	1,529,776	0.25	0.09
Other liabilities	17	1,675,695	10,393,527	0.11	0.60
Total current liabilities		12,268,245	307,982,794	0.84	17.80
Net current assets		46,039,297	47,876,884	3.16	2.76
Total		**59,573,830**	**51,630,153**	**4.09**	**2.98**

The accompanying notes 1 to 18 form an integral part of these financial statements.

As per our annexed report of same date.

Rahman Rahman Haq	**DEBASHISH NEOGI**	**KUNAL GUPTA**
Auditors	Director	Director

Place : Dhaka

Date : 10 November 2008

Note: The exchange rate used to convert Taka to Rs. is Rs. 0.686 / Taka (Rs. 0.578 / Taka)

PROFIT AND LOSS ACCOUNT

		Year ended September 30,			
		2008	**2007**	**2008**	**2007**
	Notes	**Taka**	**Taka**	**Rs. Crore**	**Rs. Crore**
Turnover	18	105,376,645	239,085,103	7.23	13.82
Cost of sales	19	(106,014,857)	(191,638,786)	(7.27)	(11.08)
Gross profit		**(638,212)**	**47,446,317**	**(0.04)**	**2.74**
General and administrative expenses	20	(20,932,405)	(22,377,626)	(1.44)	(1.29)
Selling and distribution expenses	21	14,558,869	(5,795,035)	1.00	(0.33)
Net profit before interest expenses		(7,011,748)	19,273,656	(0.48)	1.11
Interest expense		(14,225,095)	(6,237,834)	(0.98)	(0.36)
Net profit after interest expenses		(21,236,843)	13,035,822	(1.46)	0.75
Other income	22	32,657,414	18,505,024	2.24	1.07
Net profit before taxation		**11,420,571**	**31,540,846**	**0.78**	**1.82**
Tax expenses					
Current tax		(4,046,929)	(12,625,607)	(0.28)	(0.73)
Deferred tax		(383,285)	(75,732)	(0.02)	(0.00)
Net profit after taxation		**6,990,357**	**18,839,507**	**0.48**	**1.09**
Profit brought forward		50,554,421	31,714,914	3.47	1.83
Net profit carried forward to the balance sheet		**57,544,778**	**50,554,421**	**3.95**	**2.92**

The accompanying notes 1 to 25 form an integral part of these financial statements.

As per our annexed report of same date.

Rahman Rahman Haq	**DEBASHISH NEOGI**	**KUNAL GUPTA**
Auditors	Director	Director

Place : Dhaka

Date : 10 November 2008

Note: The exchange rate used to convert Taka to Rs. is Rs. 0.686 / Taka (Rs. 0.578 / Taka)

CASH FLOW STATEMENT

			Year ended September 30,		
		2008	2007	2008	2007
		Taka	Taka	Rs. Crore	Rs. Crore
A)	**Cash flows from operating activities**				
	Net profit before tax	11,420,571	31,540,846	0.78	1.82
	Add: Depreciation	1,460,916	1,298,558	0.10	0.08
	Provision for gratuity	570,034	–	0.04	–
	Changes in working capital:				
	Current liabilities increase/(decrease)				
	Short term finance	(199,988,128)	200,000,000	(13.72)	11.56
	Trade creditors	(51,937,692)	21,768,350	(3.56)	1.26
	Liability for expenses	(28,212,626)	168,856	(1.93)	0.01
	Interest payable	(2,590,972)	1,825,034	(0.18)	0.11
	Payable to holding company	2,080,206	1,529,776	0.14	0.09
	Other liabilities	(8,717,833)	9,468,786	(0.60)	0.55
		(289,367,045)	234,760,802	(19.85)	13.58
	Current assets (increase)/decrease				
	Inventory of finished goods	(1,339,815)	(3,552,784)	(0.09)	(0.21)
	Trade debtors	7,118,391	12,492,260	0.49	0.72
	Advances and deposits	9,644,847	(10,873,031)	0.66	(0.63)
	Loan to Marico Bangladesh Limited	–	20,000,000	–	1.16
	Accrued interest	6,448,942	(8,001,370)	0.44	(0.46)
		21,872,366	10,065,075	1.50	0.58
	Income tax paid	(10,394,433)	(3,555,463)	(0.71)	(0.21)
	Net cash generated from operating activities	**(264,437,591)**	**274,109,818**	**(18.14)**	**15.85**
B)	**Cash flows from investing activities**				
	Acquisition of fixed assets	(11,242,180)	(103,195)	(0.77)	(0.01)
	Net cash generated/(used) from investing activities	**(11,242,180)**	**(103,195)**	**(0.77)**	**(0.01)**
C)	**Net increase in cash and cash equivalents (A+B)**	(275,679,771)	274,006,623	(18.91)	15.84
D)	**Opening cash and cash equivalents**	323,137,049	49,130,426	22.17	2.84
E)	**Closing cash and cash equivalents (C+D)**	**47,457,278**	**323,137,049**	**3.26**	**18.68**

Note: The exchange rate used to convert Taka to Rs. is Rs. 0.686 / Taka (Rs. 0.578 / Taka)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Year ended September 30, 2008					
	Share capital Taka	Accumulated profit Taka	Total Taka	Share capital Rs. Crore	Accumulated profit Rs. Crore	Total Rs. Crore
Balance at 30 September 2004	1,000,000	13,352,635	14,352,635	0.07	0.92	0.99
Net profit after tax for the year 2005	–	6,129,559	6,129,559	–	0.42	0.42
Balance at 30 September 2005	**1,000,000**	**19,482,194**	**20,482,194**	**0.07**	**1.34**	**1.41**
Net profit after tax for the year 2006	–	12,232,720	12,232,720	–	0.84	0.84
Balance at 30 September 2006	**1,000,000**	**31,714,914**	**32,714,914**	**0.07**	**2.18**	**2.25**
Net profit after tax for the year 2007	–	18,839,507	18,839,507	–	1.29	1.29
Balance at 30 September 2007	**1,000,000**	**50,554,421**	**51,554,421**	**0.07**	**3.47**	**3.54**
Net profit after tax for the year 2008	–	6,990,357	6,990,357	–	0.48	0.48
Balance at 30 September 2008	**1,000,000**	**57,544,778**	**58,544,778**	**0.07**	**3.95**	**4.02**

Note: The exchange rate used to convert Taka to Rs. is Rs. 0.686 / Taka (Rs. 0.578 / Taka)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

1. Company profile

MBL Industries Limited is a private limited company incorporated on 2 August 2003 in Bangladesh under the Companies Act 1994. The present authorized capital of the company is Tk.10,000,000 divided into 1,000,000 ordinary shares of Taka 10 each and paid up capital Tk 1,000,000 divided into 100,000 ordinary shares of Taka 10 each. The company was a wholly owned subsidiary of Marico Bangladesh Limited. As a part of Group Corporate restructuring, the company is now 100% subsidiary of Marico Middle East FZE (MME) from this year. MME is also 100% subsidiary of Marico Limited, India.

1.1. Registered Office

The address of the registered office has been shifted to House # I, Road # I, Sector # 1, 4th Floor, Uttara Model Town, Dhaka-I230 on 2 July 2008 from 272, Tejgaon Industrial Area, Dhaka-l208.

2. Nature of business

The principal activities of the company are import trading and local trading, marketing and selling coconut oil, hair dye and soap.

3. Specific accounting policies selected and applied for significant transactions and events

3.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS) and as per the requirements of the Companies Act 1994.

3.2 Basis of preparation

The financial statements except for cash flow information are prepared on accrual basis of accounting.

3.3 Basis of measurement

The financial statements have been prepared on historical cost convention.

3.4 Revenue recognition

Sales are recognized at the time of delivery of goods to the distributors and are exclusive of VAT as per company policy and in line with BAS-18 (Revenue Recognition).

3.5 Property, plant and equipments

Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation. These are depreciated under straight line method to write off their cost over their useful lives. Rate of depreciation charged is as follows:

	Rate
Electrical machinery	20%
Office equipment	25%-50%
Computers	25%-50%

Depreciation is charged from the month of acquisition of an asset and no depreciation is charged in the month of disposal.

3.6 Taxation and regulatory compliance

Provision for income tax is made on the basis of 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 37.5% during the year.

However the company is also required to comply with the following laws and regulations:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

The Companies Act 1994

The Income Tax Ordinance 1984

The Income Tax Rules 1984

The Value Added Tax (VAT) Act 1991

The Value Added Tax (VAT) Rules 1991

3.7 Deferred tax

The company has adopted deferred tax accounting policy as per Bangladesh Accounting Standards. Accordingly deferred 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

3.8 Inventories

Finished goods are valued at lower of cost or net realizable value in line with BAS-2 “Inventories. “

3.9 Allocation of costs

The company allocates its operating expenses on the basis of turnover/actual expenses. A separate statement showing allocation of revenue and expenses between local and imported goods is attached as Annexure-A.

3.10 Going concern assumption

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

3.11 Cash and cash equivalents

Considering the provisions of BAS-I and BAS-7, cash and bank balances have been stated as cash and cash equivalents.

The net cash flow from operating activities is determined by adjusting profit for the year under indirect method as per BAS-7.

3.12 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.

3.13 Reporting currency and level of precision

The figures in the financial statements are denominated in Bangladesh takas (BDT), which have been rounded off to the nearest integer.

3.14 Reporting period

Financial statements of the company cover the period from 1 October 2007 to 30 September 2008 consistently.

4. Share capital

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Authorised:				
100,000 Ordinary shares of Tk 10 each	1,000,000	1,000,000	0.69	0.58
Paid up:				
100,000 Ordinary shares of Tk 10 each fully paid up in cash	1,000,000	1,000,000	0.07	0.06

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

At 30 September 2008, share holding position of the company was as follows:

	No. of shares	Value Taka	Value Rs. Crore
Marico Bangladesh Limited (MME)*	99,996	999,960	0.07
Directors (as joint holders with MME)	4	40	0.01
	100,000	**1,000,000**	**0.08**

Marico Bangladesh Limited transferred its entire holding of shares with MBL Industries Limited to Marico Middle East FZE (MME) vide an agreement dated 21st September 2008

5. Property, plant and equipments

Amount in Taka

Particulars	Cost			Depreciation			Net book value	
	As at 1 Oct. 2007	Addition during the year	As at 30 Sept. 2008	As at 1 Oct. 2007	Charged for the year	As at 30 Sept. 2008	As at 30 Sept. 2008	As at 30 Sept. 2007
Electrical machinery	4,630,000	11,230,180	15,860,180	1,234,667	1,206,754	2,441,421	13,418,759	3,395,333
Computers	939,133	0	939,133	607,865	230,065	837,930	101,203	331,267
Office equipments	63,685	12,000	75,685	37,017	24,097	61,114	14,571	26,668
At 30 September 2008	5,632,818	11,242,180	16,874,998	1,879,549	1,460,916	3,340,465	13,534,533	3,753,269
At 30 September 2007	5,529,623	103,195	5,632,818	580,991	1,298,558	1,879,549	3,753,269	4,948,632

Amount in Rs. Crore

Particulars	Cost			Depreciation			Net book value	
	As at 1 Oct. 2007	Addition during the year	As at 30 Sept. 2008	As at 1 Oct. 2007	Charged for the year	As at 30 Sept. 2008	As at 30 Sept. 2008	As at 30 Sept. 2007
Electrical machinery	0.27	0.77	1.09	0.07	0.08	0.17	0.92	0.20
Computers	0.05	0.00	0.06	0.04	0.02	0.06	0.01	0.02
Office equipments	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00
At 30 September 2008	0.33	0.77	1.16	0.11	0.10	0.23	0.93	0.22
At 30 September 2007	0.38	0.01	0.33	0.03	0.09	0.11	0.22	0.34

6. Inventory of finished goods

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
Aromatic (35 gram)	–	1,979,431	–	0.14
Beli	889	1,064,881	0.00	0.07
Camelia	–	1,039,963	–	0.07
Parachute	–	455,508	–	0.03
Hair Code	2,575,012	–	0.15	–
Parachute Extension	883,281	–	0.05	–
	3,459,181	–	0.20	–
Goods in transit	2,420,417	–	0.14	–
	5,879,598	**4,539,783**	**0.54**	**0.31**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

		2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
7.	**Trade debtors**				
	Receivable from Kallol Limited–below six months	1,355,595	–	0.08	–
	Receivable from other customers	–	8,473,986	–	0.58
		1,355,595	**8,473,986**	**0.08**	**0.58**
8.	**Advances and deposits**				
	Advance for capital goods	–	9,431,868	–	0.65
	Advance for services	350,449	660,348	0.02	0.05
	Advance to employees	1,158,252	1,061,332	0.07	0.07
		1,508,701	**11,153,548**	**0.09**	**0.77**
9.	**Accrued interest**				
	Interest on fixed deposit	2,106,370	8,357,534	0.12	0.57
	Interest on loan to Marico Bangladesh Limited	–	125,278	–	0.01
	Interest on SND and call deposit account	–	72,500	–	0.00
		2,106,370	**8,555,312**	**0.12**	**0.59**
10.	**Cash and cash equivalents**				
	Cash on hand	105,671	72,701	0.01	0.00
	Fixed deposit :				
	With State Bank of India	–	304,000,000	–	20.85
	With IDLC	304,000,000	–	17.57	–
	Cash at banks:				
	Citibank, N.A. (SND Account)	16,531,852	16,880,000	0.96	1.16
	Standard Chartered Bank (Call deposit account)	819,755	2,151,638	0.05	0.15
	Commercial bank of Ceylon	–	32,710	–	0.00
		321,457,278	**323,137,049**	**18.58**	**22.17**
11.	**Short term finance**				
	Short term loan:				
	Citibank, N.A.	–	100,000,000	–	6.86
	Commercial bank of Ceylon	11,872	100,000,000	0.00	6.86
		11,872	**200,000,000**	**0.00**	**13.72**

Citibank, N.A.

a) Limit

Total aggregate limit of short term loan and bank overdraft is Tk 137 million (Rs.7.92 Crore)

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

Demand promissory note and letter of continuity for Tk 137 million. (Rs. 7.92 Crore).

c) Rate of interest

Rate of interest has been varied from 11 % to 13 % depending on the money market and inter relationship.

Commercial bank of Ceylon

a) Limit

Total aggregate limit of short term loan is Tk 160 million (Rs.9.25 Crore)

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

Demand promissory note and letter of continuity for Tk 160 million (Rs.9.25 Crore).

c) Rate of interest

Rate of interest has been varied from 10.25% to 12% depending on the money market and relationship with the bank.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
12. Income tax payable/(refundable)				
Opening balance	7,248,231	(1,821,913)	0.42	(0.12)
Add: Provision for current taxation	4,046,929	12,625,607	0.23	0.87
	11,295,160	10,803,694	0.65	0.74
Less: Advance tax paid	10,394,433	3,555,463	0.60	0.24
	900,727	**7,248,231**	**0.05**	**0.50**
13. Trade creditors				
Payable to Ethical Drugs Limited (EDL)	–	9,233,386	–	0.63
Payable to Marks & Allys	–	42,704,306	–	2.93
	–	**51,937,692**	–	**3.56**
14. Liability for expenses				
Business promotion expenses	805,582	24,206,215	0.05	1.66
Audit fees	250,000	200,000	0.01	0.01
Creditors for imports	4,967,367	9,814,279	0.29	0.67
Salary payable	47,021	62,102	0.00	0.00
	6,069,970	**34,282,596**	**0.35**	**2.35**
15. Interest payable				
For short term loan	–	2,590,972	–	0.18
	–	**2,590,972**	**–**	**0.18**

16. Payable to Holding Company

The amount of Tk. 3,609,981 (Rs.0.21 Crore) has been charged as Commission for arranging the Bank Guarantee.

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
17. Other liabilities				
Advance from Kallol Limited	–	10,048,097	–	0.69
Advance from other customer	129,106	–	0.01	–
Provision for leave encashment	702,729	–	0.04	–
A T and SD payable	741,997	324,361	0.04	0.02
Tax deducted from vendors' bills	101,863	21,069	0.01	0.00
	1,675,695	**10,393,527**	**0.10**	**0.71**
18. Turnover				
Product				
Parachute	60,468,324	158,428,702	3.50	10.87
Beli	1,732,924	21,665,787	0.10	1.49
Camelia	9,814,825	44,443,676	0.57	3.05
Aromatic (35 gram)	17,678,468	14,546,939	1.02	1.00
Hair Code	9,384,100	–	0.54	–
Parachute Extension	6,298,004	–	0.36	–
	105,376,645	**239,085,103**	**6.09**	**16.40**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
19. Cost of sales				
Product				
Parachute	67,711,876	125,240,801	3.91	8.59
Beli	2,720,174	17,105,422	0.16	1.17
Camelia	9,186,206	38,380,876	0.53	2.63
Aromatic (35 gram)	15,503,950	10,911,687	0.90	0.75
Hair Code	5,670,951	–	0.33	–
Parachute Extension	5,221,700	–	0.30	–
	106,014,857	**191,638,786**	**6.13**	**13.15**
20. General and administrative expenses				
Salaries and allowances	12,089,437	10,283,579	0.70	0.71
Gratuity	570,034	–	0.03	–
Professional charges	645,757	1,147,457	0.04	0.08
Legal charges	662,490	1,757	0.04	0.00
Repairs and maintenance	169,777	213,150	0.01	0.01
Vehicles expenses	122,693	171,862	0.01	0.01
Communication expenses	41,268	74,655	0.00	0.01
Entertainment	–	7,085	–	0.00
Printing and stationery	18,153	71,866	0.00	0.00
Travelling and conveyance*	2,679,161	2,514,734	0.15	0.17
Audit fees	124,900	215,000	0.01	0.01
Bank charges	184,198	78,651	0.01	0.01
Bank guarantee commission-Holding company	2,080,205	1,529,776	0.12	0.10
Miscellaneous write off	–	4,105,283	–	0.28
Staff welfare expenses	(60,300)	13,718	(0.00)	0.00
Conference and training expenses	137,342	258,539	0.01	0.02
Insurance	6,374	391,955	0.00	0.03
Depreciation	1,460,916	1,298,558	0.08	0.09
	20,932,405	**22,377,625**	**1.21**	**1.54**

* It includes Tk 502,687 (Rs. 0.03 Crore) for overseas travel.

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
21. Selling and distribution expenses				
Business promotion expenses	(21,919,619)	3,084,763	(1.27)	0.21
Advertisement	7,172,100	1,144,698	0.41	0.08
Market research expenses	156,750	601,565	0.01	0.04
Redistribution expenses	–	380,136	–	0.03
Freight–outward	31,900	583,873	0.00	0.04
	(14,558,869)	**5,795,035**	**(0.84)**	**0.40**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	2008 Taka	2007 Taka	2008 Rs. Crore	2007 Rs. Crore
22. Other income				
Interest on savings account	189,236	450,779	0.01	0.03
Interest on fixed deposits	32,364,569	16,397,050	1.87	1.12
Interest on loan to Marico Bangladesh Limited	–	1,657,195	–	0.11
Exchange gain (note 22.1)	103,609		0.01	
	32,657,414	**18,505,024**	**1.89**	**1.27**
22.1 Exchange gain				
Foreign exchange gain	159,216	–	0.01	–
Foreign exchange loss	(55,607)	–	(0.00)	–
	103,609	**–**	**0.01**	**–**

23. 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 15 (previous year it was 22).

24. 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 2008.

25. General

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

Board of Directors	Harsh Mariwala
	Ravindra Mariwala
	Rakesh Pandey
Registered Office	Rang Sharda, K. C. Marg
	Bandra Reclamation, Bandra (W), Mumbai – 400 050
Auditors	M/s Price Waterhouse
	Chartered Accountants
Internal Auditors	Aneja Associates, Chartered Accountants
Bankers	Citibank NA
	HDFC Bank Limited
	ICICI Bank Limited
	Standard Chartered Bank
Website	www.kayaclinic.com

DIRECTORS' REPORT

To

The Members

Your Board of Directors ('Board') is pleased to present the Sixth Annual Report together with audited accounts of your Company for the year ended March 31, 2009.

FINANCIAL RESULTS - AN OVERVIEW

During the year under review, your Company reported a turnover of Rs. 118.37 Crores and an operating loss of Rs. 2.49 crore.

	Year ended March 31,	
	2009	**2008**
	Rs. Crore	**Rs. Crore**
Total Revenue	118.37	81.04
Loss Before Tax	2.14	2.04
Less : Provision for Tax for Current Period (Fringe Benefit Tax +Deferred Tax)	0.36	0.37
Loss after Current Tax for current period	2.49	2.41
Add: Loss Brought Forward	3.19	0.78
Less: Loss Adjusted against Share Premium	0.00	0.00
Loss carried forward	**5.68**	**3.19**

DISTRIBUTION TO SHAREHOLDERS

No dividend is being proposed for the year.

REVIEW OF OPERATIONS

All the services offered at Kaya Skin Clinic are safe and efficacious, designed and supervised by a team of over 250 dermatologists and carried out by certified skin practitioners, each with more than 300 hours of training.

Kaya targets high-end customers in Socio Economic Class A with age group of 18-60 years across metros and mini metros in the country. The objective is to provide result-oriented, personalized, non-surgical skin care solutions in a serene Zen-like environment.

As part of the solutions, your Company has also launched a range of skin care products, which are the result of extensive skin-care research in derma-cosmetic laboratories based in France, UK & USA. These are not only used during the skin care services but are also available for post service usage as a follow up to the service undertaken at the clinic. All Kaya Skin Clinic Products are dermatologically tested and approved for Indian Skin by the Kaya Skin Advisory. The key products include Skin Lightening Complex, Lighten and Smooth Under-eye gel, Daily Moisturizing Sunscreen, Soothing Cleansing Gel, Revitalising Tonic, Skin Repair Complex and Recharging Night crème.

Your Company currently has 74 Clinics and 4 Kaya Life centers operational across 27 cities in India. The Kaya concept has been well received by the target consumers. The consumer base has grown beyond 5,00,000.

The service turnover reached Rs. 101.00 Crores in FY09 from Rs. 69.49 Crores during FY08, a growth of almost 45%. The sale of the skin care products of your Company also increased from Rs. 11.28 Crores in FY08 from Rs. 16.91 Crores in FY09.

DIRECTORS' REPORT

The Kaya Skin Clinic venture is expected to contribute as a strong growth engine of the Marico Group for both top line and bottom line in the years to come. It would also help the Group to move up the value chain in the Personal Care business, through high value add solutions- both services and products in the skin care space.

OTHER CORPORATE DEVELOPMENTS

Resignation of Company Secretary and new Appointment

Ms. Rachana Lodaya, Company Secretary resigned from the post of Company Secretary, with effect from the close of working hours on July 31, 2008. The Company has initiated the process of identifying a suitable candidate as its Company Secretary.

CONSERVATION OF ENERGY

Your Company's operations are not energy-intensive and as such at present no additional investments and proposals are contemplated for reduction of consumption of energy. However, your Company is conscious of the importance of conserving energy and continuous monitoring is done in each of the clinics to reduce any wastage.

RESEARCH & DEVELOPMENT (R & D)

During the year under review, your Company continued its efforts to launch new products and services. Certain new services viz., Intensive Hair Root Therapy, Skin Lightening and Salicylic Peel were launched. The R&D team also developed new products viz., Post Laser Cream, Pimple free Cream and Hair Health Gel.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Your Company invests actively in training its in-clinic staff to gain expertise of the equipment imported to impart the various skin care services. Such training creates a learning curve, which helps the staff absorb any new techniques that may get introduced from time to time as and when a new service is introduced.

FOREIGN EXCHANGE EARNING AND OUTGO

Foreign exchange earning and outgo during the period is as mentioned in schedule "N".

PUBLIC DEPOSITS

During the year, your Company did not accept any Public Deposits.

PARTICULARS OF EMPLOYEES

Your Company had no employee of the category indicated under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time. Your Company has therefore no particulars to disclose under these rules.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 (the Act), the Directors confirm that:

1. in preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
2. they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2009 and the loss of your Company for the year ended March 31, 2009;

DIRECTORS' REPORT

3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

4. they have prepared the annual accounts on a going concern basis.

   Further, your Directors also confirm that the observations of the Auditors in their report to the Members have been adequately dealt with in the relevant notes to the accounts. Hence no additional explanation is considered necessary.

DIRECTORS

Harsh Mariwala, Director of the Company, retires by rotation as per Section 256 of the Companies Act, 1956 and being eligible offers himself for re-appointment.

AUDIT COMMITTEE

The Audit Committee (constituted by the Board of Directors at its meeting held on April 13, 2004, in accordance with Section 292A of the Companies Act, 1956) was re-constituted by the Board of Directors on July 24, 2008. The Audit Committee comprises the following Directors:

Mr. Harsh Mariwala	-	Chairman
Mr. Rakesh Pandey	-	Member
Dr. Ravi Mariwala	-	Member

AUDITORS

M/s. Price Waterhouse, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility for reappointment.

Aneja Associates, a Chartered Accountant Firm, has been associated with your Company as its internal auditor. They have been partnering your Company in the area of risk management and internal control systems. Your Company has re-appointed Aneja Associates as its internal auditor for the year 2009-10.

ACKNOWLEDGEMENT

The Board takes this opportunity to thank all its employees for their dedicated service and firm commitment to the goals of the Company. The Board also wishes to place on record its sincere appreciation for the wholehearted support received from bankers and all other business associates and looks forward to continued support of all these partners in progress.

On behalf of the Board of Directors

Place : Mumbai
Date : April 22, 2009

Harsh Mariwala
Chairman

AUDITORS' REPORT

TO,

THE MEMBERS OF KAYA LIMITED

1. We have audited the attached Balance Sheet of **Kaya Limited** ('the Company') as at March 31, 2009 and related Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date (together referred to as 'financial statements') annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. 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.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order'), issued by the Central Government of India in terms of sub section 4A of Section 227 of 'The Companies Act, 1956' of India ('the Act'), and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we 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;

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;

   c. The financial statements dealt with by this report are in agreement with the books of account;

   d. In our opinion, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   e. On the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2009 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Act;

   f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read with the notes thereon, give the information required by the Act in the manner so required and, give a true and fair view in conformity with the accounting principles generally accepted in India;

      i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;

      ii. in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and

      iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Price Waterhouse
Chartered Accountants

Vilas Y. Rane
Partner (F-33220)

Place : Mumbai
Date : April 22, 2009

ANNEXURE TO AUDITOR'S REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Kaya Limited on the financial statements for the year ended March 31, 2009

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification during the year.

(c) The Company has not disposed off a substantial part of fixed assets during the year, and accordingly, going concern is not affected.

(ii) (a) As explained to us, physical verification of the inventory was carried out at reasonable intervals by the management.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory, and the discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.

(iii) In our opinion and according to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clauses (b), (c), (d), (f) and (g) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and with regard to the sale of finished products and services. Further based on our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the internal control system.

(v) According to information and explanations given to us and based on the disclosure of interest made by the directors of the Company, there are no particulars of contracts or arrangements referred to in section 301 of the Act which needs to be entered in the register required to be maintained under that section. Accordingly, clause (v)(b) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58A,58AA and any other relevant provisions of the Act and the rules framed there under are applicable.

(vii) The Company has an internal audit system carried out by an independent firm of Chartered Accountants. In our opinion, this system is commensurate with its size and the nature of its business.

(viii) The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Act for any of the activities of the Company. Accordingly, paragraph 4(viii) of the Order is not applicable.

(ix) (a) According to the information and explanations given to us and records of the Company examined by us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Cess and any other statutory dues as applicable with the appropriate authorities during the year and there were no such outstanding dues as at March 31, 2009 for a period exceeding six months from the date they became payable. As explained to us, the provisions of the Investors Education and Protection Fund, Wealth Tax and Excise Duty are not applicable to the Company.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed amounts of Income Tax, Sales tax, Custom duty, Service Tax and Cess which have not been

ANNEXURE TO AUDITOR'S REPORT

deposited on account of any dispute as on March 31, 2009 except service tax demand for the period from December 1, 2004 to March 31, 2006 of Rs. 3,746,436 for which the appeal is pending with Commissioner Appeals – Service Tax.

(x) The accumulated losses of the Company are not more than fifty percent of its net worth. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) On the basis of our examination and according to the information and explanations given to us, the Company has not taken any loans from financial institutions, banks or debenture holders. Accordingly, paragraph 4(xi) of the Order is not applicable.

(xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, paragraph 4(xii) of the Order is not applicable.

(xiii) In our opinion and according to information and explanations given to us, the Company is not a Chit Fund / nidhi / mutual benefit funds / societies. Accordingly, paragraph 4(xiii) of the Order is not applicable.

(xiv) In our opinion and according to information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, paragraph 4(xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, paragraph 4(xv) of the Order is not applicable.

(xvi) In our opinion and according to information and explanations given to us, the Company has not taken any term loans during the year. Accordingly, paragraph 4(xvi) of the Order is not applicable.

(xvii) In our opinion and according to information and explanations given to us and on an overall examination of the balance sheet of the Company, there are no funds raised on short-term sources which have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act. Accordingly, paragraph 4(xviii) of the Order is not applicable.

(xix) The Company did not have any outstanding debentures during the year. Accordingly, paragraph 4(xix) of the Order is not applicable.

(xx) The Company has not raised any monies by way of public issue during the year. Accordingly, paragraph 4(xx) of the Order is not applicable.

(xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have been informed of such cases by the management.

For Price Waterhouse
Chartered Accountants

Vilas Y. Rane
Partner (F-33220)

Place : Mumbai
Date : April 22, 2009

BALANCE SHEET

	SCHEDULE	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	A	14.50	14.50
Reserves and surplus	B	15.91	15.91
		30.41	**30.41**
LOAN FUND			
Unsecured loan	C	54.71	35.90
		85.12	**66.31**
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	D	91.37	69.32
Less : Depreciation and amortisation		28.35	19.57
Net block		63.01	49.76
Capital work-in-progress [including capital advances]		2.37	2.87
		65.38	**52.63**
DEFERRED TAX ASSET (net)		–	–
(Refer Note 6(b) of Schedule O)			
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	E	9.89	10.33
Sundry debtors	F	0.31	0.39
Cash and bank balances	G	2.78	1.63
Loans and advances	H	18.22	12.72
		31.20	25.06
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	I	16.54	14.13
Provisions	J	0.61	0.43
		17.15	14.56
NET CURRENT ASSETS		**14.06**	**10.50**
PROFIT AND LOSS ACCOUNT		**5.68**	**3.19**
		85.12	**66.31**
ADDITIONAL INFORMATION	N		
NOTES TO ACCOUNTS	O		

As per our attached report of even date

For Price Waterhouse
Chartered Accountants

VILAS Y. RANE
Partner (F–33220)

Place : Mumbai
Date : April 22, 2009

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman

RAKESH PANDEY Director

Place : Mumbai
Date : April 22, 2009

PROFIT AND LOSS ACCOUNT

	SCHEDULE	Year Ended March 31, 2009 Rs. Crore	2008 Rs. Crore
INCOME :			
Service income		101.06	69.49
Sale of products		16.91	11.28
Other income (Refer Note 5 of Schedule O)		0.40	0.27
		118.37	**81.04**
EXPENDITURE :			
Cost of materials	**K**	20.20	14.96
Operating and other expenses	**L**	90.10	61.80
Finance charges	**M**	1.31	0.60
Depreciation and amortisation	**D**	8.90	5.73
		120.51	**83.08**
PROFIT / (LOSS) BEFORE TAXATION		(2.14)	(2.04)
Provision for taxation			
- Current Tax (Refer Note 6(a) of Schedule O)		–	–
- Deferred tax (Refer Note 6(b) of Schedule O)		–	–
- Fringe benefit tax		0.38	0.37
- Excess provsion written back		(0.02)	–
PROFIT / (LOSS) AFTER TAXATION		**(2.49)**	**(2.41)**
Balance brought forward as on April 1		(3.19)	(0.78)
PROFIT / (LOSS) CARRIED TO THE BALANCE SHEET		**(5.68)**	**(3.19)**
BASIC AND DILUTED EARNINGS PER SHARE (Refer Note 9 of Schedule O)		**(1.72)**	**(1.66)**
ADDITIONAL INFORMATION	**N**		
NOTES TO ACCOUNTS	**O**		

As per our attached report of even date

For Price Waterhouse
Chartered Accountants

VILAS Y. RANE
Partner (F–33220)

Place : Mumbai
Date : April 22, 2009

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman
RAKESH PANDEY Director

Place : Mumbai
Date : April 22, 2009

CASH FLOW STATEMENT

		Year Ended March 31, 2009 Rs. Crore	2008 Rs. Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit / (Loss) before taxation	**(2.14)**	**(2.04)**
	Adjustments for:		
	Depreciation and amortization	8.90	5.73
	Finance charges	1.31	0.60
	Interest Income	(0.00)	(0.01)
	Loss/ (Profit) on sale of assets (net)	(0.01)	(0.07)
	Provision for doubtful debts	(0.03)	–
		10.17	6.25
	Operating profit before working capital changes	**8.03**	**4.21**
	Adjustments for:		
	Increase / (decrease) in Inventories	(0.44)	2.61
	Increase / (decrease) in Debtors	(0.11)	0.27
	Increase / (decrease) in Loans and advances	5.49	1.75
	(Increase) / decrease in Current liabilities	(2.59)	(7.73)
		2.36	(3.09)
	Cash generated from operations	**5.67**	**7.30**
	Taxes paid	0.36	0.36
	NET CASH INFLOW FROM OPERATING ACTIVITIES	**5.31**	**6.95**
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets	(21.77)	(36.16)
	Sale of fixed assets	0.12	0.20
	Interest Income	(0.01)	–
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(21.65)**	**(35.96)**
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Loan from holding company (net of repayments)	18.81	29.71
	Finance charges	(1.31)	(0.60)
	NET CASH INFLOW FROM FINANCING ACTIVITIES	**17.49**	**29.11**
D	NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	1.15	0.09
E	Cash and cash equivalents - opening balance	1.63	1.54
F	Cash and cash equivalents - closing balance	2.78	1.63

Notes:

1. The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard – 3 on Cash Flow Statements, as specified in the Companies (Accounting Standards) Rules, 2006.
2. Cash and Cash Equivalents - Closing Balance include balances aggregating to Rs. 1,441,059 [Previous year Rs. 1,441,059] with scheduled banks in fixed deposits, pledged against the bank guarantees, which are not available for use by the company.
3. Previous year figures have been regrouped where necessary.

As per our attached report of even date

For Price Waterhouse
Chartered Accountants

VILAS Y. RANE
Partner (F–33220)
Place : Mumbai
Date : April 22, 2009

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman
RAKESH PANDEY Director

Place : Mumbai
Date : April 22, 2009

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	As at March 31, 2008 Rs. Crore
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED:		
20,000,000 Equity shares of Rs. 10 each	20.00	10.00
	20.00	**20.00**
ISSUED AND SUBSCRIBED :		
14,500,000 Equity shares of Rs. 10 each fully paid up (Entire share capital is held by Marico Limited, the holding company, including its nominees)	14.50	14.50
	14.50	**14.50**
SCHEDULE 'B'		
SHARE PREMIUM ACCOUNT		
	15.91	15.91
	15.91	**15.91**
SCHEDULE 'C'		
UNSECURED LOAN		
Loan from the holding company	54.71	35.90
	54.71	**36.34**

SCHEDULE 'D'

FIXED ASSETS (Amount in Rs. Crore)

PARTICULARS	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at April 1, 2008	Additions	Deductions/ Adjustments	As at March 31, 2009	As at April 1, 2008	For the Year	Deductions/ Adjustments	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008
Tangible assets										
Buildings	17	–	–	16.87	0.14	0.27	–	0.41	16.46	16.73
Plant and machinery	43	16.04	0.22	59.26	17.97	6.78	0.11	24.63	34.63	25.47
Furniture and fittings (Refer note below)	8	6.06	0.00	13.64	0.69	1.48	0.00	2.17	11.47	6.90
Vehicle	0	–	–	0.08	0.00	0.01	–	0.01	0.07	0.08
Intangible assets										
Computer software	1	0.17	0.00	1.52	0.77	0.36	0.00	1.13	0.39	0.58
TOTAL	**69.32**	**22.27**	**0.22**	**91.37**	**19.57**	**8.90**	**0.11**	**28.35**	**63.01**	**49.76**
As at March 31, 2008	34.43	35.15	0.26	69.32	13.97	5.73	0.13	19.57	49.76	
Capital work–in–progress (at cost) including advances on capital account									2.37	2.87
									65.38	**52.63**

Note:

Furniture and fittings also includes leasehold improvements, the amounts for which is not separately identifiable.

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'E'		
INVENTORIES		
(Refer Note 2(e) of Schedule O)		
Raw materials	0.84	1.52
Packing materials	1.58	1.74
Finished products	1.68	1.58
Consumables and spares	5.79	5.49
	9.89	**10.33**
SCHEDULE 'F'		
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	0.00	0.09
Considered doubtful	0.03	0.30
	0.04	0.39
Other debts - considered good	0.31	–
	0.35	0.39
Less : Provision for doubtful debts	0.03	–
	0.31	**0.39**
SCHEDULE 'G'		
CASH AND BANK BALANCES		
Cash on hand	0.97	0.97
Balances with scheduled banks:		
In current accounts	1.67	0.51
In fixed deposits @	0.15	0.15
	2.78	**1.63**

@ Includes Rs. 1,441,059 (Rs.1,441,059) pledged with bank against bank guarantees issued. (Refer Note 3 of Schedule O)

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'H'		
LOANS AND ADVANCES		
(Unsecured–considered good)		
Advances receivable in cash or in kind or for value to be received *	3.84	2.86
Deposits	14.31	9.80
Interest accrued but not due	0.03	0.03
Fringe benefit tax (net)	0.01	–
Tax Deducted at Source	0.03	0.03
	18.22	**12.72**

* Advances include receivable from the fellow subsidiary Kaya Middle East FZE of Rs. 4,099,068 (Rs.7,350,717). [Maximum amount due during the year is Rs. 8,341,245 (Rs.8,148,230)]

	2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'I'		
CURRENT LIABILITIES		
Sundry Creditors		
- Due to Micro & Small Enterprises (Refer Note 15 of Schedule O)	–	–
- Others	11.06	9.65
Advances received from customers	3.84	2.84
Book overdraft	0.94	1.09
Other liabilities	0.70	0.55
	16.54	**14.13**
SCHEDULE 'J'		
PROVISIONS		
Provision for fringe benefit tax (net)	–	0.05
Provision for gratuity	0.19	0.14
Provision for leave encashment	0.42	0.24
	0.61	**0.43**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	Year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'K'		
COST OF MATERIALS		
Raw materials consumed	1.87	1.00
Packing materials consumed	2.44	1.57
Consumables and spares	16.62	11.00
Purchase for resale	0.20	0.17
Contract manufacturing expenses	0.74	0.68
Increase / (decrease) in stocks:		
Opening stocks		
– Finished products	0.00	2.10
Closing stocks		
– Finished products	1.68	1.58
	(1.68)	**0.52**
	20.20	14.96
SCHEDULE 'L'		
OPERATING AND OTHER EXPENSES		
Employees' costs :		
Salaries, wages and bonus	15.85	11.66
Contribution to provident fund and other funds	0.62	0.36
Welfare expenses	3.17	2.42
	19.64	14.44
Seconded employees cost	5.54	4.78
Payments to consultants	9.83	6.90
Recruitment charges	1.58	1.01
Electricity	3.59	2.20
Rent	13.94	8.01
Repairs and maintenance:		
–Plant and machinery	0.50	0.33
–Building	4.67	3.08
–Others	1.07	0.47
	6.25	3.88
Insurance	0.12	0.11
Rates and taxes	1.00	0.09
(Refer Note 14 of Schedule O)		
Legal and professional charges	1.83	1.63
Travelling, conveyance and vehicle expenses	3.53	2.25
Freight forwarding and distribution expenses	1.60	1.60
Advertisement and sales promotion	17.10	11.10
(Refer Note 13 of Schedule O)		
Printing, stationery and communication expenses	2.70	2.15
Provision for doubtful debts	0.03	–
Auditors' remuneration		
– Statutory audit fees	0.07	0.03
– Tax audit fees	0.02	0.01
– Other matters	–	0.03
– Out of pocket expenses	–	0.00
	0.09	0.07
Miscellaneous expenses	1.70	1.56
	90.10	**61.80**
SCHEDULE 'M'		
FINANCE CHARGES		
Bank and other financial charges	1.31	0.60
	1.31	**0.60**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

ADDITIONAL INFORMATION

SCHEDULE 'N'

A) Details of Sale, Purchases, Opening Stock and Closing Stock

Sr	Particulars	Unit		Opening Stock		Production Quantity*	Purchases		Sale		Captive Consumption Quantity	Closing Stock	
				Quantity	Amount Rs. Crore		Quantity	Amount Rs. Crore	Quantity	Amount Rs. Crore		Quantity	Amount Rs. Crore
1	**Skin Care Products**	Nos.		**263,863**	**1.58**	**763,800**	**4,680**	**0.20**	**370,433**	**16.91#**	**386,583**	**275,327**	**1.68**
		Nos.		127,805	2.10	575,131	3,770	0.17	218,297	11.28	224,546	263,863	1.58
2	**Service Income**			–	–	–	–	–	–	**101.06**	–	–	–
				–	–	–	–	–	–	69.49	–	–	–
	TOTAL			**263,863**	**1.58**	**763,800**	**4,680**	**0.20**	**370,433**	**117.97**	**386,583**	**275,327**	**1.68**
	TOTAL			127,805	2.10	575,131	3,770	0.17	218,297	80.77	224,546	263,863	1.58

* Represents quantities produced by third parties under contract with the company and includes samples.

\# Includes Rs. 1,567,185 (previous year Rs. Nil) for sale of raw material and packing material to third parties for the purposes of manufacture of goods under contract with the Company.

	Year ended March 31, 2009 Qty in Kgs.	2009 Value Rs. Crore	2008 Qty Kgs.	2008 Value Rs. Crore
SCHEDULE 'N'				
B) RAW MATERIALS CONSUMED				
Chemicals	43,687	1.87	29,643	1.00
		1.87		**1.00**

@ Consumption of Raw Materials include consumption by third parties under contract with the Company and consumption in respect of samples.

	2009 Percentage	2009 Value Rs	2008 Percentage	2008 Value Rs.
C) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED				
Raw materials				
– Imported	35%	0.65	33%	0.33
– Indigenous	65%	1.22	67%	0.68
	100%	**1.87**	**100%**	**1.00**
Consumables				
– Imported	16%	2.73	15%	1.64
– Indigenous	84%	13.89	85%	9.36
	100%	**16.62**	**100%**	**11.00**
D) VALUE OF IMPORTS ON C.I.F. BASIS				
Raw Materials		0.42		0.18
Packing Materials		1.28		0.92
Consumables		2.77		2.59
Capital goods		7.26		2.41
		11.73		**6.10**
E) EXPENDITURE IN FOREIGN CURRENCY				
Travelling		0.05		0.06
Professional fees		0.04		0.18
		0.10		**0.24**
F) INCOME IN FOREIGN CURRENCY				
For services rendered		–		0.05
For export of goods on F.O.B basis		0.19		0.44
		0.19		**0.48**

NOTES TO THE ACCOUNTS

SCHEDULE 'O'

1) The Company and nature of its operations:

Kaya Limited ('Kaya' or the 'Company'), headquartered in Mumbai, India wholly owned subsidiary of Marico Limited, carries on skin care and weight management business through Kaya Skin Clinics and Kaya Life Centers. The clinics offer skin care service using scientific, US FDA approved dermatological procedures.

2) Summary of significant accounting policies:

(a) Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on an accrual basis and are in conformity with mandatory accounting standards, as specified in the Companies (Accounting Standards) Rules, 2006 and the other relevant provisions of the Companies Act, 1956.

(b) Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, the useful lives of fixed assets and intangible assets.

Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

(c) Fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation / amortisation and impairment loss, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Pre-operative expenses incidental and related to setting up of new clinics have been included under capital work-in-progress. Such expenditure are capitalised to fixed asset upon start of operations of the clinic.

(c) Depreciation/ Amortisation

1) <u>Tangible assets</u>

(i.) Depreciation is provided on Straight Line basis at higher of the rates based on useful lives of the assets as estimated by the management or those stipulated in Schedule XIV to the Companies Act, 1956. The useful lives of the following assets as estimated by the management are higher from the rates prescribed under Schedule XIV to the Companies Act, 1956:

Computer hardware, related peripherals etc.	-	3 years
Technologically advanced machinery	-	3 to 7 years
Furniture & Fixtures	-	9 years

(ii.) Assets individually costing Rs.5,000 or less are depreciated fully in the year of acquisition.

(iii.) Depreciation on additions during the year is charged from the month in which the assets are capitalized and for deletions up to the month prior to the month in which the asset is disposed off.

2) <u>Intangible assets</u>

Intangible assets comprise of computer software which is amortized over the estimated economic useful life of three years as estimated by the management.

(d) Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

NOTES TO THE ACCOUNTS

(e) Inventories

1) Raw material, packing material, stores, spares and consumables are valued at cost.

2) Finished products are valued at lower of cost and net realizable value.

3) Cost is ascertained on weighted average method and in case of finished products includes appropriate production overheads and duties.

(f) Research and development

Capital expenditure on research and development is capitalized and depreciated. Revenue expenditure is charged off in the year in which it is incurred.

(g) Revenue recognition

1) Income from services is recognized on rendering of services.

2) Sale of products is recognized on delivery of the products to the customers and exclusive of sales tax.

(h) Retirement benefits

1) Long-term Employee Benefits

(i.) Defined Contribution Plans

The Company has Defined Contribution Plan for post employment benefits in the form of Provident Fund. The Company's contributions to Defined Contribution Plans are charged to the profit and loss account as incurred.

(ii.) Defined Benefit Plans

The Company has Defined Benefit Plans for post employment benefits in the form of Gratuity and Leave Encashment. Liability for Defined Benefit Plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method.

2) Actuarial gains and losses due to changes in actuarial assumptions are recognised immediately in the profit and loss account as income or expense.

(i) Foreign currency transactions

1) Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the profit and loss account, except those relating to fixed assets acquired from outside India till March 31, 2007 which were adjusted in the carrying cost of such fixed assets.

2) Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates, and the resultant exchange difference is recognised in the profit and loss account.

(j) Accounting for taxes on income

(i) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961.

(ii) Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognized only when there is a virtual certainty of realization and other items are recognized when there is a reasonable certainty of realization.

(k) Share Issue Expenses

Share issue expenses are adjusted against balance in securities premium account.

(l) Assets taken on lease:

(i) In respect of finance lease arrangements, the assets are capitalized and depreciated. Finance charges are charged off to the Profit and Loss account of the year in which they are incurred.

(ii) Operating lease payments are recognized as expenditure in the Profit and Loss account on straight line basis, representative of the time pattern of benefits received from the use of the assets taken on lease.

NOTES TO THE ACCOUNTS

3) a) Contingent liabilities not provided for :

Particulars	**As at March 31, 2009** (Rs. Crore)	**2008** (Rs. Crore)
Disputed service tax matters	0.37	0.37
Guarantees issued by banks	0.15	0.16

b) Amount outstanding towards letter of credit Rs. 0.76 Crore (Rs. Nil)

4) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 2.00 Croe (Rs. 0.41 Crore) net of capital advances.

5) **Other income includes :**

Particulars	**As at March 31, 2009** (Rs. Crore)	**2008** (Rs. Crore)
Sundry balances written back (net)	0.38	0.14
Profit on sale of fixed assets (net)	0.01	0.07
Exchange gain (net)	—	0.05
Interest income (Includes tax deducted at source Rs. 20,760 (Previous year Rs. 20,645)	0.01	0.01
Total	**0.40**	**0.27**

6) a) Provision for income tax is not made in view of assessable loss for the year.

b) As at the year end, deferred tax liability is Rs. Nil. No deferred tax assets has been recognised on carried forward depreciation, business loss and other item of deferred tax assets, as there is no virtual certainty of its realization on account of the losses incurred by the Company.

7) **Operating Leases**

The Company has entered into several operating lease arrangements for a period ranging from 3 to 9 years and is renewable on a periodic basis at the option of the lessor and lessee. The lease arrangement provides escalations clause for increase in rent during the tenure of the lease. Under certain arrangements, refundable interest free deposits have been given.

Initial direct cost incurred by the company for above operating lease arrangements are amortised over a non cancelable period of lease agreement.

Disclosures in respect of office premises (including amenities therein, as applicable)

Particulars	**As at March 31, 2009** **(Rs. Crore)**	**2008** **(Rs. Crore)**
Lease rental payments for the year	13.94	8.01
Future minimum lease rentals payments payable:		
- not later than one year	10.70	6.70
- Later than one year but not later than five years	36.41	22.87
- Later than five years	8.11	9.85
	55.22	**39.42**

8) **Derivative Transaction -**

The Company has not entered into any derivative transactions during the year and there were no derivative transactions outstanding as on March 31, 2009. Net foreign currency exposure not hedged as at the year end were as under:-

NOTES TO THE ACCOUNTS

Particulars	Foreign currency amount		
	Currency	March 31, 2009	March 31, 2008
Sundry Debtors	EUR	–	3,465
Sundry Creditors	USD	–	56,373
	EUR	–	21,967
	AED	–	5,500
	AUD	41	–
Advance to suppliers	USD	4,932	–
	EURO	63,150	–
Capital Advances	USD	79,573	–

9) **Earnings per share:**

Particulars	Year ended March 31,	
	2009	2008
	Rs. Crore	Rs. Crore
Profit / (Loss) after taxation (Rs.)	(2.49)	(2.41)
Equity shares outstanding as at the year end	1.45	1.45
Weighted average number of equity shares used as denominator for calculating basic and diluted earnings per share	1.45	1.45
Nominal value per equity share (Rs.)	10	10
Basic and diluted earnings per equity share (Rs.)	(1.72)	(1.66)

10) The Company is primarily engaged in providing specialized skin care services and other related products and is managed as one entity, for its various activities and is governed by a similar set of risks and returns. There is no geographical segment, since the Company operates only in India.

11) **Related Party disclosures**

a. Enterprises where control exists

i. Holding Company — Marico Limited

b. Other Related Parties with whom the Company had transactions during the year

i. Fellow Subsidiary — Kaya Middle East FZE

Disclosure of transactions between the Company and related parties and outstanding balances as at the year end:

	Year ended March 31,	
	2009	2008
	(Rs. Crore)	(Rs. Crore)
a. Holding Company		
i. Unsecured loan taken (net of payment)	12.45	24.45
ii. Seconded employees cost	5.84	4.84
iii. Electricity	0.11	0.15
iv. Printing, stationery and communication expenses	0.01	0.01
v. Repairs and maintenance – Others	0.13	0.14
vi. Rent	0.24	0.11
vii. Miscellaneous expenses	0.03	0.01
Balances as at the year end -		
i. Unsecured loan taken	54.71	35.90
ii. Guarantees given to the bank	2.95	2.95
b. Fellow Subsidiary		
i. Expense incurred	0.48	0.42
ii. Sale of products	0.19	0.18
iii. Sale of fixed assets	0.06	0.15
Balances as at the year end -		
i. Outstanding Receivables	0.41	0.74

NOTES TO THE ACCOUNTS

The Company has been sanctioned cash credit and letter of credit facilities of Rs. 2.95 Crore (Rs. 2.95 Crore) by a bank. These facilities are guaranteed by the holding company.

12) Retirement benefits:

The Company has classified various employee benefits as under:

		Year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
a.	Defined Contribution Plans		
	The Company has recognised the following amounts in the profit and loss account for the year:		
	i. Contributions to provident fund	0.56	0.37
	ii. Contributions to employee state insurance contribution	0.18	0.14
b.	Defined Benefit Plans		
	Valuations in respect of Gratuity and Leave Encashment have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:		
	i. Discount rate (per annum)	6%	8%
	ii. Rate of increase in compensation levels	7%	7%
	iii. Rate of return on plan assets (no funded assets)	–	–
	iv. Expected average remaining working lives of employees in number of years	3 years	3 years

		Year ended 31st March 2009		Year ended 31st March 2008	
		Gratuity (Rs. Crore)	Leave Encashment (Rs. Crore)	Gratuity (Rs. Crore)	Leave Encashment (Rs. Crore)
c.	Changes in the present value of Obligation				
	Present value of obligation (opening)	0.14	0.24	0.14	0.16
	Interest cost	0.02	0.02	0.02	0.01
	Current service cost	0.10	0.10	0.10	0.06
	Benefits paid	(0.01)	(0.13)	–	(0.08)
	Actuarial (gain) / loss on obligation	(0.06)	0.19	(0.12)	0.09
	Present value of obligation (closing)	**0.19**	**0.42**	**0.14**	**0.24**
d.	Changes in the fair value of Plan Assets				
	Present value of plan assets (opening)	–	–	–	–
	Expected return on plan assets	–	–	–	–
	Actuarial (gain) / loss on obligation	–	–	–	–
	Employers' contributions	0.01	0.13	–	0.08
	Benefits paid	(0.01)	(0.13)	–	(0.08)
	Present value of plan assets (closing)	–	–	–	–
e.	Expenses recognised in the profit and loss account				
	Current service cost	0.10	0.10	0.10	0.06
	Interest cost	0.02	0.02	0.02	0.01
	Expected return on plan assets	–	–	–	–
	Net actuarial (gain) / loss	(0.07)	0.19	(0.12)	0.09
	Total expenses recognised in the profit and loss account	**0.06**	**0.31**	**(0.01)**	**0.16**

NOTES TO THE ACCOUNTS

13) The advertisement and sales promotion expenditure includes Rs. 0.23 (Rs. Nil) relating to prior period.

14) Rates and taxes includes Rs. 0.63 Crore (Rs. Nil) on account of provisions made towards property tax demand of a rented premises received during the year, which in terms of agreement with the lessor is payable by the Company. This demand also includes Rs. 0.34 Crore relating to earlier years.

15) The Company had not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosures, if any, relating to amounts unpaid as at the previous year end together with interest payable as required under the said Act have not been given.

16) Full time qualified Secretary of the Company has resigned with effect from July 25, 2008. The Company is in the process of appointing a Company Secretary as required under sub section (1) of Section 383A.

17) (a) The figures in brackets represent those of the previous year

(b) The figures for the previous year have been regrouped where necessary to conform to current year classification.

Signatures to Schedules A to O

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman

RAKESH PANDEY Director

Place : Mumbai

Date : April 22, 2009

NOTES TO THE ACCOUNTS

17) Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 :

a) Registration details:

Registration No.	:	11–139763
State code	:	11
Balance Sheet Date	:	March 31, 2009

b) Capital raised during the year: **(Amount in Rs. crore)**

Public Issue	:	Nil
Bonus Issue	:	Nil
Bonus Preference Shares	:	Nil
Rights Issue	:	Nil
Private placement	:	Nil

c) Position of mobilisation and deployment of funds (Amount in Rs. crore)

Total Liabilities	:	102.27
Total Assets	:	102.27

Sources of Funds			**Application of Funds**		
Paid up Capital	:	14.50	Net Fixed Assets	:	65.38
Reserves & Surplus	:	15.91	Net Current Assets	:	14.06
Unsecured Loans	:	54.71	Deferred Tax Liability	:	Nil
			Profit & Loss A/c	:	5.68

d) Performance of the Company **(Amount in Rs.)**

Turnover (Sales & Other Income)	–	118.37
Total Expenditure	–	120.51
Profit/ (loss) before Tax	–	(2.14)
Profit/ (loss) after Tax	–	(2.49)
Earnings per share (in Rs.)	–	(1.72)
Dividend rate (%)	–	Nil

e) Generic names of the three principal products/services of the Company:

Item Code No. (I.T.C. Code)	Product Description
N.A.	Skin Care services
N.A.	Weight Management services

Signatures to Schedules A to N

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman

RAKESH PANDEY Director

Place : Mumbai

Date : April 22, 2009

Board of Managers	Harsh Mariwala Rajen Mariwala Milind Sarwate
Management Team	Rahul Koul, Chief Operating Officer
Principal / Corporate Office	11111 Santa Monica Blvd. Ste 220, Los Angeles, CA 90025, USA
Independent Accountants	R. Rehani & Co. CPA, P.C. 350 Fifth Avenue, Suite 5416 New York, NY 10118
Bankers	JP Morgan Chase Citibank NA
Website	www.sundari.com

INDEPENDENT ACCOUNTANTS' REPORT

We have audited the accompanying balance sheet of Sundari LLC. as of December 31, 2008 and the related statements of members' capital, operations and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 the 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 referred to above present fairly, in all material respects the financial position of Sundari LLC. as at December 31, 2008 and results of its operations and its cash flows for the year then ended in conformity with principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R. Rehani & Co.
Certified Public Accountants, P.C.
New York, New York

21 January 2009

BALANCE SHEET

	As at December 31,			
ASSETS	**2008**	**2007**	**2008**	**2007**
	USD	**USD**	**Rs. Crore**	**Rs. Crore**
Current assets:				
Cash	90,875	118,741	0.44	0.47
Accounts receivable: less allowance for doubtful accounts	247,330	422,144	1.21	1.66
Inventories – notes 2 & 3	1,359,161	1,249,027	6.62	4.92
Inventories in transit – notes 2 & 3	–	10,165	–	0.04
Advances – vendors	23,954	24,444	0.12	0.10
Notes receivable–employees-current portion – note 6	30,253	34,583	0.15	0.14
Other current assets and prepaid expenses	19,322	9,593	0.09	0.04
Total current assets	1,770,895	1,868,697	8.63	7.37
Property and equipment: - notes 2 & 4				
At cost, less accumulated depreciation $ 50,615 (Rs. 0.25 Crore)	71,375	23,735	0.35	0.09
Other assets:				
Trademark - net of amortization – note 2	1,009,691	1,119,839	4.92	4.42
Deferred costs – note 2	12,042	4,897	0.06	0.02
Notes receivable–employees–net of current portion – note 6	11,166	54,348	0.05	0.21
Security deposits	13,620	19,687	0.07	0.08
Total other assets	1,046,519	1,198,771	5.10	4.73
TOTAL ASSETS	**2,888,789**	**3,091,203**	**14.08**	**12.19**
LIABILITIES AND MEMBERS' EQUITY				
Current liabilities:				
Accounts payable and accrued expenses	260,398	194,863	1.27	0.77
Due to members – note 8	99,600	98,857	0.49	0.39
Customers' credit balances	9,332	27,755	0.05	0.11
Notes payable - others - note 7	445,171	–	2.17	–
Total current liabilities	814,501	321,475	3.98	1.27
Long-term liabilities:				
Loans payable – members – note 5	8,876,932	7,766,677	43.25	30.62
Notes payable – others – note 7	–	431,102	–	1.70
Total long term liabilities	8,876,932	8,197,779	43.25	32.32
Commitments - note 9				
Members' capital:				
Members' capital - January 1,	(5,428,051)	(2,783,205)	(26.45)	(10.97)
Net Loss for the year	(1,374,593)	(1,646,606)	(6.70)	(6.49)
Capital adjustments	–	(998,240)	–	(3.94)
Total members' capital	(6,802,644)	(5,428,051)	(33.15)	(21.40)
TOTAL LIABILITIES AND MEMBERS' EQUITY	**2,888,789**	**3,091,203**	**14.08**	**12.19**

See accompanying notes and accountants' report

Note: The exchange rate used for converting amounts in USD to INR is Rs. 48.725 / USD (Rs. 39.423 / USD)

STATEMENT OF OPERATIONS

	Year ended December 31,			
	2008	**2007**	**2008**	**2007**
	USD	**USD**	**Rs. Crore**	**Rs. Crore**
Net Sales	**2,395,363**	**2,507,175**	11.67	9.88
Cost of goods sold	813,070	916,204	3.96	3.61
Gross profit	**1,582,293**	**1,590,971**	**7.71**	**6.27**
Operating Expenses:				
Selling, general and administrative	2,877,898	2,636,380	14.02	10.39
Depreciation	15,891	17,647	0.08	0.07
Amortization	120,003	139,529	0.58	0.55
	3,013,792	2,793,556	14.68	11.01
Net operating loss	**(1,431,499)**	**(1,202,585)**	**(6.97)**	**(4.74)**
Other income and (expenses):				
Interest income	4,818	4,143	0.02	0.02
Exchange difference	(22,453)	–	(0.11)	–
Other income	–	5,699	–	0.02
Interest expense	(14,069)	(453,295)	(0.07)	(1.79)
Assets writen off	(1,136)	(568)	(0.01)	–
Prior years interest expense adjustments – note 5	89,746	–	0.44	–
	56,906	(444,021)	0.27	(1.75)
Net loss	**(1,374,593)**	**(1,646,606)**	**(6.70)**	**(6.49)**

See accompanying notes and accountants' report

Note: The exchange rate used for converting amounts in USD to INR is Rs. 48.725 / USD (Rs. 39.423 / USD)

STATEMENT OF CASH FLOWS

	Year ended December 31,			
	2008	2007	2008	2007
	USD	USD	Rs. Crore	Rs. Crore
Increase (decrease) in cash and cash equivalent:				
Cash flows from operating activities:				
Net loss	(1,374,593)	(1,646,606)	(6.70)	(6.49)
Adjustments to reconcile net loss to cash				
Used in operating activities:				
Depreciation and amortization	135,894	157,176	0.66	0.62
Assets writen off	1,136	568	0.01	–
Changes in assets and liabilities:				
Accounts receivable	174,814	(153,178)	0.85	(0.60)
Inventories and in transit	(99,969)	(8,323)	(0.49)	(0.03)
Advances – vendors	490	(6,090)	–	(0.02)
Other current assets	(9,729)	(3,564)	(0.05)	(0.02)
Accounts payable and accrued expenses	65,535	17,443	0.32	0.07
Customers' credit balances	(18,423)	20,425	(0.09)	0.08
Net cash used in operating activities	**(1,124,845)**	**(1,622,149)**	**(5.48)**	**(6.39)**
Cash flows provided by (applied to) investing activities:				
Acquisition of property and equipment	(64,667)	(6,604)	(0.32)	(0.03)
Security deposits	6,067	500	0.03	–
Deferred costs	(17,000)	–	(0.08)	–
Net cash provided by investing activities	**(75,600)**	**(6,104)**	**(0.37)**	**(0.03)**
Cash flows provided by financing activities:				
Loans payable - members	1,110,255	1,639,265	5.41	6.46
Notes payable – others	14,069	14,030	0.07	0.06
Due to members	743	15,656	–	0.06
Notes receivable - employees	47,512	(32,821)	0.23	(0.13)
Net cash provided by financing activities	**1,172,579**	**1,636,130**	**5.71**	**6.45**
Increase in cash	**(27,866)**	**7,877**	**(0.14)**	**0.03**
Cash - beginning of year	**118,241**	**110,864**	**0.58**	**0.44**
Cash - end of year	**90,375**	**118,741**	**0.44**	**0.47**
	2008	**2007**	**2008**	**2007**
Supplementary disclosure:	**Amt. in USD**	**Amt. in USD**	**Amt. in Rs. Crore**	**Amt. in Rs. Crore**
Interest paid	–	–	–	–
Taxes paid	800	800	–	–

See accompanying notes and accountants' report

Note: The exchange rate used for converting amounts in USD to INR is Rs. 48.725 / USD (Rs. 39.423 / USD)

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2008

Note 1 – Organizational business activity:

Sundari LLC is a limited liability company registered in the state of Delaware in January 2003. The company markets and distributes skin care products under the brand name of "Sundari".

Note 2 – Summary of significant accounting policies:

a) **Inventories:**

Inventories are stated at the lower of average cost or market value.

b) **Property and equipment:**

Property and equipment is stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of assets using the straight-line method.

c) **Cash and cash-equivalents:**

For the purpose of the statement of cash flows, the company considers investments in highly liquid debt instruments with maturity of three months or less to be cash-equivalents.

d) **Concentration of risk:**

The company maintains its cash in bank deposits at high credit quality institutions. At times during the year the company maintained certain bank accounts in excess of the federally insured limits.

e) **Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the amounts reported in financial statements and accompanying notes. Actual results could differ from the estimates.

f) **Income taxes:**

The company is a single member limited liability company effective January 1 ,2008 and is treated as discarded entity for tax purposes. All elements of income and deductions are included in tax returns of members of the company.

g) **Deferred costs:**

Deferred costs consist of cost of acquiring formula and is being amortised over 24 months.

h) **Intangibles:**

Trademark – represents amount paid for acquisition of trademark "Sundari" and has been determined by reducing the acquisition costs paid for acquiring Shantih LLC, by the net equity of the company at the time of acquisition. The trademark is being written off over a period of 15 years. SFAS No. 142 addresses the initial recognition and measurement of intangible assets acquired outside a business combination and the recognition and measurement of goodwill and other intangible assets subsequent to their acquisition. Under these rules, goodwill will not be amortized but will be subject to annual impairment tests. In the opinion of management its carrying value of intangible meets this test.

Note 3 – Inventories:

Inventories at December 31, consist of:

	2008 USD	2007 USD	2008 Rs. Crore	2007 Rs. Crore
Packaging supplies	762,741	663,009	3.72	2.61
Finished goods	596,420	586,018	2.90	2.31
	1,359,161	**1,249,027**	**6.62**	**4.92**

Note: The exchange rate used for converting amounts in USD to INR is Rs. 48.725 / USD (Rs. 39.423 / USD)

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2008

Note 4 – Property and equipment:

Major classifications of property and equipment and their respective depreciable life are as follows:

Description	2008 USD	2007 USD	2008 Rs. Crore	2007 Rs. Crore	Estimated useful lives-years
Equipment	52,676	49,171	0.26	0.19	5
Furniture & fixtures	76,280	17,239	0.37	0.07	7
Website	7,940	7,940	0.04	0.03	3
	136,896	74,350	0.67	0.29	
Less: accumulated depreciation	65,521	50,615	0.32	0.20	
	71,375	**23,735**	**0.35**	**0.09**	

Note 5 – Loans payable - member:

Loans from member are unsecured and non interest bearing. Interest amounting to USD 87,746 (Rs. 0.43 Crore) charged in prior years has been added back to reduce prior year losses.

Note 6 – Notes receivable – employees

		2008 USD	2007 USD	2008 Rs. Crore	2007 Rs. Crore
a)	6.25% unsecured loan to an employee is receivable over a period of 5 years in monthly installments of $ 409 inclusive of interest; final payment is due in August 2010.	7,004	11,206	0.03	0.04
b)	6.25% unsecured loan to an employee is receivable over a period of 3 years in semi-monthly installments of $ 306 inclusive of interest; final payment is due in November 2008.	–	6,247	–	0.02
c)	6.25% unsecured loan to an employee is receivable over a period of 5 years in semi-monthly installments of $226 inclusive of interest; final payment is due in July 2011.	13,105	17,559	0.06	0.07
d)	6.25% unsecured loan to an employee is receivable over a period of 3 years in semi-monthly installments of $1195 inclusive of interest; final payment is due in March 31, 2009.	7,105	19,000	0.03	0.07
e)	7.0% unsecured loan to an employee is receivable over a period of 3 years in monthly installments of $2392 inclusive of interest; final payment is due in May 2009.	14,205	34,919	0.07	0.14
		41,419	88,931	0.19	0.34
	Current portion	(30,253)	(34,583)	(0.15)	(0.14)
		11,166	54,348	0.04	0.20

Note 7 – Notes payable - others:

Notes payable to a founder member of Shantih LLC., are due on February 24, 2009 and bear interest at 3.5% to 4%. During the year ended December 31, 2008, the company provided $14,030 ($14,069)[Rs. 0.07 Crore(Rs. 0.06 Crore)] in interest on these notes. The notes are unsecured.

SCHEDULES OF SUPPLEMENTARY INFORMATION

Note 8 - Due to member:

Represents expenses payable for expenses incurred on behalf of the company.

Note 9 - Commitments:

The company leases office space under an operating lease expiring on December 31, 2013. As at December 31, 2008 the future minimum lease payments are as follows:

December 31,	2008 USD	2007 USD	2008 Rs. Crore	2007 Rs. Crore
2008	–	47,655	–	0.19
2009	38,136	–	0.19	–
2010	47,283	–	0.23	–
2011	48,938	–	0.24	–
2012	50,651	–	0.25	–
2013	52,424	–	0.26	–
	237,432	47,655	1.17	0.19

SCHEDULE OF SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2008 :-

	USD	USD	Rs. Crore	Rs. Crore
Cost of goods sold:				
Inventories beginning	1,249,027	1,250,869	6.09	4.93
Purchases	699,977	717,935	3.41	2.83
Freight-in	71,784	66,413	0.35	0.26
Warehousing and handling	151,443	130,014	0.74	0.51
	2,172,231	2,165,231	10.58	8.54
Inventories –end	1,359,161	1,249,027	6.62	4.92
Total cost of goods sold	**813,070**	**916,204**	**3.96**	**3.61**
Selling, general and administrative expenses:				
Payroll and benefits	1,470,990	1,235,243	7.17	4.87
Rent	66,352	72,144	0.32	0.28
Telephone	29,523	23,562	0.14	0.09R
Insurance	22,748	26,731	0.11	0.11
Bank and credit card fees	27,430	27,475	0.13	0.11
Office supplies and expenses	7,214	10,094	0.03	0.04
Dues and subscriptions	1,195	1,115	0.01	–
Computer supplies and expenses	538	1,398	–	0.01
Professional fees	154,710	109,879	0.75	0.43
Business taxes	10,498	15,064	0.05	0.06
Postage and courier	25,133	18,269	0.12	0.07
Marketing	63,321	200,121	0.31	0.79
Public relations	62,921	66,276	0.31	0.26
Sales promotions and training	245,670	268,965	1.20	1.06
Relocation expenses	13,974	–	0.07	–
Product development	97,522	36,094	0.48	0.14
Website – internet	5,542	9,832	0.03	0.04
Freight and forwarding	190,785	153,928	0.93	0.61
Travel and entertainment	353,582	330,608	1.72	1.30
Auto expenses	28,250	29,582	0.14	0.12
Total selling, general and administrative expenses	**2,877,898**	**2,636,380**	**14.02**	**10.39**

Note: The exchange rate used for converting amounts in USD to INR is Rs. 48.725 / USD (Rs. 31.423 / USD)

Board of Directors	Harsh Mariwala
	Milind Sarwate
	Vijay Subramaniam
	S. Mohan
	Sudhir Rehgarh
Secretary, Manager, Negotiator	Sudhir Rehgarh
Registered Office	Office No. LB16403A227 Jebel Ali, Dubai, UAE
Auditors	M/s. Pannell Kerr Forster Chartered Accountants
Bankers	Standard Chartered Bank
Legal Advisors	M/s. Pannell Kerr Forster Chartered Accountants

AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF MARICO MIDDLE EAST FZE

Report on the Financial Statements

We have audited the accompanying financial statements of MARICO MIDDLE EAST FZE, which comprise the balance sheet as at 31 March 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 3 to 18.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of MARICO MIDDLE EAST FZE as of 31 March 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our audit opinion, we draw attention to:

a) Note 1 (d) to the financial statements which states that the accounts of the subsidiary companies are not consolidated in these financial statements as they will be consolidated in the financial statements of the ultimate parent company.

b) Note 2 to the financial statements, which states that although as at 31 March 2009, the establishment's current liabilities exceeds its current assets by AED 25,442,390 (Rs. 35.14 Crore), these financial statements have been prepared on a going concern basis as the parent company has agreed to provide their continuing financial support to the establishment to enable it to meet its liabilities as and when they fall due.

Report on Other Legal and Regulatory Requirements

We further confirm that the financial statements comply with Implementing Regulation No. 1/92 issued by the Jebel Ali Free Zone Authority pursuant to Law No. 9 of 1992. Also, in our opinion, proper books of account and other records have been maintained in accordance with the said regulation.

Dubai **PANNELL KERR FORSTER**

United Arab Emirates
13 April 2008

BALANCE SHEET

		As at March 31 ,			
		2009	2008	2009	2008
		AED	AED	Rs. Crore	Rs. Crore
NON-CURRENT ASSETS					
Property, plant and equipment	5	176,027	171,147	0.24	0.18
Investment in subsidiaries	6	12,917,823	12,863,852	17.84	13.97
Non-current financial asset	7	30,929,667	19,949,363	42.72	21.67
		44,023,517	32,984,362	60.80	35.82
CURRENT ASSETS					
Inventories	8	88,106	–	0.12	–
Trade and other receivables	9	20,744,400	10,627,484	28.66	11.54
Cash and cash equivalents	11	67,322	174,694	0.09	0.19
		20,899,828	10,802,178	28.87	11.73
TOTAL ASSETS		**64,923,345**	**43,786,540**	**89.67**	**47.55**
CURRENT LIABILITIES					
Bank borrowings	12	30,892,200	30,203,742	42.67	32.80
Trade and other payables	13	15,450,018	12,039,601	21.34	13.07
		46,342,218	42,243,343	64.01	45.87
NON-CURRENT LIABILITIES					
Provision for staff-end-of service gratuity	14	189,313	96,817	0.26	0.11
SHAREHOLDER'S FUNDS					
Share capital	16	1,000,000	1,000,000	1.38	1.08
Retained earning/(accumulated losses)		7,110,423	(1,004,748)	9.82	(1.09)
Surplus/(deficit) in equity		8,110,423	(4,748)	11.20	(0.01)
Loan from a parent company	17	10,281,391	1,451,128	14.20	1.58
		18,391,814	1,446,380	25.40	1.57
TOTAL SHAREHOLDER'S FUNDS AND LIABILITIES		**64,923,345**	**43,786,540**	**89.67**	**47.55**

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

The report of the independent auditor is set forth on pages 1 and 2.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Approved by the directors on 9 April 2009.

For MARICO MIDDLE EAST FZE

S. MOHAN Director

SUDHIR REHGARH Director

Date : 9 April 2009

Note: The exchange rate used to convert AED to Rs. 13.811 / AED (Rs. 10.86 / AED)

INCOME STATEMENT

		Year ended March 31,			
	Notes	2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
Revenue		78,508,752	58,030,498	108.43	63.02
Cost of sales	18	(38,317,914)	(30,650,037)	(52.92)	(33.29)
GROSS PROFIT		**40,190,838**	**27,380,461**	**55.51**	**29.73**
Other operating income	19	–	14,447,612	–	15.69
Staff cost	20	(3,195,288)	(2,502,470)	(4.41)	(2.72)
Depreciation and amortization	21	(21,115)	(11,594)	(0.03)	(0.01)
Other operating expenses	22	(27,156,216)	(28,344,845)	(37.51)	(30.78)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		**9,818,219**	**10,969,164**	**13.56**	**11.91**
Interest income	23	657,813	753,111	0.91	0.82
Finance costs	24	(2,360,861)	(7,702,359)	(3.26)	(8.36)
PROFIT/(LOSS) FOR THE YEAR		**8,115,171**	**4,019,916**	**11.21**	**4.37**

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

The report of the independent auditor is set forth on pages 1 and 2.

For MARICO MIDDLE EAST FZE

S. MOHAN — Director

SUDHIR REHGARH — Director

Date : 9 April 2009

Note: The exchange rate used to convert AED to Rs. 13.811 / AED (Rs. 10.86 / AED)

STATEMENT OF CHANGES IN EQUITY

Year ended March 31, 2009

	Share Capital AED	Retained earnings/ (Accumulated) losses AED	Total AED
As at 1.4.2007	1,000,000	(5,024,664)	(4,024,664)
Profit for the year	–	4,019,916	4,019,916
As at 31.3.2008	1,000,000	(1,004,748)	(4,748)
Profit for the year	–	8,115,171	8,115,171
As at 31.3.2009	**1,000,000**	**7,110,423**	**8,110,423**

	Share Capital Rs. Crore	Accumulated losses Rs. Crore	Total Rs. Crore
As at 1.4.2007	1.38	(6.94)	(5.56)
Profit for the year	–	5.55	5.55
As at 31.3.2008	1.38	(1.39)	(0.01)
Profit for the year	–	11.21	11.21
As at 31.3.2009	**1.38**	**9.82**	**11.20**

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

The report of the independent auditor is set forth on page 1 and 2.

For MARICO MIDDLE EAST FZE

S. MOHAN Director

SUDHIR REHGARH Director

Date : 9 April 2009

Note: The exchange rate used to convert AED to Rs. 13.811 / AED (Rs. 10.86 / AED)

CASH FLOW STATEMENT

		Year ended March 31,			
	Notes	2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
Cash flows from operating activities					
Cash generated from/(used in) operations	25	3,153,912	17,342,565	4.35	18.83
Interest paid		(1,804,063)	(7,825,007)	(2.49)	(8.49)
Net cash from/(used in) operating activities (A)		**1,349,849**	**9,517,558**	**1.86**	**10.34**
Cash flows from investing activities					
Purchase of property, plant and equipment		(25,995)	(145,464)	(0.04)	(0.16)
Proceeds on disposals of property, plant and equipment		–	5,186	–	0.01
Investments in wholly owned subsidiaries		(53,971)	(12,551,836)	(0.07)	(13.63)
Payments for intangible assets		–	(51,709,953)	–	(56.16)
Long term loans to a subsidiary		(10,980,304)	(12,481,356)	(15.16)	(13.55)
Proceeds from disposal of intangible assets		–	118,611,752	–	128.81
Interest received		657,813	753,111	0.91	0.81
Net cash from/(used in) investing activities (B)		**(10,402,457)**	**42,481,440**	**(14.36)**	**46.13**
Cash flows from financing activities					
Receipts from bank overdraft		114,973	11,853,742	0.16	12.87
Repayment of bank loan (net)		–	(46,242,000)	–	(50.22)
Receipt of/(Repayment of) from a parent company		8,830,263	(19,066,267)	12.19	(20.70)
Net cash from/(used in) financing activities (C)		**8,945,236**	**(53,454,525)**	**12.35**	**(58.05)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)		**(107,372)**	**(1,455,527)**	**(0.15)**	**(1.58)**
Cash and cash equivalent at beginning of year		174,694	1,630,221	0.24	1.77
Cash and cash equivalents at end of the year	11	**67,322**	**174,694**	**0.09**	**0.19**

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

The report of the independent auditor is set forth on page 1.

For MARICO MIDDLE EAST FZE

S. MOHAN Director

SUDHIR REHGARH Director

Date : 9 April 2009

Note: The exchange rate used to convert AED to Rs. 13.811 / AED (Rs. 10.86 / AED)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

1 LEGAL STATUS AND BUSINESS ACTIVITY

a) **MARICO MIDDLE EAST FZE** is a Free Zone Establishment with limited liability registered in the Jebel Ali Free Zone pursuant to Law No. 9 of 1992 of late H.H. Sheikh Maktoum Bin Rashid Al Maktoum, former Ruler of Dubai. The registered office is P.O. Box 50394, Dubai, UAE. The establishment was registered on 8 November 2005 and commenced operations on 15 November 2005.

b) The establishment trades in personal care and health care products.

c) The parent company is "Marico Limited", a company registered in India, which is the ultimate parent company.

d) These are separate financial statements of Marico Middle East FZE. The financial statements of the subsidiary companies are not consolidated in these financial statements as they will be consolidated in the financial statements of the ultimate parent company.

2 BASIS OF PREPARTION OF FINANCIAL STATEMENTS

As at 31 March 2009, the establishment current liabilities exceeds its current assets by AED 25,442,390 (Rs. 35.14 Crore), However the parent company has agreed to provide continuing financial support to the establishment to enable it to meet its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern.

3 JEBEL ALI FREE ZONE AUTHORITY REGULATIONS

As and when the net assets of the establishment fall below 75 percent of its share capital, in accordance with the Implementation Procedures issued by the Jebel Ali Free Zone Authority pursuant to Law No.9 of 1992, the directors rectify the situation by way introduction of funds.

4 SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 April 2007 and the laws of the Jebel Ali Free Zone. The significant accounting policies adopted are as follows:

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated using the straight line method over the estimated useful lives of the asset as follows:

Furniture, fixtures and office equipment	3 to 15 years
Motor vehicles	10 years

Capital work-in-progress is not depreciated. This will be depreciated from the date the relevant assets are ready for use.

An assessment of residual values is undertaken at each balance sheet date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

b) **Investment in subsidiary**

Subsidiaries are those enterprises which are controlled by the establishment. Control exists when the establishment holds more than 50% of the share capital of the investee company or controls the investee company's financial and operating policies of the entity under a statute or an agreement or controls more than half of the voting rights by virtue of an agreement with other investors. The investments in subsidiaries are stated at cost and provisions are made for impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

c) **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is arrived at using the First-In First-Out (FIFO) method and comprises invoice value plus applicable landing charges. Net realizable value is based on estimated selling price less any estimated cost of completion and disposal.

d) **Staff end-of-service gratuity**

Provision is made for end-of-service gratuity payable to the staff at the balance sheet date in accordance with the Jebel Ali Free Zone regulations.

e) **Revenue**

Revenue represents the net amount invoiced for goods delivered during the year.

f) **Leases**

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to the income statement on a straight-line basis over the period of the lease.

g) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the balance sheet date.

Gains or losses resulting from foreign currency transactions are taken to the income statement.

h) **Cash and cash equivalents**

Cash and cash equivalents comprise cash, bank current account, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

i) **Financial instruments**

Financial assets and financial liabilities are recognized when, and only when, the establishment becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Current and non-current financial assets that have fixed or determinable payments and for which there is no active market, which comprise long term loans to a wholly owned subsidiaries and trade and other receivables are classified as loans and receivables and stated at cost or, if the impact is material, at amortised cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognized in the income statement.

Current and non-current financial liabilities, which comprise bank borrowings, trade and other payables and long term loan from parent company are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

j) **Significant judgments and key assumptions**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

Impairment

At each balance sheet date, management conducts an assessment of property, plant and equipment, all financial assets and investments in subsidiaries to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to the income statement or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

Key assumptions made concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Doubtful debt provisions

Management regularly undertakes a review of the amounts of loans and receivables owed to the establishment from third parties (refer Note 9) and related parties (refer Note 10) and assesses the likelihood of non-recovery. At the balance sheet date the trade and other receivables which are overdue for more than one year and/or impaired amounted to AED Nil (Rs. Nil Crore)[previous year AED Nil (Rs. Nil Core)] . Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as the level of provisioning required.

Impairment

Assessments of net recoverable amounts of property, plant and equipment, all financial assets and investments in subsidiaries other than loans and receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

Staff-end-of service gratuity

The establishment computes the provision for the liability to staff-end-of service stated at AED 189,313 (Rs. 0.21 Crore) [previous year 96,817 (Rs. 0.11 Crore)] assuming that all employees were to leave as at the balance sheet date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite affects.

k) **Adoption of new International Financial Reporting Standards**

The following International Financial Reporting Standards and amendments thereto that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to 31 March 2009 but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods, as referred to below. It is anticipated that their adoption in the relevant accounting periods will have an impact only on presentation and disclosures within the financial statements:

- *IAS 1: Presentation of Financial Statements (1 January 2009)*
- *IAS 23: Borrowing Costs (1 January 2009)*
- *Ammendment to IAS 16 : Property plant and equipment (1 January 2009)*
- *Ammendment to IAS 36 : Impairment of assets (1 January 2009)*
- *Ammendment to IAS 39 : Financial Instruments : Recognition and Measurement (1 January 2009)*

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

5 PROPERTY, PLANT AND EQUIPMENT

	Capital work in Progress AED	Furniture, fixtures and office equipment AED	Vehicles AED	Total AED
Net book values				
As at 31.3.2008				
Cost	70,000	65,754	47,545	183,299
Accumulated depreciation	–	(8,012)	(4,140)	(12,152)
Net book value	**70,000**	**57,742**	**43,405**	**171,147**
As at 31.3.2009				
Cost	–	161,749	47,545	209,294
Accumulated depreciation	–	(24,610)	(8,657)	(33,267)
Net book value	–	**137,139**	**38,888**	**176,027**
Reconciliation of net book values	–	–	–	–
As at 1.4.2007	–	46,739	–	46,739
Additions	70,000	27,919	47,545	145,464
Disposals	–	(9,462)	–	(9,462)
Depreciation for the year	–	(7,454)	(4,140)	(11,594)
As at 31.3.2008	70,000	57,742	43,405	171,147
Additions	–	25,995	–	25,995
Disposals	(70,000)	70,000	–	–
Depreciation for the year	–	(16,598)	(4,517)	(21,115)
As at 31.3.2009	–	**137,139**	**38,888**	**176,027**

	Capital work in Progress Rs. Crore	Furniture, fixtures and office equipment Rs. Crore	Vehicles Rs. Crore	Total Rs. Crore
Net book values				
As at 31.3.2008				
Cost	0.10	0.09	0.07	0.26
Accumulated depreciation	–	(0.01)	(0.01)	(0.02)
Net book value	**0.10**	**0.08**	**0.06**	**0.24**
As at 31.3.2009	–	–	–	–
Cost	–	0.22	0.07	0.29
Accumulated depreciation	–	(0.03)	(0.01)	(0.04)
Net book value	–	**0.19**	**0.06**	**0.25**
Reconciliation of net book values	–	–	–	–
As at 1.4.2007	–	0.06	–	0.06
Additions	0.10	0.04	0.07	0.21
Disposals	–	(0.01)	–	(0.01)
Depreciation for the year	–	(0.01)	(0.01)	(0.02)
As at 31.3.2008	0.10	0.08	0.06	0.24
Additions	–	0.04	–	0.04
Disposals	(0.10)	0.10	–	–
Depreciation for the year	–	(0.02)	(0.01)	(0.03)
As at 31.3.2009	–	**0.20**	**0.05**	**0.25**

Note:

Capital work-in-progress relates to furniture, fixtures and office equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

		2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
6	**INVESTMENT IN SUBSIDIARIES**				
	Kaya Middle East FZE *	**150,000**	150,000	**0.21**	0.16
	MEL Consumer Care Company**	**162,016**	162,016	**0.22**	0.18
	Egypt American Investment and Industrial Development Company (EAIIDC)***	**12,551,836**	12,551,836	**17.34**	13.63
	MBL Industries Limited****	**53,971**	–	**0.07**	–
		12,917,823	**12,863,852**	**17.84**	13.97

* This represents investment in 1 share of AED 150,000 in a wholly owned subsidiary, Kaya Middle East FZE, registered in Sharjah, UAE.

** This represents investment in 250 shares equivalent to AED 648.06 each in a wholly owned subsidiary MEL Consumer Care Company, an Egyptian Joint Stock Company, out of which 3 shares are held by individuals on behalf of the establishment.

*** This represents investments in 68,920 shares equivalent to AED 181.12 each in a wholly owned subsidiary of Egypt American Investment and Industrial Development Company (EAIIDC), registered in Egypt. During the year 68,920 shares of EAIIDC were issued after effecting a scheme of demerger.

**** This represents investments in 100,000 shares equivalent to AED 0.5497 each in a wholly owned subsidiary, MBL Industries Limited , registered in Bangladesh.

		2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
7	**NON CURRENT FINANCIAL ASSETS**				
	Kaya Middle East FZE*	**17,195,061**	13,364,142	**23.75**	14.51
	MEL Consumer Care Company**	**6,578,106**	6,585,221	**9.09**	7.15
	Egypt American Investment and Industrial Development Company (EAIIDC)***	**7,156,500**	–	**9.88**	–
		30,929,667	19,949,363	**42.72**	21.67

* This represents long term fixed interest bearing loans with no fixed repayment schedule.

** This represents interest free long term loans with no fixed repayment schedule.

		2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
8	**INVENTORIES**				
	Goods in transit	**88,106**	–	**0.12**	–

9 TRADE AND OTHER RECEIVABLES

	2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
Trade receivables	**18,654,461**	9,376,375	**25.76**	10.18
Advances	**1,103,897**	492,967	**1.52**	0.54
Prepayments	**231,201**	451,338	**0.32**	0.49
Other receivables	**490,577**	49,475	**0.68**	0.05
Deposits	**264,264**	257,329	**0.36**	0.28
	20,744,400	10,627,484	**28.65**	11.54

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

10 RELATED PARTIES

The establishment enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business.

Related parties comprise the parent company, subsidiaries and directors.

At the balance sheet date significant balances with related parties were as follows:

	Parent company	**Subsidiaries**	**Director**	**Total 2009**	**Total 2008**
	AED	**AED**	**AED**	**AED**	**AED**
Investment in subsidiaries	–	12,917,823	–	**12,917,823**	
	–	12,863,852	–		12,863,852
Disclosed as non-current financial asset	–	30,929,667	–	**30,929,667**	–
(long term loans to wholly owned subsidiaries)	–	19,949,363	–		19,949,363
Included in trade payables	9,793,244	272,310	–	**10,065,554**	
	6,231,459	–	–	–	6,231,459
Included in accruals	–	–	112,321	**112,321**	–
	–	–	90,000	–	90,000
Included in other payables	45,263	–	–	**45,263**	
	51,013	–	–	–	51,013
Loan from parent company	10,281,391	–	–	**10,281,391**	–
	1,451,128	–	–	–	1,451,128
Included in end-of-service gratuity	–	–	34,392	**34,392**	–
	–	–	32,542	–	32,542

	Parent company	**Subsidiaries**	**Director**	**Total 2009**	**Total 2008**
	Rs. Crore	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**
Investment in subsidiaries	–	17.84	–	**17.84**	–
	-	13.97	–	–	13.97
Disclosed as non-current financial asset	–	42.72	–	**42.72**	–
(long term loans to wholly owned subsidiaries)	–	21.67	–	–	21.67
Included in trade payables	13.53	0.38	–	**13.90**	–
	6.77	–	–	–	6.77
Included in accruals	–	–	0.16	**0.16**	–
	–	–	0.10	–	0.10
Included in other payables	0.06	–	–	**0.06**	–
	0.06	–	–	–	0.06
Loan from parent company	14.20	–	–	**14.20**	–
	1.58	–	–	–	1.58
Included in end-of-service gratuity	–	–	0.05	**0.05**	–
	–	–	0.04	–	0.04

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in Notes 7, 16 and 26.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

Significant transactions with related parties during the year/period were as follows:

	Parent company AED	Subsidiaries AED	Director AED	Total 2009 AED	Total 2008 AED
Purchases	36,152,924	272,310	–	**36,425,234**	–
	29,076,452	–	–	–	29,076,452
Royalty expenses (included in selling expenses)	1,913,130	–	–	**1,913,130**	
	1,450,447	–	–	–	1,450,447
Salaries and benefits	–	–	842,912	**842,912**	–
	–	–	759,947		759,947
End-of-service gratuity	–	–	27,290	**27,290**	–
	–	–	17,930	–	17,930
Interest expenses	1,153,333	–	–	**1,153,333**	–
	460,612	–	–	–	460,612
Bank guarantee charged by HO	456,168	–	–	**456,168**	–
	1,335,944	–	–	–	1,335,944
Rent charged	–	139,578	–	–	**139,578**
	–	52,500	–	–	52,500
Interest income	–	650,693	–	–	**650,693**
	–	550,326	–	–	550,326

	Parent company Rs. Crore	Subsidiary Rs. Crore	Directors AED	2009 Rs. Crore	2008 Rs. Crore
Purchases	49.93	0.38	–	**50.31**	–
	31.58	–	–	–	31.58
Royalty expenses (included in selling expenses)	2.64	–	–	**2.64**	–
	1.58	–	–	–	1.58
Salaries and benefits	–	–	1.16	**1.16**	–
	–	–	0.83	–	0.83
End-of-service gratuity	–	–	0.04	**0.04**	–
	–	–	0.02	–	0.02
Interest expenses	1.59	–	–	**1.59**	–
	0.50	–	–	–	0.50
Bank guarantee charged by HO	0.63	–	–	**0.63**	–
	1.45	–	–	–	1.45
Rent charged	–	0.19	–	**0.19**	–
	–	0.06	–	–	0.06
Interest income	–	0.90	–	**0.90**	–
	–	0.60	–	–	0.60

The establishment also provides funds to related parties as working capital facilities at floating rate of interest.

	2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
11 CASH AND CASH EQUIVALENTS				
Cash on hand	**3,970**	9,341	**0.01**	0.01
Bank balance in current and call deposit accounts	**63,352**	165,353	**0.09**	0.18
	67,322	174,694	**0.09**	0.19

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

		2009	2008	2009	2008
13	**TRADE AND OTHER PAYABLES**	**AED**	**AED**	**Rs Crore**	**Rs Crore**
	Term loan from ICICI Bank	**–**	18,350,000	**–**	19.93
	Term loan from Barclays Bank	**18,923,485**	–	**26.14**	–
	Overdraft from Standard Chartered Bank	**11,968,715**	11,853,742	**16.53**	12.87
		30,892,200	30,203,742	**42.67**	32.80

Notes

a) Term loan is secured by corporate guarantee of the parent company and payable within one year from the date of loan.

b) Bank overdraft is secured against promissory note for US$ 4,800,000 (Rs. 6.63 Crore), stand-by letter of credit for US$ 5,000,000 (Rs. 6.91 Crore) from Standard Chartered Bank in India and indemnities covering trade and forex facilities.

		2009 AED	2008 AED	2009 Rs Crore	2008 Rs Crore
13	**TRADE AND OTHER PAYABLES**				
	Trade payables	**10,065,554**	6,231,459	**13.90**	6.77
	Accruals	**5,327,920**	5,757,129	**7.36**	6.25
	Other payables	**45,263**	51,013	**0.06**	0.06
	Advance received from customers	**11,281**	–	**0.02**	–
		15,450,018	12,039,601	**21.34**	13.08
14	**PROVISION FOR STAFF END-OF-SERVICE GRATUITY**				
	Opening balance	**96,817**	34,307	**0.13**	0.04
	Provision for the year	**92,496**	128,796	**0.13**	0.14
	Paid during the year	**–**	(66,286)	**–**	(0.07)
	Closing balance	**189,313**	96,817	**0.26**	0.11
15	**SHARE CAPITAL**				
	Issued and paid up:				
	1 share of AED 1,000,000	**1,000,000**	1,000,000	**1.38**	1.09

16 LOAN FROM A PARENT COMPANY

This represents interest bearing long term loan received from parent company with no fixed repayment schedule.

17 MANAGEMENT OF CAPITAL

The establishment's objectives when managing capital are to ensure that it continues as a going concern and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed.

Capital comprises equity funds as presented in the balance sheet together with loan from parent company. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

Funds are generated from internal accruals together with funds received from related parties and retained in business to limit bank borrowings according to business requirements and maintain capital at desired levels.

As at the year end, the total debt to capital was 3 to 1 (previous year: 29 to 1). At the year end bank debt to capital was 2 to 1 (previous year: 21 to 1).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

	2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
18 COST OF SALES				
Inventory, beginning of the year	–	–	–	–
Purchases (including direct expenses)	**38,317,914**	30,650,037	**52.92**	33.29
Less: Inventory, end of the year	–	–	–	–
	38,317,914	30,650,037	**52.92**	33.29
19 OTHER OPERATING INCOME				
Exchange gain *	–	14,415,462	–	15.66
Miscellaneous income	–	32,150	–	0.03
	–	14,447,612	–	15.69

* Represents exchange gain realized on receipts from India against sale of trademarks in 2006-07

	2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
20 STAFF COSTS				
Staff salaries and benefits	**3,102,792**	2,373,674	**4.29**	2.58
Staff-end-of service gratuity	**92,496**	128,796	**0.13**	0.14
	3,195,288	2,502,470	**4.41**	2.72

Includes directors' salaries and benefits of AED 842,912 (Rs. 1.16 Crore) ((previous year AED 759,947 (Rs.0.83 Crore) and end-of-service gratuity of AED 27,290 (Rs. 0.04 Crore) ((previous year AED 17,930) Rs.0.02 Crore)

	2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
21 DEPRECIATION AND AMORTISATION				
Depreciation	**21,115**	11,594	**0.03**	0.01
	21,115	11,594	**0.03**	0.01

	2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
22 OTHER OPERATING EXPENSES				
Rent	**262,804**	150,595	**0.36**	0.16
Loss on sale of property, plant and equipment	–	4,276	–	0.01
Selling expenses	**21,503,500**	23,346,560	**29.70**	25.35
Exchange losses	**210,456**	–	**0.29**	–
Other expenses	**5,179,456**	4,843,414	**7.15**	5.26
	27,156,216	28,344,845	**37.51**	30.78
23 INTEREST INCOME				
On bank deposits	–	191,934	–	0.21
On staff advances	**7,120**	10,795	**0.01**	0.01
On long term loans to subsidiary	**650,693**	550,382	**0.90**	0.60
	657,813	753,111	**0.91**	0.82

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

24 FINANCE COSTS

	2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
On bank loans and overdrafts	**1,207,528**	7,241,747	**1.67**	7.86
On loan from a parent company	**1,153,333**	460,612	**1.59**	0.50
	2,360,861	7,702,359	**3.26**	8.36

25 CASH GENERATED FROM/(USED IN) OPERATIONS

	2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
Profit for the year	**8,115,171**	4,019,916	**11.21**	4.37
Adjustments for:				
Depreciation of property, plant and equipment	**21,115**	11,594	**0.03**	0.01
Loss on sale of property, plant and equipment	–	4,276	–	0.01
Finance costs	**2,360,861**	7,702,359	**3.26**	8.36
Interest income	**(657,813)**	(753,111)	**(0.91)**	(0.82)
Operating profit/(loss) before changes in operating assets and liabilities	**9,839,334**	10,985,034	**13.59**	11.93
Increase in inventories	**(88,106)**	–	**(0.12)**	–
Increase in trade and other receivables	**(10,116,916)**	(4,602,127)	**(13.97)**	(5.00)
Increase in trade and other payables	**3,427,104**	2,840,785	**4.73**	3.09
Increase in staff gratuity provision	**92,496**	62,510	**0.13**	0.07
Decrease in amounts due from related parties	–	8,056,363	–	8.75
	3,153,912	17,342,565	**4.36**	18.83

26 FINANCIAL INSTRUMENTS

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged form the previous year, comprise credit, currency, liquidity and cash flow interest rate risks.

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up. As part of the company's credit risk management, where it is considered necessary, such receivables are covered by letters of credit or bank guarantees in favour of the company, issued by high credit quality financial institutions.

The establishment buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the UAE Dirham is pegged.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and un-funded facilities with banks and parent company in order to manage exposure to liquidity risk.

Borrowing facilities are regularly reviewed to ensure that the company obtains the best available pricing, terms and conditions on its borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the establishment to concentrations of credit risk comprise principally non-current loans receivable, trade and other receivables and related parties receivables.

The establishment's bank accounts are placed with high credit quality financial institutions.

Non-current loans, related parties receivables and trade and other receivables are stated net of the allowance for doubtful recoveries.

At the balance sheet date 98% of trade receivables were due from five customers (previous year 88% due from four customers).

The establishment's customers comprise duly appointed distributors of healthcare products. At the balance sheet date, the establishment's maximum exposure to credit risk from such receivables situated outside the UAE is as follows:

	2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
Other Middle East Countries	**12,072,711**	6,021,431	**16.67**	6.54

Interest rate risk

Loan from a parent company are subject to fixed interest rates at levels generally obtained in UAE and are therefore exposed to fair value interest rate risk, Long term loans to subsidiary companies (except Egyption American Investment and Industrial Development Company (EAIIDC) and MEL Consumer Care Company which are interest free) and bank borrowings are subject to floating interest rates at levels generally obtained in the UAE or are linked to LIBOR and are therefore exposed to cash flow interest rate risk.

At the balance sheet date, if interest rates had been 1% higher or lower interest expense on variable rate debt would have been AED 119,687 (Rs. 0.17 Crore) (previous year AED 302,037 (Rs. 0.33 Crore)) higher or lower resulting in equity being higher or lower by AED 119,687 (Rs. 0.17 Crore) (previous year AED 302,037 (Rs. 0.33 Crore)). At the balance sheet date, if interest rates had been 1% higher or lower interest income on variable rate debt would have been AED 171,951 (Rs. 0.24 Crore) (previous year AED Nil) higher or lower resulting in equity being higher or lower by AED 171,951 (Rs. 0.24 Crore) (previous year AED Nil).

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed.

Fair values

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of the establishment's financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values except for long term loan to a wholly subsidiary which due to its terms and nature, would have fair value below its carrying value.

For MARICO MIDDLE EAST FZE

	S. MOHAN	**SUDHIR REHGARH**
Date : 9 April 2009	Director	Director

Board of Directors	Harsh Mariwala Milind Sarwate Rakesh Pandey Samir Srivastav S. Mohan
Secretary, Manager/Negotiator	S. Mohan
Registered Office	Office Bldg 2, F–30, P.O. Box 41756, Hamriyah Free Zone, Sharjah, UAE
Auditors	M/s. Pannell Kerr Forster Chartered Accountants
Bankers	Standard Chartered Bank
Legal Advisors	M/s. Pannell Kerr Forster Chartered Accountants

AUDITORS' REPORT

TO

THE SHAREHOLDER OF KAYA MIDDLE EAST FZE

Report on the Financial Statements

We have audited the accompanying financial statements of KAYA MIDDLE EAST FZE, which comprise the balance sheet as at 31 March 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 3 to 18.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Pre–operative expenses incurred in the previous year on setting up clinics were capitalized and included under property, plant and equipment. As referred to in note 4 (a), the carrying amount of such expenses as at 31 March 2009 amounted to AED 822,457 (Rs.1.14 Crore) (as at 31 March 2008 – AED 1,861,095 (Rs.2.02 Crore)). An amount of AED 1,038,638 has been written off during the year. International Accounting Standards: 38 requires such pre–operative expenses to be expensed out when incurred. Consequently, the property, plant and equipment and shareholder's funds as at the year end are overstated to the extent of AED 822,457 (Rs.1.14 Crore) and loss for the year is overstated by AED 1,038,638 (Rs.2.02 Crore).

OPINION

Except that property, plant and equipment and shareholder's funds as at the year end are overstated by AED 822,457 (Rs.1.14 Crore)and loss for the year is overstated by AED 1,038,638 (Rs.2.02 Crore), in our opinion, the financial statements give a true and fair view of the financial position of KAYA MIDDLE EAST FZE as of 31 March 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

EMPHASIS OF MATTER

Without further qualifying our opinion, we draw attention to Note 2 to the financial statements, which states that although as at 31 March 2009, the establishment has accumulated losses of AED 3,765,662 (Rs.5.20 Crore) and deficit in equity funds of AED 3,615,662 (Rs.4.99 Crore) the ultimate parent company has agreed to continue with the operation of the establishment and the ultimate parent company is taking appropriate measures to ensure profitable operations of the establishment. Also, the ultimate parent company has agreed to provide continuing financial support to the establishment to enable it to discharge its liabilities as and when they fall due for payment. Accordingly, these financial statements have been prepared on a going concern basis.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We further confirm that the financial statements comply with the Implementing Rules and Regulations issued by the Hamriya Free Zone Authority pursuant to Sharjah Emiree Decree No.6 of 1995.

PANNELL KERR FORSTER

Sharjah, United Arab Emirates **Auditor**

14 April 2009

BALANCE SHEET

	Notes	2009 AED	2008 AED	As At 31 March, 2009 Rs. Crore	2008 Rs. Crore
NON–CURRENT ASSETS					
Property, plant and equipment	5	10,220,596	10,178,815	14.12	11.05
CURRENT ASSETS					
Inventories	6	1,590,742	1,268,468	2.20	1.38
Trade and other receivables	7	5,246,638	2,705,387	7.24	2.94
Cash and cash equivalents	8	1,305,010	826,705	1.80	0.90
		8,142,390	4,800,560	11.24	5.22
TOTAL ASSETS		**18,362,986**	**14,979,375**	**25.36**	**16.27**
CURRENT LIABILITIES					
Book overdraft		209,468	202,294	0.29	0.22
Trade and other payables	9	2,990,143	1,714,389	4.13	1.86
Amounts due to a related party	10	785,024	828,871	1.08	0.90
		3,984,635	**2,745,554**	**5.50**	**2.98**
NON–CURRENT LIABILITIES					
Provision for staff end–of–service gratuity		798,952	364,191	1.10	0.40
SHAREHOLDER'S FUNDS					
Share capital		150,000	150,000	0.21	0.16
Accumulated losses	11	(3,765,662)	(1,644,512)	(5.20)	(1.78)
Deficit in equity		(3,615,662)	(1,494,512)	(4.99)	(1.62)
Loan from a shareholder	12	17,195,061	13,364,142	23.75	14.51
		13,579,399	11,869,630	18.76	12.89
TOTAL EQUITY AND LIABILITIES		**18,362,986**	**14,979,375**	**25.36**	**16.27**

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

The report of the independent auditor is set forth on pages 1 and 2.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation. Approved by the directors on 11 April 2009.

For KAYA MIDDLE EAST FZE

Milind Sarwate
Director

Rakesh Pandey
Director

Date: 11 April 2009

Note: The exchange rate used to convert AED to Rs. 13.811 / AED (Rs. 10.86 / AED)

INCOME STATEMENT

	Notes	Year ended 31st March 2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
REVENUE		**32,758,250**	**18,329,949**	45.24	19.91
Direct costs	15	(19,851,484)	(11,994,312)	(27.41)	(13.03)
GROSS PROFIT		**12,906,766**	**6,335,637**	**17.83**	**6.88**
Other operating income		183,688		0.25	–
Advertisement expenses		(2,717,832)	(1,812,655)	(3.75)	(1.97)
Administrative expenses	16	(11,843,079)	(5,534,169)	(16.36)	(6.01)
LOSS FROM OPERATING ACTIVITIES		**(1,470,457)**	**(1,011,187)**	**(2.03)**	**(1.10)**
Interest income on call deposit account		–	89	–	–
Finance costs		(650,693)	(550,326)	(0.90)	(0.60)
LOSS FOR THE YEAR		**(2,121,150)**	**(1,561,424)**	**(2.93)**	**(1.70)**

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

The report of the independent auditor is set forth on pages 1 and 2.

For KAYA MIDDLE EAST FZE

Milind Sarwate
Director

Rakesh Pandey
Director

Date: 11 April 2009

Note: The exchange rate used to convert AED to Rs. 13.811 / AED (Rs. 10.86 / AED)

STATEMENT OF CHANGES IN EQUITY

	Share capital AED	Accumulated AED	Total AED	Share capital In Rs. Crore	Accumulated losses In Rs. Crore	Total In Rs. Crore
As at 31.3.2007	150,000	(83,088)	66,912	0.21	(0.11)	0.10
Loss for the year	–	(1,561,424)	(1,561,424)	–	(2.16)	(2.16)
As at 31.3.2008	150,000	(1,644,512)	(1,494,512)	0.21	(2.27)	(2.06)
Loss for the year	–	(2,121,150)	(2,121,150)	–	(2.93)	(2.93)
As at 31.3.2009	**150,000**	**(3,765,662)**	**(3,615,662)**	**0.21**	**(5.20)**	**(4.99)**

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

The report of the independent auditor is set forth on pages 1 and 2.

For KAYA MIDDLE EAST FZE

Milind Sarwate — Director

Rakesh Pandey — Director

Date: 11 April 2009

Note: The exchange rate used to convert AED to Rs. 13.811 / AED (Rs. 10.86 / AED)

CASH FLOW STATEMENT

	Notes	2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
		Year ended 31st March			
Cash flows from operating activities					
Cash used in operations	18	987,794	(855,530)	1.37	(0.93)
Finance costs		(650,693)	(550,326)	(0.90)	(0.60)
Net cash from /(used in) operating activities (A)		**337,101**	**(1,405,856)**	**0.47**	**(1.53)**
Cash flows from investing activities					
Purchase of property, plant and equipment		(3,653,042)	(10,106,652)	(5.05)	(10.98)
Interest received		–	89	–	–
Net cash used in investing activities (B)		**(3,653,042)**	**(10,106,563)**	**(5.05)**	**(10.98)**
Cash flows from financing activities					
(Payments)/Receipts from related parties		(43,847)	393,240	(0.06)	0.43
Loan from a shareholder		3,830,919	10,485,107	5.29	11.39
Net cash from financing activities (C)		**3,787,072**	**10,878,347**	**5.23**	**11.82**
Net (decrease)/increase in cash and cash equivalents (A+B+C)		**471,131**	**(634,072)**	**0.65**	**(0.69)**
Cash and cash equivalents at beginning of year		624,411	1,258,483	0.86	1.37
Cash and cash equivalents at end of year	19	**1,095,542**	**624,411**	**1.51**	**0.68**

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

The report of the independent auditor is set forth on pages 1 and 2.

For KAYA MIDDLE EAST FZE

Milind Sarwate
Director

Rakesh Pandey
Director

Date: 11 April 2009

Note: The exchange rate used to convert AED to Rs. 13.811 / AED (Rs. 10.86 / AED)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

1 LEGAL STATUS AND BUSINESS ACTIVITY

a) **KAYA MIDDLE EAST FZE** was incorporated on 25 December 2005 as a Free Zone Establishment with limited liability in Sharjah Hamriyah Free Zone Authority pursuant to Emirate Decree No 6 of 1995 of H. H. Sheikh Dr. Sultan Bin Mohammed Al–Qasimi, Ruler of Sharjah. The principal place of business is P. O. Box 41756, Sharjah, UAE. The establishment commenced operations on 25 December 2005.

b) The establishment is engaged in the business of providing products and services in the area of skin care treatment and aesthetics and import, export, trading in skin care machinery, consumables and products and providing related services.

c) These financial statements include the assets, liabilities and the result of operations of skin care clinics operating in the United Arab Emirates, Sultanate of Oman and Kingdom of Saudi Arabia under the local sponsorship.

d) The parent company is “Marico Middle East FZE” a company registered in the Jebel Ali Free Zone, UAE. The ultimate parent company is Marico Limited, a company registered in India.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

As at 31 March 2009, the establishment has accumulated losses of AED 3,765,662 (Rs.5.20 Crore) and deficit in equity funds of AED 3,615,662 (Rs.4.99 Crore). However, the ultimate parent company has agreed to continue with the operation of the establishment and the ultimate parent company is taking appropriate measures to ensure profitable operations of the establishment. Also, the ultimate parent company has agreed to provide continuing financial support to the company to enable it to discharge its liabilities as and when they fall due for payment. Accordingly, these financial statements have been prepared on a going concern basis .

3 FREE ZONE AUTHORITY REGULATIONS

As and when the net assets of the establishment fall below 75% of its share capital, in accordance with Implementation procedures issued by the Hamriyah Free zone Authority pursuant to Emirates Decree No. 6 of 1995 of H.H. Dr. Sultan Bin Mohammed Al Qasimi, Ruler of Sharjah, the directors rectify the situation by way of introduction of funds.

4 SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2007, and the requirements of the implementing Rules and Regulations issued by the Hamriyah Free Zone Authority. The significant accounting policies adopted, and that have been consistently applied, are as follows:

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material is depreciated using the straight line method over the estimated useful lives of the assets as follows:

Clinic interior decoration	3 to 4 years
Machinery and clinic equipments	1 to 7 years
Office furniture, fixtures and equipment	2 to 4 years
Motor vehicles	5 years

Upto previous year, the establishment followed a policy of capitalising the pre–operative expenses and depreciating the amount over the estimated useful lives of the respective assets under which it is capitalised. The preoperative expenses originally incurred amounted to AED 1,942,521 (Rs.2.68 Crore).

However, now the establishment has decided to write off these expenses within two years. Accordingly, the opening carrying amount of AED 1,861,095 (Rs. 2.57 Crore) is written off to the extent of AED 1,038,638 (Rs.2.02 Crore) in the current year and the balance of AED 822,457 (Rs.1.14 Crore) will be written off in the next year.

An assessment of residual values is undertaken at each balance sheet date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

Capital work–in–progress is not depreciated. This will be depreciated from the date the relevant assets are ready for use.

b) **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is arrived at using the Weighted Average Cost (WAC) method and comprises invoice value plus applicable landing charges. Net realizable value is based on estimated selling price less any estimated cost of completion and disposal.

c) **Staff end–of–service gratuity**

Provision is made for end–of–service gratuity payable to the staff at the balance sheet date in accordance with the local labour laws.

d) **Revenue**

Revenue represents the net amount invoiced for goods delivered and services rendered during the year.

e) **Leases**

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to the income statement on a straight–line basis over the period of the lease.

f) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the balance sheet date.

Gains or losses resulting from foreign currency transactions are taken to the income statement.

g) **Cash and cash equivalents**

Cash and cash equivalents comprise cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment net of temporary book overdrafts.

h) **Financial instruments**

Financial assets and financial liabilities are recognised when, and only when, the establishment becomes a party to the contractual provisions of the instrument.

Financial assets are de–recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de–recognised when, and only when, they are extinguished, cancelled or expired.

Current financial assets that have fixed or determinable payments and for which there is no active market, which comprise trade and other receivables are classified as loans and receivables and stated at cost or, if the impact is material, at amortised cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and accruals thereof are recognised in the income statement.

Current and non–current financial liabilities, which comprise book overdraft, trade and other payables, related party payables and shareholder's loan account are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

i) **Significant judgments and key assumptions**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Impairment

At each balance sheet date, management conducts an assessment of property, plant, equipment and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables,

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

if an amount is deemed irrecoverable, it is written off to the income statement or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

Key assumptions made concerning the future and other key sources of estimated uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Inventory provisions

Management regularly undertakes a review of the establishment's inventory, stated at AED 1,590,742 (Rs.2.20 Crore) ((previous year AED 1,268,468 (Rs.1.38 Crore)) in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Doubtful debt provisions

Management regularly undertakes a review of the amounts of loans and receivables owed to the establishment from third parties, (see Note 7) and assesses the likelihood of non–recovery. At the balance sheet date the net amount expected to be recovered from trade and other receivables, which are overdue representing more than one year amounted to AED Nil (Rs. Nil Crore)(previous year AED Nil((Rs. Nil Crore)) and amounts expected to be recovered from the customers that are considered to be impaired amounted to AED Nil (previous year AED Nil (Rs. Nil Crore)). Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required

Impairment

Assessments of net recoverable amounts of property, plant, equipment and all financial assets other than loans and receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

Staff end–of–service gratuity

The establishment computes the provision for the liability to staff end–of–service gratuity stated at AED 798,952 (Rs. 1.10 Crore) ((previous year AED 364,191(Rs.0.40 Crore)), assuming that all employees were to leave as of the balance sheet date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite affects.

j) **Adoption of new International Financial Reporting Standards**

The following International Financial Reporting Standards and amendments thereto that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to 31 March 2009 but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods, as referred to below. It is anticipated that their adoption in the relevant accounting periods will have an impact only on presentations and disclosures within the financial statements:

- IAS 1: Presentation of Financial Statements (1 January 2009)
- IAS 23: Borrowing Costs (1 January 2009)
- Amendment to IAS 16: Property, plant and equipment (1 January 2009)
- Amendment to IAS 32: Financial Instrument: Presentation (1 January 2009)
- Amendment to IAS 36: Impairment of assets (1 January 2009)
- Amendment to IAS 39: Financial Instruments: Recognition and Measurement (1 January 2009)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

5 **PROPERTY, PLANT AND EQUIPMENT**

	Capital work in progess	Clinic interior decoration	Machinery and clinic equipments	Office furniture fixtures equipments	Motor vehicle	Total
	AED	AED	AED	AED	AED	AED
Net book values						
As at 31.3.2008						
Cost	2,005,006	4,230,373	5,576,242	33,059	47,045	11,891,725
Accumulated depreciation	–	(838,472)	(860,507)	(6,090)	(7,841)	(1,712,910)
Net book value	**2,005,006**	**3,391,901**	**4,715,735**	**26,969**	**39,204**	**10,178,815**
As at 31.3.2009						
Cost	2,615,055	4,937,822	6,794,998	59,209	99,045	14,506,129
Accumulated depreciation	–	(2,011,743)	(2,231,142)	(21,782)	(20,866)	(4,285,533)
Net book value	**2,615,055**	**2,926,079**	**4,563,856**	**37,427**	**78,179**	**10,220,596**
Reconciliation of net book values						
As at 31.3.2007	1,785,073	–	–	–	–	1,785,073
Additions	1,984,070	2,758,719	5,283,759	33,059	47,045	10,106,652
Transfers	(1,764,137)	1,471,654	292,483	–	–	–
Depreciation for the year	–	(838,472)	(860,507)	(6,090)	(7,841)	(1,712,910)
As at 31.3.2008	2,005,006	3,391,901	4,715,735	26,969	39,204	10,178,815
Additions	2,591,783	10,216	972,893	26,150	52,000	3,653,042
Transfers	(1,981,734)	697,233	1,284,501	–	–	–
Adjustments relating to write off			(1,038,638)			(1,038,638)
Depreciation for the year	–	(1,173,271)	(1,370,635)	(15,692)	(13,025)	(2,572,623)
As at 31.3.2008	**2,615,055**	**2,926,079**	**4,563,856**	**37,427**	**78,179**	**10,220,596**

	Capital work in progess	Clinic interior decor–ation	Machinery and clinic equip–ments	Office furniture fixtures equip–ments	Motor vehicle	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Net book values						
As at 31.3.2008						
Cost	2.77	5.85	7.70	0.05	0.06	16.43
Accumulated depreciation	–	(1.16)	(1.19)	(0.01)	(0.01)	(2.37)
Net book value	**2.77**	**4.69**	**6.51**	**0.04**	**0.05**	**14.06**
As at 31.3.2009						
Cost	3.61	6.82	9.39	0.08	0.14	20.04
Accumulated depreciation	–	(2.78)	(3.08)	(0.03)	(0.03)	(5.92)
Net book value	**3.61**	**4.04**	**6.31**	**0.05**	**0.11**	**14.12**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

	Capital work in progess	Clinic interior decoration	Machinery and clinic equipments	Office furniture fixtures equipments	Motor vehicle	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Reconciliation of net book values						
As at 31.3.2007	2.47	–	–	–	–	2.47
Additions	2.74	3.81	7.30	0.05	0.06	13.96
Transfers	(2.44)	2.03	0.41	–	–	(0.00)
Depreciation for the year	–	(1.16)	(1.19)	(0.01)	(0.01)	(2.37)
As at 31.3.2008	2.77	4.68	6.52	0.04	0.05	14.06
Additions	3.58	0.01	1.34	0.04	0.07	5.04
Transfers	(2.74)	0.96	1.78	–	–	(0.00)
Adjustments relating to write off	–	–	(1.43)	–	–	(1.43)
Depreciation for the year	–	(1.62)	(1.89)	(0.02)	(0.02)	(3.55)
As at 31.3.2009	**3.61**	**4.03**	**6.32**	**0.06**	**0.10**	**14.12**

Notes

- Capital work–In–progress relates to interior decoration of clinics amounting to AED 543,750 (R.0.75 Crore) and machinery and clinic equipment amounting to AED 2,071,305 (Rs.2.86 Crore).
- Pre–operative expenses incurred in the previous year on setting up of clinics were capitalised and included in machinery and clinic equipment Carrying value of such expenses as at 31.3.2008 was AED 1,861,095 (Rs.2.02 Crore) {i.e. AED 820,179 (Rs.0.89 Crore) was included in capital work–in–progress and AED 1,040,916 (Rs.1.13 Crore)in machinery and clinic equipment}. Out of this an amount of AED 1,038,638 (Rs.2.02 Crore) has been written off during the year.

		2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
6	**INVENTORIES**				
	Consumable and spares	1,590,742	1,268,468	2.20	1.38
7	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	325,388	136,577	0.45	0.15
	Advances	2,256,539	1,458,685	3.12	1.58
	Prepayments	2,207,402	782,657	3.05	0.85
	Deposits	457,309	327,468	0.63	0.36
		5,246,638	**2,705,387**	**7.25**	**2.94**
8	**CASH AND CASH EQUIVALENTS**				
	Cash on hand	813,992	429,517	1.12	0.47
	Bank balances in current account	491,018	397,188	0.68	0.43
		1,305,010	**826,705**	**1.80**	**0.90**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

9 TRADE AND OTHER PAYABLES

	2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
Trade payables	2,288,168	1,216,639	3.16	1.32
Creditors of capital goods	398,035	–	0.55	–
Accruals	303,940	231,394	0.42	0.25
Other payables	–	266,356	–	0.29
	2,990,143	**1,714,389**	**4.13**	**1.86**

10 RELATED PARTIES

The establishment enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business.

Related parties comprise the parent company, the ultimate parent company, companies under common ownership and/or common management control, fellow subsidiaries and directors.

At the balance sheet date significant balances with related parties were as follows:

	Parent company	Ultimate Parent company	Companies under comman ownership/ management control	Directors	Total 2009	Total 2008
	AED	AED	AED	AED	AED	AED
Included in Trade and other receivables	–	–	–	100,829	100,829	–
	–	–	–	163,375	–	163,375
Included in Trade and other payables	–	–	323,837	–	323,837	–
	–	–	630,055	193,830	–	823,885
Disclosed as due to a related party	–	785,024	–	–	785,024	–
	–	828,871	–	–	–	828,871
Loan from shareholder	17,195,061	–	–	–	17,195,061	–
	13,364,142	–	–	–		13,364,142
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Included in Trade and other receivables	–	–	–	0.14	0.14	
	–	–	–	0.18		0.18
Included in Trade and other payables	–	–	0.45	–	0.45	
	–	–	0.68	0.21		0.89
Disclosed as due to a related party	–	1.08	–	–	1.08	
	–	0.90	–	–		0.90
Loan from shareholder	23.75	–	–	–	23.75	
	14.51	–	–	–		14.51

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in Notes 13 and 20.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

Significant transactions with related parties during the period were as follows:

	Parent company	Companies under comman ownership/ management control	Directors	Total 2009	Total 2008
	AED	AED	AED	AED	AED
Purchases	–	50,690	–	50,690	
		240,596	–		240,596
Directors salaries & benefits	–	1,375,677	–	1,375,677	
	–	1,029,438			1,029,438
End of service gratuity	–	43,989	–	43,989	
	–	19,111	–		19,111
Finance costs	650,693	–	–	650,693	
	550,326	–	–	–	550,326
Purchase of property, plant and equipment	–	–	–	–	–
	–	134,410	–	–	134,410
Rent	180,000	–	–	180,000	
	52,500	–	–	–	52,500

	Parent company	Companies under comman ownership/ management control	Directors	Total 2009	Total 2008
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Purchases	–	0.07	–	0.07	
	–	0.26	–	–	0.26
Directors salaries & benefits	–	–	1.90	1.90	
	–	–	1.12	–	1.12
End of service gratuity	–	–	0.06	0.06	
	–	–	0.02	–	–
Finance costs	0.90	–	–	0.90	
	0.60	–	–	–	–
Purchase of property, plant and equipment	–	–	–	–	
	–	0.15	–	–	–
Rent	0.25	–	–	0.25	
	0.06	–	–	–	–

The establishment also provides fund to/receives fund from related parties as working capital facilities, at floating rate of interest.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

		2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
11	**PROVISION FOR STAFF END–OF–SERVICE GRATUITY**				
	Opening balance	364,191	132,814	0.50	0.14
	Provision for the year	472,201	357,642	0.65	0.39
	Paid during the year	(37,440)	(126,265)	(0.05)	(0.14)
	Closing balance	**798,952**	**364,191**	**1.10**	**0.40**
12	**SHARE CAPITAL**				
	Issued and paid up:				
	1 share of AED 150,000	150,000	150,000	0.21	0.16

13 **LOAN FROM A SHAREHOLDER**

This represents long–term loan given by the shareholder bearing floating interest rate but with no fixed repayment schedule. It is not the intention of the shareholder to withdraw the loan in the foreseeable future.

14 **MANAGEMENT OF CAPITAL**

The establishments objectives when managing capital are to ensure that the establishment continues as a going concern and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed.

Capital comprises equity funds as presented in the balance sheet together with shareholder's loan and amounts due to/from related parties. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

Funds generated from internal accruals together with funds received from a shareholder/ related parties are retained in the business to meet the objectives..

As at the year end, the total debt to capital was 0.25 to 1 (previous year: 0.11 to 1).

		2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
15	**DIRECT COSTS**				
	Consumables and stores consumed	4,139,412	2,216,999	5.72	2.41
	Salaries and benefits	10,522,289	6,669,743	14.53	7.24
	End–of service gratuity	397,365	317,673	0.55	0.34
	Rent	2,248,511	1,090,918	3.11	1.18
	Depreciation (Note 17)	2,543,907	1,698,979	3.51	1.85
		19,851,484	**11,994,312**	**27.42**	**13.03**
16	**ADMINISTRATIVE EXPENSES**				
	Directors salaries and benefits	1,375,677	1,029,438	1.90	1.12
	End of service gratuity	43,989	19,111	0.06	0.02
	Staff salaries and benefits	3,175,773	701,971	4.39	0.76
	Staff end–of–service gratuity	30,846	20,858	0.04	0.02
	Rent	180,000	52,500	0.25	0.06
	Travelling expenses	2,881,306	1,498,244	3.98	1.63
	Other administration and general expenses	3,088,134	2,198,116	4.27	2.39
	Depreciation on administrative assets (Note 17)	28,716	13,931	0.04	0.02
	Pre–operative expenses under property plant and equipment written off	1,038,638	–	1.43	–
		11,843,079	**5,534,169**	**16.36**	**6.01**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

		2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
17	**DEPRECIATION**				
	Allocated to cost of sales (Note 15)	2,543,907	1,698,979	3.51	1.85
	Allocated to administrative expenses (Note 16)	28,716	13,931	0.04	0.02
		2,572,623	**1,712,910**	**3.55**	**1.86**
18	**CASH USED IN OPERATIONS**				
	Loss for the year	(2,121,150)	(1,561,424)	(2.93)	(1.70)
	Adjustments for:				
	Depreciation of property, plant and equipment	2,572,623	1,712,910	3.55	1.86
	Write off of Property plant and equipment	1,038,638	–	1.43	–
	Interest income		(89)	–	(0.00)
	Finance costs	650,693	550,326	0.90	0.60
	Operating profit/(loss) before changes in operating assets and liabilities	2,140,804	701,723	2.96	0.76
	Increase in inventories	(322,274)	(935,631)	(0.45)	(1.02)
	Decrease/(increase) in trade and other receivables	(2,541,251)	173,891	(3.51)	0.19
	(Decrease)/increase in trade and other payables	1,275,754	(1,026,890)	1.76	(1.12)
	Increase in staff gratuity provision	434,761	231,377	0.60	0.25
		987,794	**(855,530)**	**1.36**	**(0.93)**

		2009 AED	2008 AED	2009 Rs. Crore	2008 Rs. Crore
19	**RECONCILIATION OF CASH AND CASH EQUIVALENTS**				
	Cash and cash equivalents as disclosed in the balance sheet	1,305,010	826,705	1.80	0.90
	Less: Book overdraft	(209,468)	(202,294)	(0.29)	(0.22)
	Cash and cash equivalents as disclosed in the cash flow statements	**1,095,542**	**624,411**	**1.51**	**0.68**

20 **FINANCIAL INSTRUMENTS**

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed comprise credit, currency, liquidity and cash flow interest rate risks.

The establishment buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the UAE Dirham is pegged.

Management continuously monitors its cash flows to determine its cash requirements in order to manage exposure to liquidity risk.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the establishment to concentrations of credit risk comprise principally bank accounts and trade and other receivables.

The establishment's bank accounts are placed with high credit quality financial institutions.

Trade and other receivables are stated net of the allowance for doubtful recoveries. At the balance sheet date, there is no significant concentration of credit risk from receivables situated outside the UAE or from individual customer or by industry.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

Interest rate risk

Shareholder's loan is subject to floating interest rates at levels generally obtained in the UAE and are therefore exposed to fair value interest rate risk.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed, except the following

	Omani riyal		Saudi Riyal		Indian Rupees	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	AED	**AED**	**AED**	**AED**	**AED**	**AED**
Bank balance	228,994	315,953	50,487	61,841	–	–
Cash at clinics	30,483	4,095	21,456	10,245	–	–
Trade and other receivables	60,300	2,474	40,037	17,462	–	–
Trade and other payables	–	551,695	–	–	323,837	630,055
Amount due to a related party	–	–	–	–	785,024	828,871

	Omani riyal		Saudi Riyal		Indian Rupees	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	Rs. Crore	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**
Bank balance	0.32	0.34	0.07	0.07	–	–
Cash at clinics	0.04	0.00	0.03	0.01	–	–
Trade and other receivables	0.08	0.00	0.06	0.02	–	–
Trade and other payables	–	0.60	–	–	0.45	0.68
Amount due to a related party	–	–	–	–	1.08	0.90

Reasonably possible changes to exchange rates at the balance sheet date are unlikely to have had a significant impact on profit or equity.

Fair values

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial assets and liabilities which are required to be carried at cost or at amortised cost approximate to their fair value.

21 OPERATING LEASE COMMITMENTS

The establishment has entered into non–cancellable operating leases for rentals. The total of the future lease payments is as follows:

	2009	**2008**	**2009**	**2008**
	AED	**AED**	**Rs. Crore**	**Rs. Crore**
Not later than one year	5,893,136	2,092,385	8.14	2.27
Between one and five years	19,340,227	1,775,195	26.71	1.93
Later than five years	–	–	–	–
	25,233,363	**3,867,580**	**34.85**	**4.20**

For KAYA MIDDLE EAST FZE

Milind Sarwate
Director

Rakesh Pandey
Director

Date: 11 April 2009

Board of Directors	Brajesh Bajpai Harsh Mariwala Milind Sarwate Vijay Subramaniam Aditya Shome Marico Middle East representeted by Vijay Subramaniam
Registered Office	5th Floor, 53, Lebanon Street, Mohandseen, Giza, Egypt
Auditors	KPMG – Hazem Hassan, Public Accountants and Consultants
Bankers	HSBC Limited
Legal Advisors	Maharem Office for Accounting and Auditing

AUDITORS' REPORT

To the Shareholders of/MEL Consumer Care Company S.A.E

Report on the Unconsolidated Financial Statements

We have audited the accompanying unconsolidated financial statements of MEL Consumer Care Company - S.A.E (the "Company"), which comprise the balance sheet as at 31 March 2009, and the unconsolidated statements of income statement, statement of cash flows and statement of changes in equity for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the unconsolidated financial statements referred to above present fairly, in all material respects, the unconsolidated financial position of MEL Consumer Care Company -S.A.E as of 31 March 2009, and of its unconsolidated financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these unconsolidated financial statements.

Emphasis of Matter

Without qualifying our opinion, as explained in note (26) to the financial statements, the Company sustained losses during the current financial year amounting to LE 9 593 K (Rs.8.65 Crore) which resulted to accumulated losses as at 31 March amounting to LE 7 755 K (Rs.6.99 Crore) and its current liabilities exceeded its current assets by LE 11 629 K (Rs.10.48 Crore), at that date, in addition, the Company has temporarily frozen its business operations throughout the financial year ended 31 March 2009 until deciding on specific activities which will be undertaken in the future. The shareholders are supporting the continuity of the Company by guaranteeing the repayment of the loan and advance and their commitment to convert the amount owed to them into equity should the Company be unable to settle it. This situation indicates the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

Based on the foregoing, management has prepared these financial statements using the going concern assumption and as such the financial statements did not include any adjustments to the carrying amounts of the assets and liabilities that may arise because of this uncertainty. In accordance with article no. 60 of the Company's Articles of Association and article no. 69 of Companies law no. 159 of 1981 an extraordinary general assembly meeting should be convened to decide on the Company's continuity. The financial statements have been prepared on going concern basis and did not include any adjustments that might have been determined to be necessary if the Company does not continue as a going concern.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company; the unconsolidated financial statements are in agreement thereto.

The attached unconsolidated financial statements have been issued in accordance with the requirements of the Companies Law No. 159 of 1981. As stated in the notes to the financial statements, (note 6), the Company has investments in subsidiaries and in accordance with Article 188 of the Executive Regulations to the Companies Law referred to above, the Company is required to prepare consolidated financial statements that present the consolidated financial position, the consolidated financial performance and cash flows of the Company and its subsidiaries as a single economic entity.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of accounts

Cairo, 10 June 2009

KPMG Hazem Hassan

Public Accountants and Consulting

BALANCE SHEET

	Note No.	2009 L.E.	2008 L.E.	2009 Rs. Crore	2008 Rs. Crore
		As at March 31,			
Assets					
Long-Term Assets					
Fixed assets (net)	(4-2), (5)	1,235,895	1,567,500	1.11	1.15
Long-Term Investments	(4-3), (6)	3,116,358	3,131,358	2.81	2.29
Deferred tax assets	(4-11-A)	–	164,485	–	0.12
Total Long-Term Assets		**4,352,253**	**4,863,343**	**3.92**	**3.56**
Current Assets					
Accounts and notes receivables (net)	(4-4/6), (7)	46,693	781,616	0.04	0.57
Due from related parties	(4-8), (13-1)	27,197,042	7,039,150	24.52	5.15
Debtors and other debit balances (net)	(4-4/6), (8)	232,324	192,120	0.21	0.14
Cash and Cash equivalents	(9)	114,814	1,109,163	0.10	0.81
Total Current Assets		**27,590,873**	**9,122,049**	**24.87**	**6.67**
Current Liabilities					
Provisions	(4-9) ,(10)	180,689	369,679	0.16	0.27
Banks - overdraft & credit facilities	(11)	19,863,787	7,171,689	17.91	5.25
Accounts and notes payables	(4-7), (12)	24,824	124,925	0.02	0.09
Due to related parties	(4-8), (13-2)	17,856,986	1,629,836	16.10	1.19
Creditors and other credit balances	(4-7), (14)	1,293,320	2,396,159	1.16	1.75
Total Current Liabilities		**39,219,606**	**11,692,288**	**35.35**	**8.55**
(Excess of current liabilities over current assets)		**(11,628,733)**	**(2,570,239)**	**(10.48)**	**(1.88)**
Total investments		**(7,276,480)**	**2,293,104**	**(6.56)**	**1.68**
To be financed as follows :					
Shareholders' Equity					
Issued and paid in capital	(15)	250,000	250,000	0.23	0.19
Legal Reserve		204,310	–	0.18	–
Retained Earnings		1,838,794	–	1.66	–
(Loss) Profit for the year / period		(9,593,380)	2,043,104	(8.65)	1.49
Total Shareholders' Equity		**(7,300,276)**	**2,293,104**	**(6.58)**	**1.68**
Long Term Liabilities					
Deferred tax liability	(4-11-A)	**23,796**	–	0.02	–
Total Long Term Liabilities		**23,796**	**–**	**0.02**	–
Total Financing Working Capital & Long Term Assets		**(7,276,480)**	**2,293,104**	**(6.56)**	**1.68**

The accompanying notes on pages from (5) to (20) are integral part of these financial statements and to be read therewith.

Financial Controller

Egypt Country Head

Note: The exchange rate used to convert L.E. to Rs. is Rs. 7.312/ L.E.

INCOME STATEMENT

		For the period from			
		From 1/4/2008	From 1/10/2006	From 1/4/2008	From 1/10/2006
	Note No.	Till 31/03/2009	Till 31/03/2008	Till 31/03/2009	Till 31/03/2008
		L.E.	L.E.	Rs. Crore	Rs. Crore
Revenues :					
Net Sales	(4-10-A), (16) (17)	(257,741)	48,088,863	(0.23)	35.16
Less:					
Cost of goods sold		–	(26,594,754)	–	(19.44)
Gross (Loss) / Profit		**(257,741)**	**21,494,109**	**(0.23)**	**15.72**
Less:					
Other operating revenue	(18)	190,480	246,969	0.17	0.18
Selling and distribution expenses	(19)	(96,129)	(11,974,628)	(0.09)	(8.75)
General and administrative expenses	(20)	(4,340,428)	(5,397,353)	(3.91)	(3.95)
Salaries and allowances for board of directors		(1,207,639)	(520,849)	(1.09)	(0.38)
Establishment expenses		–	(51,053)	–	(0.04)
Other operating expenses	(21)	(398,107)	(1,474,781)	(0.36)	(1.08)
Operating (Loss) / Profit		**(6,109,564)**	**2,322,414**	**(5.51)**	**1.70**
Financing revenue	(4-10-B), (22)	40,256	671,998	0.04	0.49
Financing expenses	(4-12), (23)	(3,335,791)	(158,968)	(3.01)	(0.12)
(Loss) / Profit before tax		**(9,405,099)**	**2,835,444**	**(8.48)**	**2.07**
Income tax	(4-11-A)	–	(956,825)	–	(0.70)
Deferred tax assets	(4-11-A)	(188,281)	164,485	(0.17)	0.12
(Loss) / Profit for the year / period		**(9,593,380)**	**2,043,104**	**(8.65)**	**1.49**
Earning per share	(4-13), (24)	**(38,373.52)**	**8,172.42**	**(0.03)**	**0.01**

The accompanying notes on pages from (5) to (20) are integral part of these financial statements and to be read therewith.

Financial Controller

Egypt Country Head

Note: The exchange rate used to convert L.E. to Rs. is Rs. 7.312/ L.E.

CASH FLOW STATEMENT

	Note No.	From 1/4/2008 Till 31/03/2009 L.E.	From 1/10/2006 Till 31/03/2008 L.E.	From 1/4/2008 Till 31/03/2009 Rs. Crore	From 1/10/2006 Till 31/03/2008 Rs. Crore
		For the period			
Cash flows from operating activities					
Net profit for the period		(9,593,380)	2,043,104	(8.65)	1.49
Adjustments to reconcile net profit to net cash provided from operating activities					
Fixed assets depreciation		705,258	543,990	0.64	0.40
Income tax		–	956,825	–	0.70
Deferred tax		188,281	(164,485)	0.17	(0.12)
Other operating expenses	(21)	398,107	1,474,781	0.36	1.08
Other operating revenue	(18)	(188,990)	–	(0.17)	–
		(8,490,724)	4,854,215	(7.48)	3.55
Change in working capital					
Decrease (Increase) in Accounts and notes receivables		336,816	(1,886,718)	0.30	(1.38)
(Increase) in Due from related parties		(20,157,892)	(7,039,150)	(18.17)	(5.15)
(Increase) in Debtors and other debit balances		(40,204)	(192,120)	(0.04)	(0.14)
(Decrease) Increase in Accounts and notes payables		(100,101)	124,925	(0.09)	0.09
Increase in Due to related parties		16,227,150	1,629,836	14.63	1.19
(Decrease) Increase in Creditors and other credit balances		(1,102,839)	1,439,334	(0.99)	1.05
Net cash flows (used in) operating activities		**(13,327,794)**	**(1,069,678)**	**(11.84)**	**(0.78)**
Cash flows from investing activities					
Payment for property plant and equipment		(373,653)	(2,111,490)	(0.34)	(1.54)
Change in Investment		15,000	(3,131,358)	0.01	(2.29)
Net cash flows (used in) investing activities		**(358,653)**	**(5,242,848)**	**(0.32)**	**(3.83)**
Cash flows from financing activities					
Capital Payment -		250,000	–	0.18	
Proceeds from credit facilities		12,702,137	7,161,650	11.45	5.24
Net cash flows provided from financing activities		**12,702,137**	**7,411,650**	**11.45**	**5.24**
Net change in cash and cash equivalents		(984,310)	1,099,124	(0.72)	0.80
Cash and cash equivalents at the beginning of the year		**1,099,124**	–	**0.99**	–
Cash and cash equivalents as at the end of year	(4-5), (25)	**114,814**	**1,099,124**	**(0.72)**	**0.80**

The accompanying notes on pages from (5) to (20) are integral part of these financial statements and to be read therewith.

Financial Controller

Egypt Country Head

Note: The exchange rate used to convert L.E. to Rs. is Rs. 7.312/ L.E.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended March 31, 2009

Description	Share Capital L.E.	Legal Reserve L.E.	Retained Earnings L.E.	Profit (Loss) for the period/year L.E.	Total L.E.
Balance as of 1/10/2006	–	–	–	–	–
Capital Payment	250,000	–	–	–	**250,000**
Net profit for the period	–	–	–	2,043,104	**2,043,104**
Balance as of 31/3/2008	**250,000**	**–**	**–**	**2,043,104**	**2,293,104**
Transferred to legal reserve	–	204,310	–	(204,310)	–
Transferred to retained earnings	–	–	1,838,794	(1,838,794)	–
(Loss) for the year	–	–	–	(9,593,380)	**(9,593,380)**
Balance as at March 31, 2009	**250,000**	**204,310**	**1,838,794**	**(9,593,380)**	**(7,300,276)**

Description	Issued & Paid in Capital Rs. Crore	Legal Reserve Rs. Crore	Retained Earnings Rs. Crore	Profit (Loss) for the period/year Rs. Crore	Total Rs. Crore
Balance as of 1/10/2006	–	–	–	–	–
Capital Payment	0.23	–	–	–	**0.23**
Net profit for the period	–	–	–	1.84	**1.84**
Balance as of 31/3/2008	**0.23**	**–**	**–**	**1.84**	**2.07**
Transferred to legal reserve	–	0.18	–	(0.18)	–
Transferred to retained earnings	–	–	1.66	(1.66)	–
(Loss) for the year	–	–	–	(8.65)	**(8.65)**
Balance as at March 31, 2009	**0.23**	**0.18**	**1.66**	**(8.65)**	**(6.58)**

The accompanying notes from page (5) to page (20) form an integral part of these financial statements and to be read therewith

Note: The exchange rate used to convert L.E. to Rs. is Rs. 7.312/ L.E.

NOTES TO THE FINANCIAL STATEMENT

For the financial year ended March 31, 2009

1 The Company's Background and Its Activities

- MEL Consumer Care Company "MEL" - An Egyptian joint stock Company - was established under the provisions of law No. 159 of 1981. The company was registered in the commercial register under No. 20683 dated October 1st, 2006.
- The company started the actual operation through other third party on the first of October 2006.
- The company manufactured its products during the period from October 15th, 2006 till March 31st, 2007 through Egyptian American for Investment and Industrial Development company factory, as the company provides the manufacturer with all raw & packing materials, the manufacturing charge is 1.75 % of consumer price for the produced quantities during the period according to manufacturing agreement dated September 13th, 2006 and its amendments dated March 31st, 2007, during the period from April 15th, 2007 till June 30th, 2007 the company leased Egyptian American for Investment and Industrial Development company's factory and produced through it according to lease agreement dated April 1st, 2007, according to this agreement the company is charged by all the manufacturing expenses relates to producing. The company stopped producing starting from July 1st, 2007.
- Egyptian American for Investment and Industrial Development Company distributes all the company's products against distribution charge and managerial charge equal to 1.75 % & 1.3125% respectively of consumer price for total sales during the period from October 1st, 2006 till March 31st, 2007, Egyptian American for Investment and Industrial Development Company guarantees the collectability from customers according to distributorship agreements dated September 13th, 2006 and its amendments dated March 31st, 2007.

2 The objective of the company

The company's main objective is to produce the products related to consumer care and skin care at third party's factories, sell and distribute these products.

The company may have an interest or participate in any manner with the companies and others who practice similar activities or may cooperate with the company to achieve its objectives in Egypt or abroad. The company may also merge into the aforementioned entities, purchasing them or to make them affiliated there to according to the provision of law and its executive regulations.

3 Basis of preparation of financial statements

a Statement of compliance

These fianancial statemetns have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian Law and regulations.

b Basis of measurement

The financial statements are prepared on the historical cost convention.

c Functional and presentation currency

These financial are presented in Egyptian pound (L.E.), which is the company's functional currency.

d Use of estimates and judgments

The preparation of the financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

- The estimates and underlying assumptions are reviewed on an ongoing basis.
- Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods

NOTES TO THE FINANCIAL STATEMENT

For the financial year ended March 31, 2009

4 Significant accounting policies

The following accounting polices have been applied consistently by the compnay to all periods presented in these financial statements.

4-1 Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Egyptian Pound at the foreign exchange rate in effect at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction.

4-2 Property, plant , equipment and depreciation

A) Recognition and measurement

Property, plant and equipment are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (note 4-6). Depreciation is charged to the income statement over the estimated useful-life of each asset using the straight-line method.

B) <u>Depreciation</u>

The estimated useful lives are as follows:

	Estimated useful life
Asset	**Years**
Furniture & Office equipment	4
Tools & Equipments	4
Computers	2
Vehicles	4

4-3 Long Term Investments -available for sale

Investments are stated at cost Less impairment note no (4-7), at each balance sheet date managements assesses the investments' recoverable amount and in case that the recoverable amount is less than the carrying amount then an impairment loss is recognized in the income statement.

4-4 Trade and other receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate of doubtful debts is made when collections of the full amount is no longer probable. Bad debts are written off when identified. Other receivables are stated at cost less impairment losses (4-6-A).

4-5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank current accounts and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash Flow statement is being prepared using the indirect method.

4-6 Impairment

A Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

NOTES TO THE FINANCIAL STATEMENT

For the financial year ended March 31, 2009

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in income statement. Any cummulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred income statement.

An impairment loss is reversed if the reversal can be related objectively to an event after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale fianancial assets that are debt securities, the reversal is recognized in income statement. For available-for-sale finanacial assets that are equity securities, the reversal is recognized directly in equity.

B Non-financial assets

The carrying amounts of the Company's non-financial assets, other than, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods arc assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment toss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized

4-7 Trade and other payable

The balance of the creditors are recorded with their cost value, liability (accruals) were recognized and recorded with the value expected to be paid in the future in return of goods & services received.

4-8 Related parties transactions

During the year and in ordinary course of business, the company deal with related parties in compliance with the terms and rules applied in dealing with others

4-9 Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event, and it is probable that an flow of economic benefits will be required to settle the obligation. If the effect is material, provisions arc determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. The Provisions balances are reviewed on an going basis at the reporting date to disclosed the best estimation on the current year.

NOTES TO THE FINANCIAL STATEMENT

For the financial year ended March 31, 2009

4-10 Revenue Recognition

A) Goods sold

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, revenues are recognized when the products are delivered to the cheat, and issuing invoices. No revenue is recognized if there are uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods also continuing management involvement with the goods

B) Interest income

It is recognized on accrual basis.

4-11 Expenses

A) Income tax

Income lax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date. and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is measured using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets arc reduced to the extent that it is no longer probable that the related tax benefit will be realized.

B) Employees' retirement benefits

The Company contributes to government social insurance system in accordance with the Social Insurance Law No.79 for 1975 as amended: the Company's obligations for contributions to this defined contribution pension plan are recognized as an expense in the income statement as incurred, the Company's obligation is confined to make such contribution.

4-12 Borrowing Cost

Borrowing costs are recognized as expense in the income statement when incurred with exception of borrowing costs directly attributable to the construction and acquisition of a qualifying fixed assets which are capitalized as part of the relevant fixed asset cost, this capitalization ceases once the asset becomes in operational condition, this treatment according to the allowed treatment as per Egyptian Accounting Standard No. 14.

4-13 Earning per share

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

NOTES TO THE FINANCIAL STATEMENT

For the financial year ended March 31, 2009

5 Fixed assets (net)

This item is represented as follows :-

	Furniture & Office equipment L.E.	Vehicles L.E.	Tools & Equipments L.E.	Computers L.E.	Total L.E.
Cost					
Cost as at April 1, 2008	670,602	958,900	36,650	445,338	2,111,490
Addition	–	373,653	–	–	373,653
Cost as at March 31, 2009	**670,602**	**1,332,553**	**36,650**	**445,338**	**2,485,143**
Accumulated Depreciation					
Accumulated depreciation as at April 1st, 2008	163,895	171,188	9,841	199,066	543,990
Depreciation for the year	167,654	319,917	9,160	208,527	705,258
Accumulated depreciation as at March 31st, 2008	**331,549**	**491,105**	**19,001**	**407,593**	**1,249,248**
Net book value as at March 31st, 2009	**339,053**	**841,448**	**17,649**	**37,745**	**1,235,895**
Net book value as at March 31st, 2008	**506,707**	**787,712**	**26,809**	**246,272**	**1,567,500**

	Furniture & Office equipment Rs. Crore	Vehicles Rs. Crore	Tools & Equipments Rs. Crore	Computers Rs. Crore	Total Rs. Crore
Cost					
Cost as at April 1, 2008	–	0.27	–	–	0.27
Addition	0.60	1.20	0.03	0.40	2.24
Cost as at March 31, 2009	**0.60**	**1.47**	**0.03**	**0.40**	**2.51**
Accumulated Depreciation					
Accumulated depreciation as at April 1st , 2008	0.12	0.23	0.01	0.15	0.52
Depreciation for the year	0.30	0.44	0.02	0.37	1.13
Accumulated depreciation as at March 31st, 2009	**0.42**	**0.68**	**0.02**	**0.52**	**1.64**
Net book value as at March 31st, 2009	**0.18**	**0.80**	**0.01**	**(0.12)**	**0.87**
Net book value as at March 31st, 2008	**(0.12)**	**0.04**	**(0.01)**	**(0.15)**	**(0.24)**

6 Long term investments

This Item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Marico Egypt for Industries (M.E.I) Company *	1,506,718	1,506,718	1.36	1.10
MEL consumer Care & Partner (WIND) company **	1,624,640	1,624,640	1.46	1.19
	3,131,358	**3,131,358**	**2.82**	**2.29**

* Percentage of investments in Marico Egypt for Industries (M.E.I.) is 99%
Marico Egypt for Industries is the new name for Pyramid for Modern Industries (PMI)

** Percentage of investments in MEL Consmer Car & Partner (WIND) is 99%.

NOTES TO THE FINANCIAL STATEMENT

For the financial year ended March 31, 2009

7 Accounts and notes receivables

This item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Receivables	1,348,244	1,685,060	1.22	1.23
Less:				
Impairment in receivables	(1,301,551)	(903,444)	(1.17)	(0.66)
	46,693	**781,616**	**0.04**	**0.57**

8 Debtors and other debit balances

This item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Supplier's - advance payments	550	399	0.00	0.00
Prepaid expenses	11,957	82,020	0.01	0.06
With holding Tax	14,787	18,010	0.01	0.01
Sales Tax Receivable	124,123	0.11	–	–
Petty cash	33,319	37,252	0.03	0.03
Deposits with others	23,940	48,045	0.02	0.04
Sundry debtors	23,648	6,394	0.02	0.00
	232,324	**192,120**	**0.21**	**0.14**

9 Cash and cash equivalents

This item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Time Deposits	–	814,500	–	0.60
Banks – current accounts	114,814	273,898	0.10	0.20
Cash on hand	–	20,765	–	0.02
	114,814	**1,109,163**	**0.10**	**0.81**

10 Provisions

This item is represented as follows :-

	Balance as of 1/4/2008 L.E.	Formed during the year L.E.	Reversed during the year L.E.	Balance as of 31/3/2009 L.E.	Balance as of 1/4/2008 Rs.Crore	Formed during the year Rs.Crore	Reversed during the year Rs.Crore	Balance as of 31/3/2009 Rs.Crore
Retirement leave	188,990	–	–	–	0.17	–	–	–
Other provisioins	180,689	–	–	–	0.16	–	–	–
	369,679	–	–	–	**0.33**	–	–	–

11 Banks - Overdraft & Credit Facilties

This item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Bank over draft	–	10,039	–	0.01
Bank - credit facility *	19,863,787	7,161,650	17.91	5.24
	19,863,787	**7,171,689**	**17.91**	**5.24**

*This item is represented in bank facility granted to the company from HSBC Bank as follow

NOTES TO THE FINANCIAL STATEMENT

For the financial year ended March 31, 2009

Guarantees:

- Stand by Letter from Standard Chartered Mumbai bank: for USD 2 800 K (Rs.2.52 Crore)
- Stand by Letter of Credit from HSBC India for USD 3 million (Rs.2.70 Crore) .
- Deposit under Lien,
- General Security Agreement related to goods.

Interest rate & commission:

- Foreign currency utilization will be charged at LB3 + 2.4%.
- Commission on highest debit balance of 0.5 per mille .
- Interest on the excess or overdue portion at a penalty rate of 2% over the prevailing rate.
- 50% discount on HSBC Bank Egypt Standard tariffs.
- Flat rate for cheque collection of EGP 15.

12 Accounts and notes payables :

This Item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Suppliers	24,824	21,992	0.02	0.02
Notes payables	–	102,933	–	0.08
	24,824	**124,925**	**0.02**	**0.09**

13 Related parties transactions

Related parties are represented in the company's shareholders and the companies in which the shareholders directly or indirectly possess shares which entitle them to exercise material influence over these companies in addition to companies that has material influence on the company.

During the year and in ordinary course of business, the company deals with related parties in compliance with the terms and rules applied in dealing with others. Hereinafter, is a summary of the main transactions and balances that have resulted.

13-1 <u>Due From Related Parties</u>

This item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
MEL consumer Care & Partner Company (WIND)	27,197,042	7,039,150	24.52	5.15
	27,197,042	**7,039,150**	**24.52**	**5.15**

13-2 Due to Related Parties

This item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Marico Middle East Company (M.M.E)(holding company)	10,141,511	9,813,119	9.14	7.18
Marico Limited Company	443,058	594,051	0.40	0.43
Marico Egypt for Industries (M.E.I) Company	6,050,915	(1,950,872)	5.45	(1.43)
Egyptian American for Investments and Industrial Development Company	1,221,502	(6,826,462)	1.10	(4.99)
	17,856,986	**1,629,836**	**16.10**	**1.19**

NOTES TO THE FINANCIAL STATEMENT

For the financial year ended March 31, 2009

Transactions with related parties

During the period ended March 31st , 2009, the company has transaction with related panics as follow :-

Ralated Party	Nature of Relationship	Nature of Transaction	Amount of Transaction L.E.	31/03/2009 L.E.	31/03/2008 L.E.	Amount of transaction Rs. Crore	31/03/2009 Rs. Crore	31/03/2008 Rs. Crore
MEL consumer Care & Partner Co (WIND)	Subsidiary	Financing	20,209,300	27,197,042	7,039,150	18.22	24.52	5.15
Marico Middle East Co(M M E) company	Parent company	Financing	(377,847)	(10,141,511)	(9,813,119)	(0.34)	(9.14)	(7.18)
Marico Limited Co	Major share holder of the holding company	Guarantee charges	(443,058)	(443,058)	–	(0.40)	(0.40)	–
Marico Egypt for Industries (M.E.I) Company	Subsidiary	Financing	(13,842,896)	(6,050,915)	1,950,872	(12.48)	(5.45)	1.43
Marico Limited Co	Major share holder of the holding company	Royalty	–	–	(594,051)	–	–	(0.43)
Egyptian American for Investments and Industiral Development Co (EAIIDC)	Associate Company	Purchase of raw & packing material	–	(6,215,781)	(6,215,781)	–	(5.60)	(4.54)
Egyptian American for Investments and Industiral Development Co (EAIIDC)	Associate Company	Sale of raw & packing material	–	–	2,959,869	–	–	2.16
Egyptian American for Investments and Industiral Development Co (EAIIDC)	Associate Company	Collection from customers	–	–	(7,219,956)	–	–	(5.28)
Egyptian American for Investments and Industiral Development Co (EAIIDC)	Associate Company	Payment of expenses on behalf of EAIIDC	–	–	17,302,330	–	–	12.65
Egyptian American for Investments and Industiral Development Co (EAIIDC)	Associate Company	Financing	4,995,174	4,995,174	–	4.50	4.50	–
				9,340,951	**5,409,314**		**8.42**	**3.96**

NOTES TO THE FINANCIAL STATEMENT

For the financial year ended March 31, 2009

14 Creditors and other credit balances

This item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Sales tax	–	34,574	–	0.03
Withholding tax	1,217	383,251	0.00	0.28
Payroll tax	43,252	192,747	0.04	0.14
Stamp Lax	102	6,290	0.00	0.00
Accrued expenses	1,181,596	742,567	1.07	0.54
Income Tax	13,515	956,825	0.01	0.70
Social Insurance Authority	6,801	11,241	0.01	0.01
Other credit balances	46,837	68,664	0.04	0.05
	1,293,320	**2,396,159**	**1.17**	**1.75**

15 Capital

A Authorized capital

The company's original authorized capital was fixed at L.E .2.5 million (Two million five hundred thousand Egyptian Pounds) (Rs. 2.25 Crore) distributed over 2 500 (two thousand & five hundred) common shares.

B Issued and paid in capital

The issued capital was determined by LE 250 (200 (Two hundred fifty thousand Egyptian pounds) distributed over 250 shares (Two hundred fifty shares), the nominal value of each is L.E. 1000 (One thousand Egyptian Pounds). and all of which are nominal cash shares which is fully paid.

The company shareholders and their share in capital are as follow :-

Name	Nationality	No. of Share	Amount L.E.	Rs. Crore
Harshraj Charandas Mariwala	Indian	1	1000	0.00
Milind Shripad Sarwate	Indian	1	1000	0.00
Vijay Subramaniam	Indian	1	1000	0.00
Marico Middle East, FZE	Emirates	247	247000	0.22
		250	**250000**	**0.23**

16 Net Sales

This item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Operating Revenue	–	92,337,953	–	67.52
Less				
Commercial Discount	–	(43,846,532)	–	(32.06)
Cash Discount	–	(402,558)	–	(0.29)
Sales Returns	(257,741)	–	(0.23)	–
	(257,741)	**48,088,863**	**(0.23)**	**35.16**

17 Cost of goods sold

This item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Raw & packing materials	–	24,383,738	–	17.83
Salaries and industrial expenses *	–	2,211,016	–	1.62
Cost of goods returned	93,618	–	0.08	–
Write off of goods returned	(93,618)	–	(0.08)	–
	–	**26,594,754**	–	**19.45**

NOTES TO THE FINANCIAL STATEMENT

For the financial year ended March 31, 2009

* Salaries and industrial expenses are represented as follows

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Salaries and wages	–	520,715	–	0.38
Bonus	–	274,826	–	0.20
Maintenance expenses	–	68,774	–	0.05
Fuel and gas	–	19,897	–	0.01
Complimentary	–	12,614	–	0.01
Cleaning	–	3,695	–	0.00
Water and electricity	–	33,000	–	0.02
Manufacturing through others charge	–	1,024,394	–	0.75
Commissions	–	5,000	–	0.00
Telephone and internet	–	7,028	–	0.01
Travel, transportation and car rent	–	147,375	–	0.11
Medical care	–	4,167	–	0.00
Security	–	7,212	–	0.01
Factory expenses	–	46,604	–	0.03
Other expenses	–	35,715	–	0.03
	–	**2,211,016**	–	**1.62**

18 Other operating revenue

This item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Provisions no longer required	188,990	–	0.17	–
Other revenue	1,490	246,969	0.00	0.18
	190,480	**246,969**	**0.17**	**0.18**

19 Selling and distribution expenses

This item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Advertising	25,965	5,432,062	0.02	3.97
Sales promotion	1,685	1,054,024	0.01	0.77
Sales commission - distribution charge	–	2,182,656	–	1.60
Royalty	–	2,269,530	–	1.66
Other	68,479	1,036,356	0.06	0.76
	96,129	**11,974,628**	**0.09**	**8.76**

20 General and administrative expenses

This item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Salaries and wages	2,838,250	2,960,703	2.56	2.16
Water and electricity	136	17,961	0.00	0.01
Maintenance	111,961	127,078	0.10	0.09
Rent	100,703	284,204	0.09	0.21
Printing & stationary	4,314	77,464	0.00	0.06
Postage & telegram	28,647	39,941	0.03	0.03
Telephone and internet	200,125	247,284	0.18	0.18
Travel, transportation and car rent	117,562	546,335	0.11	0.40
Medical care	350	3,943	0.00	0.00
Visa charges	21,800	141,235	0.02	0.10
Insurance	63,408	40,498	0.06	0.03
Professional fees	69,133	113,715	0.06	0.08
Security	–	44,644	–	0.03
Donations	–	22,187	–	0.02
Complimentary	14,602	29,959	0.01	0.02
Depreciation	705,258	543,990	0.64	0.40
Other expenses	64,179	156,212	0.06	0.11
	4,340,428	**5,397,353**	**3.91**	**3.95**

NOTES TO THE FINANCIAL STATEMENT

For the financial year ended March 31, 2009

21 Other operating expenses

This item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Impairment in accounts receivable	398,107	903,444	0.36	0.66
Bad debts	–	201,658	–	0.15
Provision for retirement	–	188,990	–	0.14
Other provisions	–	180,689	–	0.13
	398,107	**1,474,781**	**0.36**	**1.08**

22 Financing revenue

This item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Bank Interest	40,256	266,857	0.04	0.20
Difference in foreign currencies	–	405,141	–	0.30
	40,256	**671,998**	**0.04**	**0.49**

23 Financing expenses

This item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Bank expenses	77,400	54,052	0.07	0.04
Interest on credit facilities	1,359,125	104,916	1.23	0.08
Difference in foreign currencies	1,899,266	1.71	-	
	3,335,791	**158,968**	**3.01**	**0.12**

24 Earning Per Share in the Net (Loss) Profit of the Year / Period

Earning per share in the net (loss) of the year ended March 31st 2009 is calculated by using the weighted average of outstanding shares as follows:

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Net Profit for the year	(9,593,380)	2,043,104	(8.65)	1.49
No of shares during the period	250	250	250	250
Earning per share in the net (loss)/profit	**(38,373.52)**	**8,172.42**	**(0.03)**	**0.01**

25 Cash and cash equivalents for the purpose of cash flow

This item is represented as follows :-

	31/3/2009 L.E.	31/3/2008 L.E.	31/3/2009 Rs. Crore	31/3/2008 Rs. Crore
Time Deposits	–	814,500	–	0.60
Banks - current accounts	114,814	273,898	0.10	0.20
Cash on hand	–	20,765	–	0.02
Less: Banks credit balances	–	(10,039)	–	(0.01)
	114,814	**1,099,124**	**0.10**	**0.80**

26 Going concern

As at 31 March 2009, the Company has sustained losses amounting to L.E. 9,593,380 (Rs. 8.65 Crore) resulting in increasing the accumulated losses to L.E. 7,754,586 (Rs. 6.99 Crore) . The current year losses are substantially due to transfer of the operations to Egyptian American for Investment and Industrial Development Company and as of the financial statements issuance date, the shareholders have not decided on specific activities which will be undertaken in the future, however the

NOTES TO THE FINANCIAL STATEMENT

For the financial year ended March 31, 2009

shareholders are committed to provide the necessary financial support to the Company so that it may continue in its existence and the shareholders are also committed to repay the loan / advance on the Company's behalf should it be unable to settle it and in the circumstances where the Company is unable to settle its indebtedness to its shareholders or other fellow subsidiaries, this indebtedness shall be converted into equity.

Based on the above, management believes that it is appropriate to prepare these financial statements on a going concern basis.

Management is undertaking the necessary legal procedures to invite an extraordinary general assembly meeting of the shareholders to consider the Company's continuity as required by article no. (60) of Company's article of association and article no. 69 of the Companies Law no. 159 of 1981.

27 Tax status

A - Income tax

The company has not been inspected yet.

The company submits its tax returns on its legal due dates.

B - Payroll tax

The company has been inspected from the beginning of its activity till 31/31/2008, the impaction result has not been received yet.

The company pays the salary tax on a regular basis through the quarter annually salaries return.

C - Stamp duty

The company has not been inspected yet.

The company pays stamp tax to tax authority on regular basis.

D - Withholding tax

The company remits the withholding tax on regular basis by virtue of form 4l-tax to the general department of withholding tax.

E - Sales tax

The company has not been inspected since it has started operation till now, determining an inspection date with tax authority is in process.

28 Financial Instruments Fair Value

The financial instruments are represented in Monetary assets (accounts & notes receivables and debtors & other debit balances, cash at banks and on hand), monetary liabilities (due to related parties, accounts and notes payables, creditors and other credit balances) the carrying values of these financial instruments represent a reasonable estimate to their fair values. Note no (4) of the notes to the financial statements include the significant accounting polices used in recording and measuring significant financial instruments and the related revenues and expenses.

29 Financial Instruments and related Risk management

(A) Credit Risk:

The credit risk is represented in the debtors' inability to pay their debts .

(B) Foreign Exchange Risk :

The foreign currencies risk results from fluctuation in exchange rates, which affect the companies cash inflow and outflow as well as the value of monetary assets and liabilities denominated in foreign currencies. As at the balance sheet date, the company has foreign currency monetary assets and liabilities equivalent ofL.E zero & L.E. 30 078 151 (Rs.27.12 Crore) respectively.

The company's net balances in foreign currencies at the balance sheet date are as follows:

Foreign Currencies	(Deficit)	Rs.Crore
U.S. Dollars	(5,314,206)	(26.96)

30 Comparative figures

Some comparative figures were reclassified to match the classification of financial statements' items for the financial year ended March 31st 2009.

Board of Directors	Brajesh Bajpai
	Harsh Mariwala
	Milind Sarwate
	Aditya Shome
	Marico Middle East represented by Vijay Subramaniam
Registered Office	2nd Industrial Zone, 6th October City, No. 129 & 130, Egypt
Auditors	KPMG – Hazem Hassan, Public Accountants and Consultants
Bankers	HSBC Limited
	NSGB Limited
Legal Advisors	Maharem Office for Accounting and Auditing

AUDITORS' REPORT

To

The Shareholders of Egyptian American for Investment and Industrial Development Company S.A.E

Report on the Financial Statements

We have audited the accompanying financial statements of Egyptian American for Investment and Industrial Development Company S.A.E (the "Company), which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity ,and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. we conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

1 As explained in note (30) to the financial statements, due to the lack of supporting documents, the new management which assumed responsibility as of 1 July 2007 has been unable to record all opening balances as reflected in the General Authority for Investments and Free Zone Decree no. (235 \ 2)of 2007, in addition, the Company's management did not record the transactions for the period from 1 July 2006 to 30 June 2007. Because of the significance of this matter, the scope of our work in the prior year was not sufficient to enable us to express an opinion on the financial statements, and we did not express an opinion on the financial statements for the financial year ended 31 December 2007. As at 31 December 2008, this issue was partially resolved but continued to have an effect especially on deferred taxes, as the Company's Management did not account for deferred taxes in accordance with the requirements of Egyptian Accounting Standards no.(24) "Income Taxes", the adjustments to differed tax assets or liabilities as of 31 December 2008, and net profit for the year then ended, if any, have not been determined.

2 Management has not recognized an impairment losses for a certain balances included in accounts & notes receivables amounting to LE 3.114 K (Rs. 0.01 crore) as of 31 December 2008.Had such impairment losses been recognized, the effect as at 31 December 2008 would have been to decrease the carrying amount of accounts & notes receivables as at 31 December 2008 and net profit after tax for the year ended 31 December 2008 by L.E 3.114 k (Rs. 0.01 crore).

3 Other operating revenue as of 31 December 2008 includes an amount of L.E 2272 k (Rs. 2.01 crore) represents a reversal of other provisions which should have been accounted for through an adjustment to the opening balance of retained earnings rather than being recognized in the current year income statement.

Qualified Opinion

In our opinion, except for the effects on the financial statements of the matters described in the basis for qualified opinion paragraph above, the financial statements referred to above present fairly, in all material respects, the financial position of Egyptian American for Investment and Industrial Company as of 31 December 2008, and of its fmancial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts, which include all that is required by law and by the statutes of the Company, the financial statements are in agreement thereto, the Company maintains proper costing accounts, the inventory was counted by management in accordance with methods in practice.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of accounts.

KPMG Hazem Hasan
Cairo, 31 March 2009

BALANCE SHEET

	Note no.	2008 L.E.	2007 L.E.	2008 Rs. Crore	2007 Rs. Crore
		As at December 31,			
Assets					
Long - Term Assets					
Fixed assets (net)	(5-2),(6)	2,298,469	2,734,243	2.04	1.95
Total Long - Term Assets		2,298,469	2,734,243	2.04	1.95
Current Assets					
Inventory	(5-3/6),(7)	7,492,015	5,654,194	6.64	4.03
Accounts and notes receivable (net)	(5-4/6),(8)	16,048,424	18,013,252	14.22	12.83
Debtors and other debit balances	(5-4/6),(9)	729,574	214,957	0.65	0.15
Cash and cash equivalents	(5-5) ,(10)	285,500	4,895,808	0.25	3.49
Total Current Assets		24,555,513	28,778,211	21.75	20.50
Current Liabilitites					
Provisions	(5-9),(11)	495,504	2,621,661	0.44	1.87
Bank Credit Balance	(5-9),(12)	715,915	–	0.63	–
Due to related parties	(5-8),(14)	12,201,437	5,916,509	10.81	4.21
Accounts and notes payables	(5-7),(13)	1,534,453	5,265,092	1.36	3.75
Creditors and other credit balances	(5-7),(15)	3,084,396	3,314,492	2.73	2.36
Total Current Liabilitites		**18,031,705**	**17,117,754**	**15.97**	**12.19**
Working Capital		**6,523,808**	**11,660,457**	**5.78**	**8.31**
Total investment		**8,822,277**	**14,394,700**	**7.81**	**10.25**
To be financed as follows :					
Shareholder's Equity					
Issues and paid up capital	(3),(16)	6,892,000	6,892,000	6.10	4.91
Legal Reserve	(5-10)	374,360	–	0.33	–
Other Reserve	(3)	493	493	0.00	0.01
Retained Earnings		7,112,847	–	6.30	–
Net (loss) / profit for the year		(5,599,397)	7,487,207	(4.96)	5.33
Total Shareholders' Equity		**8,780,303**	**14,379,700**	**7.78**	**10.25**
Long - Term liabilitites					
Deferred tax liabilities	(5-12-A) ,(17)	41,974	15,000	0.04	–
Total Shareholders' Equity and Long Term liabilities		**8,822,277**	**14,394,700**	**7.81**	**10.25**

The accompanying notes on pages from (5) to (25) are integral part of these financial statements and to be read therewith.

Financial Controller

Egypt Country Head

Note: The exchange rate used to convert L.E. to Rs. is Rs. 7.312/ L.E.

INCOME STATEMENT

	Note no.	2008 L.E.	2007 L.E.	2008 Rs. Crore	2007 Rs. Crore
		Year ended December 31,			
Net Sales	(5-11-A) ,(18)	33,789,645	31,121,242	29.93	22.17
Cost of goods sold	(19)	(22,395,073)	(17,429,496)	(19.84)	(12.42)
Gross profit		**11,394,572**	**13,691,746**	**10.09**	**9.75**
Other Operating Revenue	(20)	2,402,950	85,971	2.13	0.06
Selling and distribution expeneses	(21)	(10,611,110)	(4,361,701)	(9.40)	(3.11)
General and administrative expenses	(22)	(2,262,775)	(758,645)	(2.00)	(0.54)
Salaries & attendants allowances for board members		(771,505)	(570,069)	(0.68)	(0.41)
Other Operating Expenses	(23)	(5,583,263)	(554,602)	(4.95)	(0.40)
Operation (Loss) / Profit		**(5,431,131)**	**7,532,700**	**(4.81)**	**5.37**
Financing revenue		1,069	2,023	0.00	0.00
Financing expenses	(24)	(142,361)	(32,516)	(0.13)	(0.02)
Net (loss) / profit before tax		**(5,572,423)**	**7,502,207**	**(4.94)**	**5.34**
Income tax	(5-11-A)	–	–	–	–
Deferred tax expenses		(26,974)	(15,000)	(0.02)	(0.01)
Net (loss) / Profit for the year		**(5,599,397)**	**7,487,207**	**(4.96)**	**5.33**
Earning per share	(5-13), (26)	**(81.24)**	**108.64**	**(0.00)**	**0.00**

The accompanying notes on pages from (5) to (25) are integral part of these financial statements and to be read therewith.

Financial Controller

Egypt Country Head

Note: The exchange rate used to convert L.E. to Rs. is Rs. 7.312/ L.E.

STATEMENT OF CHANGES IN EQUITY

Year ended as of December 31, 2008

Description	Issued and Paid in capital L.E.	Legal Reserve L.E.	Other Reserve L.E.	Retained Earnings L.E.	Net (loss) profit for the year L.E.	Total L.E.
Balance as of 1 Jan., 2007	9,750,000	19,489	–	326,642	338,555	10,434,686
Transferred to retained earnings	–	–	–	338,555	(338,555)	–
Transferred to the split off company as results of division	(2,858,000)	(19,489)	–	(664,704)	–	(3,542,193)
Transferred to Other reserve as results of division	–	–	493	(493)	–	–
Net profit for the year	–	–	–	–	7,487,207	7,487,207
Balance as of 31 Dec., 2007	**6,892,000**	**–**	**493**	**–**	**7,487,207**	**14,379,700**
Transferred to retained eanings	–	–	–	7,112,847	(7,112,847)	–
Legal Reserve -	–	374,360	–	–	(374,360)	–
Net (loss) for the year	–	–	–	–	(5,599,397)	(5,599,397)
Balance as of 31 Dec., 2008	**6,892,000**	**374,360**	**493**	**7,112,847**	**(5,599,397)**	**8,780,303**

Description	Issued and Paid in capital Rs. Crore	Legal Reserve Rs. Crore	Other Reserve Rs. Crore	Retained Earnings Rs. Crore	Net (loss) profit for the year Rs. Crore	Total Rs. Crore
Balance as of 1 Jan., 2007	6.95	0.01	–	0.23	0.24	7.43
Transferred to retained earnings	–	–	–	0.24	(0.24)	–
Transferred to the split off company as results of division	(2.04)	(0.01)	–	(0.47)	–	(2.52)
Transferred to Other reserve as results of division	–	–	0.00	(0.00)	–	–
Net profit for the year	–	–	–	–	5.33	5.33
Balance as of 31 Dec., 2007	**4.91**	**–**	**0.00**	**–**	**5.33**	**10.24**
Transferred to retained eanings	–	–	–	6.30	(6.30)	–
Legal Reserve	–	0.33	–	–	(0.33)	–
Net (loss) for the year	–	–	–	–	(4.96)	(4.96)
Balance as of 31 Dec., 2008	**6.10**	**0.33**	**0.00**	**6.30**	**(4.96)**	**7.78**

The accompanying notes on pages from (5) to (25) are integral part of these financial statements and to be read therewith.

Financial Controller

Egypt Country Head

Note: The exchange rate used to convert L.E. to Rs. is Rs. 7.312/ L.E.

CASH FLOW STATEMENT

	Note no.	2008 L.E.	2007 L.E.	2008 Rs. Crore	2007 Rs. Crore
		Year ended as of December 31,			
Cash flows from operating activities					
Net (loss) / profit for the year		(5,599,397)	7,487,207	(4.96)	5.33
Adjustments to reconcile net (loss) / profit to net cash provided from operating activities					
Fixed assets depreciation	(6)	566,303	269,140	0.50	0.19
Decrease in Inventory Cost to the net reializable value *		29,048	452,952	0.03	0.32
Other operation Revenue	(20)	(2,285,513)	–	(2.02)	–
Other operation expenses	(23)	5,583,263	554,602	4.95	0.40
Deferred tax expenses		26,974	15,000	0.02	0.01
		(1,679,322)	8,778,901	(1.49)	6.25
Change in working capital					
Change in Inventory *		(1,866,869)	(2,775,704)	(1.65)	(1.98)
Change in Accounts and Notes receivables **		(3,236,833)	(17,482,045)	(2.87)	(12.45)
Change in Debtors and other debit balances		(514,617)	2,858,781	(0.46)	2.04
Change in Provisions ***		(222,246)	2,600,107	(0.20)	1.85
Change in Due to related parties		6,284,928	5,916,509	5.57	4.21
Change in Accounts and notes payables		(3,730,639)	4,928,591	(3.30)	3.51
Change in Creditors and other credit balances		(230,096)	3,604,225	(0.20)	2.57
Net cash flows (used in) provided from operating activities		**(5,195,694)**	**8,429,365**	**(4.60)**	**6.01**
Cash flows from investing activites					
Payments for property and equipment	(6)	(130,529)	(54,273)	(0.12)	(0.04)
Adjustments as result of division		–	12,977	–	0.01
Net cash flows provided from (used in) investing activities		**(130,529)**	**(41,296)**	**(0.12)**	**(0.03)**
Cash flows from financing activities					
Decrease in capital as result of division	(3)	–	(2,858,000)	–	(2.04)
Decrease in reserves as result of division	(3)	–	(18,996)	–	(0.01)
Decrease in retained earnings as result of division	(3)	–	(665,197)	–	(0.47)
Net cash flows (used in) financing activities		–	**(3,542,193)**	–	**(2.52)**
Net change in cash and cash equivalents		(5,326,223)	4,845,876	(4.72)	3.45
Cash and cash equivalents as at January 1st		4,895,808	49,932	4.34	0.04
Cash and cash equivalents as at December 31st	(5-5) ,(25)	**(430,415)**	**4,895,808**	**(0.38)**	**3.49**

The accompanying notes on pages from (5) to (25) are integral part of these financial statements and to be read therewith.

Financial Controller Egypt Country Head

Note: The exchange rate used to convert L.E. to Rs. is Rs. 7.312/ L.E.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended as of December 31, 2008

1 The Company's Background and Its Activities

Egyptian American for Investment and Industrial Development Company "Redico" - An Egyptian joint stock Company- was established under the provisions of law No. 159 of 1981 and its executive regulation. The company was registered in the commercial register under no.117830, dated 14/12/1997.

According to the decision of the extraordinary general assembly meeting held on 16/12/2006 and the resolution issued by chairman of General Authority For Investments & Free Zone (GAFI) No .235/2 for the year 2007 concerning the division licensing of the Egyptian American for Investment and Industrial Development Company- Redico- in order to be divided into two companies (split company and split off company) and according to what will be mentioned below, recent name of the company is, the Egyptian American for Investment and Industrial Development Company. The aforementioned amendment concerning the name of the company was registered in the commercial register on 15/3/2007.

The company period is 25 years starting from 14th Dec 1997 till 13th Dec 2022.

The company located in first & second floor lands No. 1130, the second industrial zone, Sixth of October

2 The objective of the company

1 Manufacturing cosmetics, perfumes and essential oils Reedy Ruse - Five Flowers -Top Girl and the new lines of production that can developed in the field of manufacturing cosmetics.

2 Importing equipment, machines, tools and raw materials required in order to execute the objectives of the company.

3 Import, export and commercial agencies.

All the above mentioned objectives are carried out in conformity with the provisions, regulations and the applicable decrees provided that all licenses required practicing such activities are issued.

The company may have an interest or participate in any manner with the companies and others who practice similar activities or may cooperate with the company to achieve its objectives in Egypt or abroad. The company may also merge into the aforementioned entities, purchasing them or to make them affiliated there to according to the provision oflaw and its executive regulations.

According to General Authority For Investments & Free Zone (GAFI) chairman's decision No, 235/2 for the year 2007 regarding the license to divide Egyptian American for Investment and Industrial Development Company (Redico) ,referred thereto as the split company, into two joint stock companies according to the below -mentioned data , and based upon the decision of the Extraordinary General Assembly Meeting ,held on 16/12/2006 . It was approved to amend the objective of the company to be as follows:

1 Manufacturing cosmetics, perfumes and essential oils.

2 Importing equipment, machines, toots and raw materials required to execute the objectives of the company.

3 Import, export and commercial agencies.

3 Company Splitting

According to the decision of the extraordinary general assembly meeting of the dividing company, held on 16/8/2006, which included the approval of dividing the company into two joint stock companies according to law No.159/1981, namely the following:

1 Egyptian American for Investment and Industrial Development Company - the split company.

2 New Reedys for Investment and Industrial Development Company — Reedy Group —the split off company.

Thus, with the same shareholders and as per the same contribution percentages in the capital , provided that such division shall be carried out on the basis of the book value, and to adopt the date of 30 /6/2006 as a basis for such division. According to the request submitted by the company, dated 11/10/2006. in order to valuate the company for the purpose of its division, and the General Authority For Investments & Free Zone (GAFI) report approved by its chairman on 21/11/2006 regarding the determination of the net assets of both the split and split off companies as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended as of December 31, 2008

First: The Split Company

– Total assets :	L.E.	6,892,493	Rs. Crore	6.11
– Total liabilities :	L.E.	–	Rs. Crore	–
	L.E.	**6,892,493**	**Rs. Crore**	**6.11**

Second: The Split off Company

– Total assets :	L.E.	3,465,034	Rs. Crore	3.07
– Total liabilities :	L.E.	945,199	Rs. Crore	0.84
	L.E.	**2,519,835**	**Rs. Crore**	**2.23**

In addition to the approval of the Capital Market Authority according to its correspondence ,No. 654 dated 8/2/2007 regarding the issuance of the split company's shares, following the division, amounting to 68 920 common nominal cash shares with a nominal value of LE. 100 per share, as well as capital amounting to L E 6 892 000 (Rs. 6.10 crore) fully paid - in.

As a result of the division, General Authority For Investments & Free Zone (GAFI) decision No.235/2 for the year 2007 was issued stating the following:

1 Granting license to divide Egyptian American for Investment and Industrial Development Company (Redico) into two joint stock companies. namely:

New Reedys for Investment and Industrial Development Company — Reedy Group — the Split off group.

Egyptian American for Investment and Industrial l)development Company - the Split company. an Egyptian Joint Stock Company referred there to as the Split company . along with amending the following articles of the company's articles of association (2) company's name, (3) The objective of the company. (6.7) The company's capital . (39) The place of the general assembly meeting.

The authorized capital of Egyptian American for Investment and Industrial Development Company was determined with the amount of L.E. 25 million (Twenty Five million Egyptian Pounds) (Rs. 22.15 Crore).

The issued capital was determined in the amount of L.E 6 892 000 (Six million and Eight Hundred and Ninety Two Thousand Egyptian pounds) (Rs. 6.10 crore) distributed over 68 920 shares (Sixty Eight Thousand and Nine hundred and Twenty Shares), the nominal value of each is L.E 100 (One Hundred Egyptian Pounds), and all of which are nominal cash shares.

The issued capital of Egyptian American for Investment and Industrial Development Company, the split company is represented in the net assets of the dividing company according to the decision of the valuation committee, formed by General Authority For Investments & Free Zone (GAFI). amounting to L.E 6 892 493 (Six million Eight Hundred and Ninety Two Thousand and Four hundred Ninety Three Egyptian Pounds) (Rs. 6.11 crore) after excluding of the amount of L.E. 493 (Four Hundred Ninety Three Egyptian Pounds) and being carried forward to the reserves.

2 The date 30/6/2006 is considered as the division date, and the rights of Egyptian American for Investment and Industrial Development Company (Redico) shall be transferred to both the Split Company (Egyptian American for Investment and Industrial Development Company) and the Split off company(New Reedys for Investment and Industrial Development Company Reedy Group) according to the percentage suited in the valuation report, while such division does not result in any new tax exemptions, and such divisions liabilities shall not extend to others unless it is deposited and registered in the company's commercial register and as per its relevant date.

3 Such division does not result in granting the company any monopoly rights or concessions.

The registration in the company's commercial register was carried out on 15/3/2007.

The seventh item of the division contract of Egyptian American for Investment and Industrial Development Company" Redico" into two companies - split and split off companies - stipulates that the split off company resulting from the division process shall be established under the name of New Reedys for Investment and Industrial Development Company according to the provisions of Law No.159/1981 and its executive regulations, the eighth item of the aforementioned contract stipulates that the split off company shall duly supersedes on the division date(30/6/2006) the split off company in regard to the split company's rights and liabilities, which represented in these rights and liabilities determined for the split off company in the report of the evaluation committee formed by General Authority of Investment & Free Zone (GAFI), following the decision authorizing the division process. Moreover the split off company is considered as the sole debtor of all debts related to the assets and liabilities determined for the split off company in the report of the evaluation committee, which might exist after the division date.

The company duration is 25 years starting from the registration date in the commercial register, (14/12/1997).

The head office and legal domicile of the split company lies in the lands No. 129 and 130. the second industrial zone, Sixth of October City. Giza. and the chairman of the board of directors and managing director is Mr. Bajpai Barjesh.

4 Basis of preparation of financial statements

a Statement of compliance

These financial statements have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian Law and regulations.

b Basis of measurement

The financial statements are prepared on the historical cost convention.

c Functional and presentation currency

These financial statements are presented in Egyptian pound (L.E), which is the company's functional currency.

d Use of estimates and judgments

The preparation of the financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The. estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the canying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an going basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

5 Significant accounting policies

The following accounting polices have been applied consistently by the company to all periods presented in these financial statements.

5-1 Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Egyptian Pound at the foreign exchange rate in effect at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction.

5-2 Property, plant, equipment and depreciation

A) Recognition and measurement

Property and equipment are stated at historical cost and presented in the balance sheet net of accumulated

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended as of December 31, 2008

depreciation and impairment (note 5-6). Depreciation is charged to the income statement over the estimated useful-life of each asset using the straight-line method.

B) **Depreciation**

On July 1st 2007 the company conducted an operational efficiency review of its fixed assets opening balance, which resulted in changes in the expected useful lives of certain items. The carrying amounts of the items that their useful lives has been changed are depreciated over the remaining period of the new useful lives.

The estimated useful lives are as follows :

Asset	Useful life before re-evaluation Years	Remaining useful life for existing assets starting from July 1st 2007 Years	Useful life for purchased assets starting from Jan 1st 2008 Years
Building & constructions	50	10	50
Furniture & fixtures	16.66	1-2, 4	4
Vehicles	5	1	4
Machines	5	1-4	4
Tools & Equipments	5	4	4
Computers	–	2	2

5-3 Inventory

Inventories are suited at lower of cost or not realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost to completion and selling expenses.

Cost of different kinds of inventory is determined as follows :

- Raw and packaging materials arc determined by using the weighted average method.
- At 1/1/2008 the company changed Semi finished goods base of determining cost to be using the actual cost of the materials used in its production instead of using standard cost of the materials used in its production, the effect of this change could not be quantified.
- At 1/1/2008 the company changed Finished good base of determining cost to be using the actual manufacturing cost of raw materials & components used in its production, in addition to its share from direct and indirect manufacturing overheads instead of standard manufacturing costs of raw material & components used in its production in addition to its share from direct and indirect manufacturing costs, the effect of this change could not be quantified.

5-4 Trade and other receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate of doubtful debts is made when collections of the full amount is no longer probable. Bad debts are written off when identified, Other receivables are stated at cost less impairment losses (5-6-A).

5-5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank current accounts and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of preparation the statement of cash flows.

Cash Flow statement is being prepared using the indirect method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended as of December 31, 2008

5-6 Impairment

A Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available- for-sale financial assets that are debt securities, the reversal is recognized in income statement. For available-for-sale financial assets that are equity securities, the reversal is rccognized directly in equity.

B Non-fianacial assets

The carrying amounts of the Company's non-financial assets, other than, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement.

The recoverable amount of an asset or cash-generating unit is the greater of' its value in use and its fair value less Costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no inipairment loss had been recognized.

5-7 Trade and other payable

The balance of the creditors are recorded with their cost value, liability (accruals) were recognized and recorded with the value expected to be paid in the future in return of goods & services received.

5-8 Related parties transactions

During the year and in ordinary course of business, the company dealt with related parties in compliance with the terms and rules applied in dealing with others.

5-9 Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event, and it is probable that a flow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. The Provisions balances are reviewed on a ongoing basis at the reporting date to disclose the best estimation on the current year.

5-10 Legal Reserves

The Company is required to set aside at least 5% of the annual net profit to form reserve, such reserve shall cease when it reaches 50% of the capital, when this reserve decrease, the Company is required to resume setting aside 5% of the annual net profit.

5-11 Revenue Recognition

A Goods sold and services rendered

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, revenues are recognized when the products are delivered to the client, and issuing invoices. No revenue is recognized if there are uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods also continuing management involvement with the goods.

B Interest income

Is recognized on accrual basis.

5-12 Expenses

A Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using lax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is measured using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

B Employees' retirement benefits

The Company contributes to government social insurance system in accordance with the Social insurance Law No.79 for 1975 as amended; the Company's obligations for contributions to this defined contribution pension plan are recognized as an expense in the income statement as incurred, the Company's obligation is confined to make such contribution.

5-13 Earning per share

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended December 31, 2008

6 Fixed assets

	Land	Buildings	Furniture & Office Equipments	Vehicles	Machine	Tools & equipment	Computers	Total
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Cost								
Cost as at Jan 1, 2008	52,400	2,253,620	17,273	613,380	3,049,811	19,635	23,765	**6,029,884**
Addition	–	–	4,624	–	112,500	4,620	8,785	**130,529**
Cost as at Dec 31, 2008	**52,400**	**2,253,620**	**21,897**	**613,380**	**3,162,311**	**24,255**	**32,550**	**6,160,413**
Depreciation								
Accumulated depreciation as at Jan 1, 2008 *	–	472,146	5,437	613,375	2,201,359	1,194	2,130	**3,295,641**
Year Depreciation	–	187,879	4,563	–	353,533	5,576	14,752	**566,303**
Accumulated depreciation as at Dec 31, 2008	**–**	**660,025**	**10,000**	**613,375**	**2,554,892**	**6,770**	**16,882**	**3,861,944**
Net book value as at Dec 31, 2008	**52,400**	**1,593,595**	**11,897**	**5**	**607,419**	**17,485**	**15,668**	**2,298,469**
Net book value as at Dec 31, 2007	**52,400**	**1,781,474**	**11,836**	**5**	**848,452**	**18,441**	**21,635**	**2,734,243**

	Land	Buildings	Furniture & Office Equipments	Vehicles	Machine	Tools & equipment	Computers	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Cost								
Cost as at Jan 1, 2008	0.05	2.00	0.02	0.54	2.70	0.02	0.02	**5.34**
Addition	–	–	0.00	–	0.10	0.00	0.01	**0.12**
Cost as at Dec 31, 2008	**0.05**	**2.00**	**0.02**	**0.54**	**2.80**	**0.02**	**0.03**	**5.46**
Depreciation								
Accumulated depreciation as at Jan 1, 2008	–	0.42	0.00	0.54	1.95	0.00	0.00	**2.92**
Year Depreciation	–	0.17	0.00	–	0.31	0.00	0.01	**0.50**
Accumulated depreciation as at Dec 31, 2008	**–**	**0.58**	**0.01**	**0.54**	**2.26**	**0.01**	**0.01**	**3.42**
Net book value as at Dec 31, 2008	**0.05**	**1.41**	**0.01**	**0.00**	**0.54**	**0.02**	**0.01**	**2.04**
Net book value as at Dec 31, 2007	**0.04**	**1.27**	**0.01**	**0.00**	**0.60**	**0.01**	**0.02**	**1.95**

Accumulated depreciation opening balance include an amount of L.E 327 709 (Rs. 0.29 crore) represents the depreciation for the period from January 1, 2007 till June 30, 2007 before the new management assuming company's responsibility which has not been charged to the income statements in the previous year.

7 Inventory

This item is represented as follows:-

	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	L.E	L.E	Rs. Crore	Rs. Crore
Raw materials	2,271,781	2,245,814	2.01	1.60
Packing materials	2,414,976	1,945,720	2.14	1.39
Semi finished goods	114,035	134,755	0.10	0.10
Finished goods	2,691,223	1,208,066	2.38	0.86
Letter of credit	–	119,839	–	0.09
	7,492,015	5,654,194	6.64	4.03

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

8 Accounts and notes receivables

This item is represented as follows:-

	31/12/2008 L.E	31/12/2007 L.E	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Receivables *	21,194,108	18,013,252	18.77	12.83
Notes receivable	261,316	37,753	0.23	0.03
	21,455,424	18,051,005	19.01	12.86
Less :				
Impairment in receivables	(5,407,000)	(205,339)	(4.79)	(0.15)
	16,048,424	17,845,666	14.22	12.71

Accounts receivables include an amount of L.E 976560 [Rs.0.87 Crore] (L.E. zero at 31/12/2007) due from Marico Limited Company which represents the Major shareholder of the parent company.

* Accounts receivables include an amount of L.E 9484155 [Rs.8.40 Crore] (L.E. 3 062492 [Rs.2.18 Crore] at 31/12/2007) due from United Company for Trade and Distributors.

Starting from May 1 st 2008 the company appointed united company for Trade and Distributors as the exclusive distributor for the purpose of distributing the products in the territory according to distributor agreement dated May 5th 2008.

Agreement Duration:

Three years starting from May 1st 2008. Agreement Terms:

1) During the first year, the distributor margin equals to 11.5% of retail purchase price" which is determined by the Egyptian American for Investment and Industrial development management". This is subject to increase on the second year and on ward in accordance with the mutual agreement between the two parties.

2) During the first year of the term of this agreement, the two parties have mutually agreed to apply a discount equals to 34 % of consumer price to retail outlets and 36.7 % to wholesale outlets. Before the second year of the term of this agreement and onwards the two parties will mutually agree the applicable pricing for the following year.

9 Debtors and other debit balances

This item is represented as follows:-

	31/12/2008 L.E	31/12/2007 L.E	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Supplier's - debit balances	583,499	82,500	0.52	0.06
Prepaid expenses	45,922	53,058	0.04	0.04
Employee loans	37,908	22,302	0.03	0.02
Deposits with others	41,500	46,000	0.04	0.03
Sundry debtors	20,745	11,101	0.02	0.01
	729,574	**214,961**	**0.65**	**0.15**

10 Cash and cash equivalents

This item is represented as follows:-

	31/12/2008 L.E	31/12/2007 L.E	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Banks - current accounts	283,189	4,502,736	0.25	3.21
Cash on hand	2,311	393,072	0.00	0.28
	285,500	**4,895,808**	**0.25**	**3.49**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

11 Provisions

This item is represented as follows:-

	Balance as of 01/01/2008 L.E	Formed during the year L.E	Used during the year L.E	Provision no longer required L.E	Balance as of 31/12/2008 L.E
Annually Vacation Provision	34,500	23,074	(13,229)	–	44,345
Other provisions	2,587,161	358,528	(209,018)	(2,285,512)*	451,159
	2,621,661	**381,602**	**(222,247)**	**(2,285,512)**	**495,504**

	Balance as of 01/01/2008 Rs. Crore	Formed during the year Rs. Crore	Used during the year Rs. Crore	Provision no longer required Rs. Crore	Balance as of 31/12/2008
Leave encashment	0.03	0.02	(0.01)	–	0.04
Other provisions	2.29	0.32	(0.19)	(2.02)	0.40
	2.32	**0.34**	**(0.20)**	**(2.02)**	**0.44**

* Include an amount of LE 2272398 (Rs. 2.01 crore) represents reverse of January 1st 2008 balance which has been formed on July 1st 2007 as mentioned in note no (30).

12 Bank Credit Balance

This item is represented as follows:-

	31/12/2008 L.E	31/12/2007 L.E	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Bank Credit Balance	715,915	–	0.63	–
	715,915	**–**	**0.63**	**–**

13 Accounts and notes payables

This item is represented as follows:-

	31/12/2008 L.E	31/12/2007 L.E	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Suppliers	570,542	2,633,138	0.51	1.88
Notes payables	963,911	2,631,954	0.85	1.88
	1,534,453	**5,265,092**	**1.36**	**3.75**

14 Related parties transactions

Related parties are represented in the company's shareholders and the companies in which the shareholders directly or indirectly possess shares which entitle them participating material influence over these companies in addition to companies that has material influence on the company.

This item is represented as follows:-

	31/12/2008 L.E	31/12/2007 L.E	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
MEL Consumer Care Company.	619,092	4,671,698	0.55	3.33
Marico Middle East Company- MME	10,793,250	–	9.56	–
Manco Limited company- India *	789,095	1,244,811	0.70	0.89
	12,201,437	**5,916,509**	**10.81**	**4.21**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

* This balance represents the due value to Marico Limited — India against the right of use Fiancee trademark by Egyptian American for Investment and Industrial Development Company according to the contract dated July 17, 2007 as Marico Limited Company (Licensor) agreed to grant Egyptian American for Investment and Industrial Development Company (Licensee) a non - exclusive license in Egypt to pack and sell products bearing Fiancee Trademark according to the following:

• The license period is three years start from 1/7/2007 till 30/6/2010.

• Egyptian American for Investment and Industrial Development Company is obligated to pay a royalty at the rate of 5% of the sale price of the products bearing the trademark grant to the company (Fiancee) subject to deduction of tax (sale price mean the price net of discount and sales tax as stated in the invoice in addition to the extra discount), the royalty shall accrue to Marico Limited India when Egyptian American for Investment and Industrial Development Company (Licensee) issued invoices for sold products.

• The amount of royalty shall be paid within 90 days from the company financial year ending.

Transactions with associated companies

During the year and in ordinary course of business, the company deal with related parties in compliance with the terms and rules applied in dealing with others. Hereinafter, is a summary of the main transactions and balances that have resulted there from.

Related Party	Nature of Relationship	Nature of transaction	Amount of Transaction L.E	2008 L.E	2007 L.E
Marico Limited India Co.	Major share holder of the parent company	Royalty	2,921,268	(789,095)	(1,244,811)
Marico Limited India Co.	Major share holder of the parent company	Sales	2,793,403	976,560	–
MEL Consumer Care Company	Associate company	Financing	131,018,655	(619,092)	(4,671,698)
Marico Middle East - MME	Associate company	Financing	10,858,250	(10,793,250)	–
				(11,224,877)	**(5,916,509)**

Related Party	Nature of Relationship	Nature of transaction	Amount of Transaction Rs. Crore	2008 Rs. Crore	2007 Rs. Crore
Marico Limited India Co.	Major share holder of the parent company	Royalty	2.59	(0.70)	(0.89)
Marico Limited India Co.	Major share holder of the parent company	Sales	2.47	0.87	–
MEL Consumer Care Company	Associate company	Financing	116.06	(0.55)	(3.33)
Marico Middle East - MME	Associate company	Financing	9.62	(9.56)	–
				(9.94)	**(4.21)**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

15 Creditors and other credit balances

This item is represented as follows:.

	31/12/2008 L.E	31/12/2007 L.E	31/12/2008 Rs. Crore	12/31/2007 Rs. Crore
Sales tax	524,552	1,974,236	0.46	1.41
Withholding tax	33,907	336,788	0.03	0.24
Payroll tax	35,021	68,991	0.03	0.05
Stamp tax	–	3,750	–	0.00
Accrued expenses	875,271	613,402	0.78	0.44
Sales Promotion and Other Credit Balances	968,703	317,325	0.86	0.23
Social Insurance Authority	11,765	–	0.01	–
Customers Advance Payment	635,177	–	0.56	–
	3,084,396	**3,314,492**	**2.73**	**2.36**

16 Capital

16.1 The company's original authorized capital was fixed at L.E 25 million (Twenty Five million Egyptian Pounds) (Rs. 22.15 Crore). The issued Capital was determined with amount of LE 9,750,000 (Nine million & seven hundred and fifty thousand Egyptian pounds) (Rs. 8.64 Crore) distributed over 97500 shares (Ninety seven thousand & five hundred shares) the nominal value of each share is L.E. 100 each.

16.2 According to General Authority for Investments & Free Zone chairman's decision No. *235/2* for year 2007 regarding the license to divide Egyptian American for Investment and Industrial Development Company (Reedy co.). into two joint stock companies - as mentioned in note no. (3), The Egyptian American for Investment and Industrial Development Company (Split company) capital become as follows:

A Authorized capital

The Companys authorized capital amounted to L.E. 25 million (Twenty Five million Egyptian Pounds) (Rs. 22.15 Crore) distributed over 250 000 shares the nominal value of each share is L.E. 100 (One Hundred Egyptian Pounds).

B Issued and paid up capital

- The issued capital was determined by L.E 6,892,000 (Six million and Eight hundred and Ninety Two Thousand Egyptian pounds) (Rs. 6.10 Crore) distributed over 68,920 shares (Sixty Eight Thousand and Nine Hundred and Twenty Shares), the nominal value of each is L.E. 100 (One Hundred Egyptian Pounds).
- The company's issued capital is represented in split company net assets value according to General Authority for Investments & Free Zone report that approved by General Authority for Investments & Free Zone chairman on 21/ 11/ 2006, which determined the net assets of the split company by L.E 6 892 493 (Six million Eight Hundred and Ninety Two Thousand and Four Hundred Ninety Three Egyptian Pounds) (Rs. 6.11 crore) and based on General Authority for Investments & Free Zone decision no 235/2 for year 2007 the company issued capital for split company determined by L.E 6 982 000 (Six million Nine Hundred and Eighty Two Thousand Egyptian Pounds) (Rs. .87 crore) after excluding an amount of L.E 493 (Four Hundred Ninety Three Egyptian Pounds) and being carried forward to the reserves.
- This change in the company's capital was registered in company's commercial register on 15/3/2007.
- During March 6th, 2008 an amount of 50 shares has been transferred from Mr. El sayed Abdou Abdou El reedy to Mr. Brajish Bajai.
- The Company's issued capital amounting to L.E. 6 892000 distributed over 68 920 shares of par value L.E. 100 each as follow:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

Name	Nationality	No. of Share	Amount L.E.	Amount Rs. Crore
Mr. Harshraj Charandas Mariwala	Indian	320	32,000	0.03
Mr. Milind Shripad Sarwate	Indian	320	32,000	0.03
Mr. Brajesh Bajpai	Indian	50	5,000	0.00
Marico Middle East, FZE	Emirates	68,230	6,823,000	6.04
		68,920	**6,892,000**	**6.10**

17 Deferred Tax Liabilities

This item is represented as follows:-

	Assets 31/12/2008		Liabilities 31/12/2008		Assets 31/12/2007		Liabilities 31/12/2007	
	L.E	Rs. Crore	L.E	Rs. Crore	L.E	Rs. Crore	L.E	Rs. Crore
Fixed assets (depreciation)	–	–	41,974	0.04	–	–	15,000	0.01
	–	–	**41,974**	**0.04**	–	–	**15,000**	**0.01**

18 Net Sales

This item is represented as follows:-

	31/12/2008 L.E	31/12/2007 L.E	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Operating revenue	64,675,959	60,520,967	57.29	43.12
Less:				
Trade discount	(29,824,231)	(29,004,681)	(26.42)	(20.66)
Additional discount	(1,062,083)	–	(0.94)	–
Cash discount	–	(395,044)	–	(0.28)
	33,789,645	**31,121,242**	**29.93**	**22.17**

19 Cost of Goods Sold

This item is represented as follows:-

	31/12/2008 L.E	31/12/2007 L.E	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Raw & Packing material	18,532,698	14,526,838	16.42	10.35
Salaries & industrial expenses *	3,862,375	2,902,658	3.42	2.07
	22,395,073	**17,429,496**	**19.84**	**12.42**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

* Salaries & Industrial expenses are represents as follows:

	31/12/2008 L.E	31/12/2007 L.E	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Salaries and wages	1,697,616	1,670,190	1.50	1.19
Water and electricity	212,781	71,397	0.19	0.05
Maintenance	237,812	196,585	0.21	0.14
Rent	7,947	30,562	0.01	0.02
Printing & stationary	29,455	20,070	0.03	0.01
Telephone and internet	7,300	12,513	0.01	0.01
Travel, transportation and car rent	809,409	398,271	0.72	0.28
Medical care	8,564	9,276	0.01	0.01
Employees training	595	–	0.00	–
Security	65,294	42	0.06	0.00
Deprecation	468,343	251,241	0.41	0.18
Factory expenses	231,601	154,383	0.21	0.11
Other	85,658	88,128	0.08	0.06
	3,862,375	**2,902,658**	**3.42**	**2.07**

20 Operating Income

This item is represented as follows:-

	31/12/2008 L.E	31/12/2007 L.E	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Provision no longer required *	2,285,512	–	2.02	–
Other revenues	117,438	85,971	0.10	0.06
	2,402,950	**85,971**	**2.13**	**0.06**

* Include an amount of L.E 2 272 398 (Rs. 2.01 crore) represents reverse of January 1 st 2008 balance which has been formed on July 1st 2007 as mentioned in note no (30).

21 Sales and Distribution expenses

This item is represented as follows:-

	31/12/2008 L.E	31/12/2007 L.E	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Salaries and wages	599,583	413,334	0.53	0.29
Sales men incentive	1,190,561	662,305	1.05	0.47
Water and electricity	16,289	8,569	0.01	0.01
Maintenance	100,313	79,737	0.09	0.06
Rent	367,272	96,719	0.33	0.07
Advertising	3,503,881	303,648	3.10	0.22
Printing & stationary	9,771	8,334	0.01	0.01
Postage & telegram	413	–	0.00	–
Telephone and internet	46,275	31,266	0.04	0.02
Travel, transportation and car rent	481,544	217,139	0.43	0.15
Medical care	10,460	5,500	0.01	0.00
Insurance	1,669	–	0.00	–
Sales promotion	2,565,696	976,541	2.27	0.70
Security	46,003	–	0.04	–
Deprecation	8,822	–	0.01	–
Royalty	1,579,937	1,556,014	1.40	1.11
Other	82,621	2,595	0.07	0.00
	10,611,110	**4,361,701**	**9.40**	**3.11**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

22 General and administration expenses

This item is represented as follows:-

	31/12/2008 L.E	31/12/2007 L.E	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Salaries and wages	1,264,957	363,684	1.12	0.26
Water and electricity	30,302	2,510	0.03	–
Maintenance	39,781	36,572	0.04	0.03
Rent	125,000	63,500	0.11	0.05
Printing & stationary	24,516	7,986	0.02	0.01
Postage & telegram	733	–	–	–
Telephone and internet	29,064	4,057	0.03	–
Travel, transportation and car rent	223,734	37,981	0.20	0.03
Medical care	25,304	2,979	0.02	–
Visa Charge	22,837	–	0.02	–
Insurance	7,432	3,251	0.01	–
Employees Training	8,322	0.01	–	–
Professional Fees	265,748	177,054	0.24	0.13
Registration Product	925	39,705	–	0.03
Security	10,003	8,415	0.01	0.01
Donations	16,437	4,335	0.01	–
Deprecation	6,439	2,791	0.01	–
Other	161,241	3,825	0.14	–
	2,262,775	**758,645**	**2.00**	**0.54**

23 OTHER OPERATING EXPENSE

This item is represented as follows:-

	31/12/2008 L.E	31/12/2007 L.E	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Impairment in Accounts Receivable	5,201,661	205,339	4.61	0.15
Annual Vacation Provision	23,074	34,500	0.02	0.02
Other Provision	358,528	314,763	0.32	0.22
	5,583,263	**554,602**	**4.95**	**0.40**

24 Financing expenses

This item is represented as follows:-

	31/12/2008 L.E	31/12/2007 L.E	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Bank expenses	110	2,926	–	–
Foreign exchange differences expenses	142,251	29,590	0.13	0.02
	142,361	**32,516**	**0.13**	**0.02**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

25 Cash and cash equivalent

The cash flow statement was prepared according to indirect method, and for the purpose to prepare cash flow, cash and cash equivalent items represent as follows;

	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	L.E	L.E	Rs. Crore	Rs. Crore
Cash on hand	2,311	393,072	–	0.28
Bank current account	283,189	4,502,736	0.25	3.21
Less : Bank Credit Balance	(715,915)	–	(0.63)	–
	(430,415)	**4,895,808**	**(0.38)**	**3.49**

26 Earning Per Share in the Net (loss) / Profit of the year

Earning per share in the net (loss) / profit of the year are calculated by using the weighted average of outstanding shares during the year as follows:

	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	L.E	L.E	Rs. Crore	Rs. Crore
Net (Loss) / Profit for *the* year	(5,599,397)	7,487,207	(4.96)	5.33
No. of shares during the year *	68,920	68,920	0.06	0.05
Earning per share in the net profit of the year	**(81.24)**	**108.64**	**(81.24)**	**108.64**

* As 2007 net profit represents the net profit for the period from July 1 st 2007 till December 31st 2007, as the company did not record any transaction for the period from January 1 st ,2007 till June 30th, 2007, Earning per share were calculated based on the number of shares for the period from July 1 st 2007 till December 31st 2007.

27 Tax status

A Income tax

The company is exempted from Income tax according to article No (16) of Law no. (8) for year 1997 and up to December 31, 2010.

Tax inspection was carried out since the company has started operation till year 1999 which resulted to zero liability.

For the period from 2000 till 2004 tax inspection was carried out & resulted to corporate tax liability amounted to L.E 172349 (Rs. 0.15 crore), the company objected to this amount and the argument has been transferred to internal committee.

B Payroll tax

Tax inspection was carried out for years 2003 and 2004 and all the tax have been settled.

Tax inspection was carried out for the years from 2004 till 2007 which resulted to Payroll tax liability amounted to L.E 23 791 (Rs. 0.02 crore), which has been fully paid.

The company pays the salary tax on a regular basis through the quarter annually salaries return.

C Stamp duty

Tax inspection was carried out since the company has started operation till December 31 sl 2006, all the difference have been settled.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

D Sales tax

Tax inspection was carried out since the company has started operation till December 31st 2007, and all the difference have been settled.

28 Financial Instruments Fair Value

The financial instruments are represented in Monetary assets (cash at banks pnd on hand, accounts & notes receivables and debtors & other debit balances), monetary liabilities (bank credit balances, due to related parties; accounts and notes payables creditors and other credit balances) the present values of these financial Instruments represent a reasonable estimate to there fair values. Note no (5) of the notes to the financial statements include the significant accounting polices used in recording and measuring significant fInancial instruments and the related revenues and expenses.

29 Financial Instruments and related Management Risk

(A) Credit Risk:

The credit risk is represented in the debtors' inability (accounts receivable & debtors & other debit balance) to pay their debts, during 2007 up till April 2008 the company studied each client credit position (by the sales manager) before granting any credit, starting from May 2008 the company mitigated this risk by restricting its sales to United company for trading and distributor which is a trustable company in phannaceuticals & cosmetics distribution field.

(B) Foreign Exchange Risk:

The foreign currencies risk results from fluctuation in exchange rates, which affect the companies cash in flow and out flow as well as the value of monetary assets and liabilities denominated in foreign currencies. As at the date of the balance sheet the company has foreign currency monetary assets and liabilities equivalent of L.E 982964 (Rs. 0.87 crore) & L.E 627I79 (Rs. 0.56 crore) respectively.

Foreign Currencies	Surplus
U.S. Dollars	64,342

30 Comparative Figures

Some comparative figures has been reclassified to conform with the year end financial statements as at December 31st, 2008 presentation as some accounts has been merged to be in line with this year presentation as mentioned below:

Description	Balance as of December 31, 2007 L.E.	Balance as of December 31, 2007 Rs. Crore	Merged in
Sales Tax receivable	541,091	0.39	Sales Tax Payable
Royalty	1,596,014	1.14	Sales and distribution
Depreciation	2,791	0.00	General and administrative expense
Foreign exchange difference	29,591	0.02	Financing expense
Bank expense	2,925	0.00	Financing expense
Impairment in customers	205,339	0.15	Other operating expense
Impairment of inventory	452,952	0.32	Cost of goods sold
Provisions	349,263	0.25	Other operating expense
Other revenues	85,971	0.06	Other operating expense
Interest receivable	2,023	0.00	Financing expense

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

The company's new management - which assumed responsibility on July 1st, 2007 - started recording in books starting from July 1st, 2007 and due to absence of data and supporting documents the company did not record opening balances as reflected in the General Authority for Investments and Free Zone decree no. 235\2 as well as the transaction that took place during the period from July 1st 2006 to June 30th 2007 instead it begun recording at its books on July 1st, 2007 by the value of approved fixed assets and capital only from General Authority for Investments and Free Zone (GAIF) according to the above said decree after amending it by depreciation charge for the period from July 1st, 2006 (splitting date) till June 30th, 2007, in addition to one transaction with MEL consumer care company, - regardless any other approved balances from GAFI - the difference has been recorded as follows:

Description	Debit Balance	Credit Balance	Debit Balance	Credit Balance
	L.E.	L.E.	Rs. Crore	Rs. Crore
Fixed Assets	5,975,611	–	5.29	–
Accumulated Depreciation	–	2,698,792	–	2.39
Adjustments in Accumulated Depreciation	–	327,709	–	0.29
Provisions	–	2,272,398	–	2.01
Due to related Parties	6,215,781	–	5.51	–
Capital	–	6,892,000	–	6.10
Other Reserves	–	493	–	–
	12,191,392	**10.80**	**12,191,392**	**10.80**

Board of Directors	Brajesh Bajpai
	Mukesh Kripalani
	Aditya Shome
	Ravin Mody
	MELCC, represented by Ravin Mody
Registered Office	New Salhya City - Industrial Zone, Sharqya
Auditors	Becker & Tilly
Bankers	HSBC Limited
	NSGB Limited
Legal Advisors	Maharem Office for Accounting and Auditing

INDEPENDENT AUDITOR'S REPORT

To: The shareholders of Marico Egypt For Industries (SAE)

We have audited the accompanying balance sheet of Marico Egypt For Industries (SAE) as of December 31, 2008 and the related statement of income and cash flows and changes in shareholders equity for the year then ended and a summary of significant accounting policies and other explanatory Notes.

Managements responsibility for the financial statements

These financial statements are the responsibility of the company's management. The management is responsible for the preparation and fair presentation of these financial statements in accordance with Egyptian accounting standards and in light of the Egyptian laws this responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian auditing standards and the relevant laws and regulations. Those standards require that we comply with ethical requirements to obtain reasonable, assurance about whether the financial statements are free from material misstatements.

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

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

Opinion

In our opinion the financial statement present fairly in all material respects, the financial position of Marico Egypt For Industries (SAE) as of 31 December 2008 and of its financial performance and its cash flows for the financial year then ended in accordance with the Egyptian accounting standards and the relevant laws and regulations.

Report on the legal requirements

The company keeps proper accounting records, include all that is required by law to be recorded therein and the accompanying financial statements are in agreement therewith, the company applies a sufficient costing system. Inventory count and valuation was made by the company's management and under their responsibility.

The financial information included in the board of directors' report in compliance with companies law no. 159 year 1981 and it's executive regulation and its agreement with the accounting record of the company to the extent that such information is recorded therein.

Cairo 3/3/2009 **Sherin Noureldin**

R.A.A. 6809
BAKER TILLY
Wahid Abdel Ghaffar & Co.

19 April 2008

Note: The exchange rate used to convert EGP to Rs. 8.858 / EGP (Rs. 7.124 / EGP)

BALANCE SHEET

		As at December 31,			
	Notes No.	**2008 EG.P**	**2007 EG.P**	**2008 Rs. Crore**	**2007 Rs. Crore**
Long Term Assets					
Fixed Assets (Net)	4	3,408,650	3,479,580	3.02	2.48
Total long term assets		**3,408,650**	**3,479,580**	**3.02**	**2.48**
Current assets					
Inventory	5	4,548,754	3,920,812	4.03	2.79
Letter of Credit		–	203,738	–	0.14
Affiliated companies account (debit balance)	6	468,451	–	0.42	–
Accounts Receivable (Net)	7	9,339,618	6,592,979	8.27	4.70
Suppliers - advance payments		1,414,541	1,131,717	1.25	0.81
Debtors and other debit balances	8	2,418,354	656,748	2.14	0.47
Cash and cash equivalents	9	13,931,267	16,136,704	12.34	11.50
Total current assets		**32,120,985**	**28,642,698**	**28.45**	**20.41**
Current liabilitites					
Bank overdraft		86	965,547	–	0.69
Provisions	10	1,315,009	644,164	1.16	0.46
Partners Current Accounts	11	2,045,191	4,059,251	1.81	2.89
Accounts Payable	12	4,139,819	6,928,579	3.67	4.94
Creditors and other credit balances	13	5,855,189	7,202,790	5.19	5.13
Total current liabilitites		**13,355,294**	**19,800,331**	**11.83**	**14.11**
Working Capital		**18,765,691**	**8,842,367**	**16.62**	**6.30**
Total investment		**22,174,341**	**12,321,947**	**19.64**	**8.78**
Parters Equity					
Paid capital	14	12,287,690	600,000	10.88	0.43
Net Profit for the Year		9,886,651	11,721,947	8.76	8.35
Total finance of working capital and long-term assets		**22,174,341**	**12,321,947**	**19.64**	**8.78**

- The accompanying notes from (1) to (16) forms an internal part of this financial statements.

- Auditor’s report attached.

Chairman

Financial Manager

Sherin Noureldin
R.A.A. 6809
BAKER TILLY
Wahid Abdel Ghaffar & Co.

Note: The exchange rate used to convert EGP to Rs. 8.858 / EGP (Rs. 7.124 / EGP)

INCOME STATEMENT

	Year ended December 31,			
	2008 EGP	**2007 EGP**	**2008 Rs. Crore**	**2007 Rs. Crore**
Sales	71,699,231	67,673,163	63.51	48.21
Less				
Discount	17,767,665	15,621,354	15.74	11.13
Net Sales	**53,931,566**	**52,051,809**	**47.77**	**37.08**
Less				
Cost of sales	25,939,314	27,212,994	22.98	19.38
Gross profit	**27,992,252**	**24,838,815**	**24.79**	**17.70**
Less				
Sales & distribution Expenses	7,281,483	4,546,787	6.45	3.24
Advertising expenses	3,307,541	4,308,073	2.93	3.07
General & administrative expeneses	2,204,831	1,502,893	1.95	1.07
Depreciation of fixed assets	52,493	21,876	0.05	0.02
Provision for prices decrease	1,480,409	156,600	1.31	0.11
Provision for contingent liabilities	1,212,240	644,164	1.07	0.46
Royalities	2,736,474	2,656,165	2.42	1.89
	18,275,471	**13,836,558**	**16.18**	**9.86**
Add /(less)	9,716,781	11,002,257	8.61	7.84
Refund tax provision	34,256	–	0.03	–
Other income	110,273	721,382	0.10	0.51
Foreign exchange losses	25,341	(1,692)	0.02	–
	9,886,651	**11,721,947**	**8.76**	**8.35**

Chairman **Financial Manager**

Note: The exchange rate used to convert EGP to Rs. 8.858 / EGP (Rs. 7.124 / EGP)

STATEMENT OF CHANGES IN EQUITY

				Year ended December 31,
Description	**Paid Capital EGP**	**Retained Profits EGP**	**Profits the year EGP**	**Total EGP**
Balance at 1 Jan., 2008	600,000	11,721,947	–	12,321,947
Transfer to increase capital	11,721,947	(11,721,947)	–	–
Refund tax provision	(34,257)	–	–	(34,257)
Profit of the year	–	–	9,886,651	9,886,651
Balance at 31 Dec., 2008	**12,287,690**	**–**	**9,886,651**	**22,174,341**

Statement of changes in shareholder's equity For the year ended December 31, 2008

Description	Paid Capital Rs. Crore	Retained Profit Rs. Crore	Profits the year Rs. Crore	Total Rs. Crore
Balance at 1 Jan., 2008	0.53	10.38	–	10.91
Transfer to increase capital	10.38	(10.38)	–	–
Refund tax provision	(0.03)	–	–	(0.03)
Profit of the year	–	–	8.76	8.76
Balance at 31 Dec., 2008	**10.88**	**–**	**8.76**	**19.64**

Chairman **Financial Manager**

Note: The exchange rate used to convert EGP to Rs. 8.858 / EGP (Rs. 7.124 / EGP)

CASH FLOW STATEMENT

	Year ended December 31,	
	31/12/2008 EGP	**31/12/2008 Rs. Crore**
Cash flow from operating activities		
Net profit from income statement	9,886,651	8.76
Adjustments to reconcile net profit with net cash provided by operating activities		
Depreciation	377,080	0.33
(Increase) in inventory	(627,942)	(0.56)
Decease in letter of credit	203,738	0.18
(Increase) in affiliated companies account (debit)	(468,451)	(0.41)
(Increase) in accounts receivables	(2,746,639)	(2.43)
(Increase) in suppliers - advance payments	(282,824)	(0.25)
(Increase) in debtors and other debit balances	(1,761,606)	(1.56)
(Decrease) in bank overdraft	(965,461)	(0.86)
Increase in provisions	670,845	0.59
(Decrease) in affiliated companies account (credit)	(2,014,060)	(1.78)
(Decrease) in accounts payable	(2,788,760)	(2.47)
(Decrease) in creditors and other credit balances	(1,347,601)	(1.19)
Refund tax provision	(34,257)	(0.03)
	(11,785,938)	**(10.44)**
Net cash used in operating activities	**(1,899,287)**	**(1.68)**
Cash flows from investment activities		
Purchase of fixed assets	(306,150)	(0.27)
Net cash flow used in investment activities	**(306,150)**	**(0.27)**
Net (decrease) from cash flows	**(2,205,437)**	**(1.95)**
Cash and cash equivalents in the beginning of the year	16,136,704	14.29
Cash and cash equivalents in the end of the year	**13,931,267**	**12.34**

Chairman **Financial Manager**

Note: The exchange rate used to convert EGP to Rs. 8.858 / EGP (Rs. 7.124 / EGP)

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial Statements as of 31 Dec., 2008

1 The Company :

The Company was incorporated as "Simple partnership" according to the law No 8 year 1997 of Investment Guarantees and its implementing regulations and was registered in the commercial register under No 79585 date 26/2/1998 and issued tax card No 253/54/5 under the name Pyramids for Industries Company,

The articles was amended according to the decree of chairman of the general authority for investment and free zones No 161/P year 2006 approving the amendment of article No (5) according to the decision of the partners meeting which was held on 13 Dec., 2006 and the adoption of the draft amendment dated 28 Dec., 2006 which was ratified in public notary office on 9 Nov., 2007 under ratification No 15 year 2007 to change the name of the company to MEL Co. for Consumer Care Products & Partners "Pyramids Modern Industries (PMI) "General Partnership Co."

According to the decision of chairman of general authority for investment and free zones N0 2/532 year 2008 and the contract to change the company from general partnership Co. to joint stock company according to the law No 8 year 1997 and change the name of the company to Marico Egypt For Industries (SAE).

2 Purpose of the company :

Manufacture all cosmetics and hair and skin care products and also soap, toothpaste, hair shampoo and oil processed and hair dyes and the production of various cleaning materials ,pesticides , disinfectants and varnish, all sorts of adhesives and packing the products mentioned.

3 Significant Accounting Policies :

(A) Basis of preparation of the financial statements:-

The financial statements have been prepared in accordance with Egyptian accounting standards and laws.

(B) Foreign currency transactions :-

The company maintains its books in Egyptian pounds. All transactions denominated in foreign currencies were translated into Egyptian pounds at the rate determined on the transaction date, on the balance sheet. The monetary current assets and liabilities are evaluated accordance the rates announced on that date and the differences are charged to income statement.

(C) Depreciation :-

Fixed assets are carried at historical cost and accounting for depreciation are as of the month

following the date of purchase and is calculated to accelerated depreciation by 30% to the

" machinery and equipments " and other items according to the following rate:

Building and construction	5% straight line method
Computer Equipment	50% Declining balance method
Machinery Equipment	12.5% - 25% Declining balance method
Other Fixed Assets	25% Declining balance method

(D) Pricing of the Inventory :

Inventory is valued upon the weighted average method in the pricing of the inventory.

(E) Revenue Recognition :

Revenue is recognized when billed sale and exit of goods from warehouse and export sales are valued according to the exchange rate on the date of exit of goods.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 Dec., 2008

4 FIXED ASSETS (NET)

Description	Land	Building	Computers & Software	Machinery & Equipment	Furniture and Office Equipments	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Cost at 1/1/2008	199,530	1,606,535	49,195	1,682,699	21,948	3,559,907
Additions during the year	–	–	81,143	171,987	53,020	306,150
Cost at 31/12/2008	**199,530**	**1,606,535**	**130,338**	**1,854,686**	**74,968**	**3,866,057**
Acc. Depreciation at 1/1/2008	–	80,327	–	–	80,327	–
Depreciation for the year	–	80,327	41,939	244,260	10,554	377,080
Acc. Depreciation at 31/12/2008	–	160,654	41,939	244,260	10,554	457,407
Net fixed assets at 31/12/2008	**199,530**	**1,445,881**	**88,399**	**1,610,426**	**64,414**	**3,408,650**
Net fixed assets at 31/12/2007	**199,530**	**1,526,208**	**49,195**	**1,682,699**	**21,948**	**3,479,580**

Description	Land	Building	Computers & Software	Machinery & Equipment	Furniture and Office Equipments	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Cost at 1/1/2008	0.18	1.42	0.04	1.49	0.02	3.15
Additions during the year	–	–	0.07	0.15	0.05	2.00
Cost at 31/12/2008	**0.18**	**1.42**	**0.11**	**1.64**	**0.07**	**5.15**
Acc. Depreciation at 1/1/2008	–	0.07	–	–	–	0.07
Depreciation for the year	–	0.07	0.04	0.22	0.01	0.34
Acc. Depreciation at 31/12/2008	–	0.14	0.04	0.22	0.01	0.41
Net fixed assets at 31/12/2008	**0.18**	**1.28**	**0.07**	**1.42**	**0.06**	**3.02**
Net fixed assets at 31/12/2007	**0.14**	**1.09**	**0.03**	**1.20**	**0.02**	**2.48**

The depreciation was charged as follows : -

Description	Charged to Cost of Sales	Charged to Income Statement	Total
	EGP	EGP	EGP
Building	80,327	–	80,327
Computer Machines	–	41,939	41,939
Machinery & Equipments	244,260	–	244,260
Furniture and offices equipments	–	10,554	10,554
Total	**324,587**	**52,493**	**377,080**

Description	Charged to Cost of Sales	Charged to Income Statement	Total
	Rs. Crore	Rs. Crore	Rs. Crore
Building	0.07	–	0.07
Computer Machines	–	0.04	0.04
Machinery & Equipments	0.22	–	0.22
Furniture and offices equipments	–	0.01	0.01
Total	**0.29**	**0.05**	**0.34**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 Dec., 2008

5 Inventory:

Inventory at 31/12/2008 amount EGP 4548754 (Rs.4.03 Crore) According to the books of the company as follows :-

	31/12/2008 EGP	31/12/2007 EGP	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Raw materials	2,578,644	1,343,382	2.29	0.96
Packing & Packaging materials	1,773,892	2,511,638	1.57	1.79
Finished goods	1,833,227	222,392	1.62	0.16
	6,185,763	**4,077,412**	**5.48**	**2.91**
Less				
Provision for price decrease	1,637,009	156,600	1.45	0.11
	4,548,754	**3,920,812**	**4.03**	**2.80**

6 Affiliated companies account (debit balance) :-

This item is represented in following:-

	31/12/2008 EGP	31/12/2007 EGP	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
MEL Company for Consumer Care Products (SAE)	468,451	–	0.41	–
	468,451	**–**	**0.41**	**–**

7 Accounts Receivables (Net) :

This item is represented in following :-

	31/12/2008 EGP	31/12/2007 EGP	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Clients (Pyramids cosmetics Co.)	9,324,886	6,417,893	8.26	4.57
Marico India	14,732	175,086	0.01	0.12
	9,339,618	**6,592,979**	**8.27**	**4.69**

8 Debtors and other debit balances :

This item is represented in following :-

	31/12/2008 EGP	31/12/2007 EGP	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Debtors	30969	22,504	0.03	0.02
Sales tax	2071146	471,992	1.83	0.34
Withholding tax	–	34,256	–	0.02
Prepaid Salaries	8	1,890	–	–
Custody	151680	15,820	0.13	0.01
Prepaid expenses	111901	88,210	0.10	0.06
Customs clearance	1884	7,335	–	0.01
Customs deposit	39766	3,191	0.04	–
Rent deposit	11000	11,550	0.01	0.01
	2,418,354	**656,748**	**2.14**	**0.47**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 Dec. 2008

9 Cash and cash equivalent :

This item is represented in following :-

	31/12/2008 EGP	31/12/2007 EGP	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Bank current accounts - local currency	10,353	2,665	0.01	–
Bank current accounts - foreign currency	22,750	29,669	0.02	0.02
Cash on hand	21,019	5,448	0.02	0.01
Cheques under collection	13,877,145	16,098,922	12.29	11.47
	13,931,267	**16,136,704**	**12.34**	**11.50**

Cheques under collection deposited in H.S.B.C Bank

10 Provisions :-

This item is represented in following :-

	31/12/2008 EGP	31/12/2007 EGP	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Provision for possible commitments	1,212,240	435,000	1.07	0.31
Tax provisions	102,769	209,164	0.09	0.15
	1,315,009	**644,164**	**1.16**	**0.46**

10/1 Provisions :-

This item is represented in following :-

	31/12/2008 EGP	31/12/2007 EGP	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Balance at 1/1/2008	644,164	–	0.57	–
Less:				
Which used from provisions during the year	541,395	–	0.48	–
	102,769	–	0.09	–
Add:				
Provision for contingent liabilities	1,212,240	–	1.07	–
	1,315,009	**–**	**1.16**	**–**

11 Affiliated companies account (credit balance) :-

This item is represented in following:-

	31/12/2008 EGP	31/12/2007 EGP	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Marico India Company	2,045,191	4,059,251.00	1.81	2.89
	2,045,191	**4,059,251**	**1.81**	**2.89**

12 Accounts payable :

This item is represented in following :-

	31/12/2008 EGP	31/12/2007 EGP	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Suppliers	1118515	3,887,451	0.99	2.77
Notes payable	3021304	3,041,128	2.68	2.17
	4,139,819	**6,928,579**	**3.67**	**4.94**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 Dec., 2008

13 Creditors and other credit balances

This item is represented in following :-

	31/12/2008 EGP	31/12/2007 EGP	31/12/2008 Rs. Crore	31/12/2007 Rs. Crore
Accrued Royalty	–	2,359,581	–	1.68
Pyramids cosmetics Co.	1,391,460	957,518	1.23	0.68
Withholding tax	39,727	116,464	0.03	0.08
Salary tax	17,714	47,093	0.02	0.03
Sales tax	4,195,412	2,911,675	3.72	2.07
Stamp duty tax	98,508	185,999	0.09	0.13
Employees fund	–	688	–	0.01
Social Insurance	53,568	38,156	0.05	0.03
Accrued salaries	–	422,269	–	0.30
Accrued expenses	58,800	163,347	0.05	0.12
	5,855,189	**7,202,790**	**5.19**	**5.13**

14 Paid Capital:

The company's authorized capital is EGP 20,000,000 (Twenty million Egyptian pounds) and the issued capital is EGP 12,287,690 (Twelve million two hundred eighty seven thousand and six hundred ninety Egyptian pounds) distributed into 1,228,769 shares, the value of each share is EGP 10 distributed among the shareholders as follows:-

Name	Nationality	Amount of share	Share EGP	Share Rs. Crore
MEL Co. for Consumer Care Products & Partners according to law No 159/1981	Egyptian	1,216,481	12,164,810	10.78
Mr. BRIJESH BAJPAI	Indian	6,144	61,440	0.05
Mr. RAVIN MODY	Indian	6,144	61,440	0.05
Total		**1,228,769**	**12,287,690**	**10.88**

15 Taxation:

First : Corporate Tax:-

The company enjoys tax exemption from 1/1/2007 till 31/12/2016 according to card tax.

Second : Sales Tax:-

The books of the company was scrutinized for the period ending 31/8/2007 and as the assessment for issued by the Sales Tax Authority (form no. 15) there is no pending / contingent liability against the company as in that data.

16 Comparison figures have been reclassified to confirm with current year classification

General Manager **Finance Manager**

Board of Directors	Harsh Mariwala Milind Sarwate Vijay Subramaniam Padmanabh Maydeo John Richard Mason Noel Colin Kersley Vinay Vinod Kamath (upto July 31, 2008)
Registered Office	1474 South Coast Road Mobeni 4052
Factory	1474 South Coast Road Mobeni 4052
Auditors	Deloitte & Touche
Bankers	Standard Bank of South Africa Ltd
Legal Advisors	Adams & Adams - Patent and Trademark Attorneys

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the maintenance of adequate accounting records and for the preparation and integrity of the annual financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. The company's and group independent external auditors have audited the financial statements and their report appears on page 2.

The directors are also responsible for the company's system of internal control. These controls are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability for assets, to record all liabilities, and to prevent and detect misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis. Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for the foreseeable future.

DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements and group annual financial statements for the period ended 31 March 2009 as set out on pages 3 to 28 were approved by the directors on 17 June 2009 and are signed on its behalf by:

NCK Vinay	**PS Maydeo**	**JR Mason**
Financial Director	Operations Director	Managing Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF MARICO SOUTH AFRICA CONSUMER CARE (PROPRIETARY) LIMITED

Report on the Financial Statements

We have audited the annual financial statements and group annual financial statements of Marico South Africa Consumer Care (Proprietary) Limited which comprise the directors' report, the balance sheets as at 31 March 2009, the income statements, the statements of changes in equity and cash flow statements for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 28.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and group as at 31 March 2009, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche
Per W Moodley
Partner
Date : 15 June 2009

DIRECTOR'S REPORT

For the period ended 31 March 2009

The directors have pleasure in presenting their report which forms part of the financial statements of Marico South Africa Consumer Care (Proprietary) Limited ("the Company") as well as the group financial statements which includes the financial results of the Company, Marico South Africa (Proprietary) Limited and CPF International (Proprietary) Limited, for the year ended 31 March 2009.

NATURE OF BUSINESS

The Company is an investment holding company with an interest in Marico South Africa (Proprietary) which manufactures and distributes a wide range of personal care and affordable complementary health care products and CPF International (Proprietary) Limited which is currently a dormant company.

GENERAL REVIEW

Marico South Africa Consumer Care (Proprietary) Limited was incorporated on 6 September 2007 to act as an investment holding company in South Africa for its holding company, Marico Limited which is incorporated in India. The Company subsequently purchased the entire share capital of Marico South Africa (Proprietary) Limited effective on the 31 October 2007. Marico South Africa (Proprietary) Limited holds 100% of the issued share capital of CPF International (Proprietary) Limited.

As the Company is the ultimate South African parent, consolidated financial statements have also been presented which include the financial results of Marico South Africa (Proprietary) Limited and CPF International (Proprietary) Limited ("the Group").

DIVIDENDS

No dividends were paid, declared or recommended during the current or prior year.

SHARE CAPITAL

There have been no changes to the Company's authorised or issued share capital during the year.

SUBSEQUENT EVENTS

The directors are not aware of any matters or circumstances which are material to the financial affairs of the Company or the Group which have occurred between the balance sheet date and the date of approval of the financial statements that have not been otherwise dealt with in the financial statements.

GOING CONCERN

The Company generated a net profit for the year of R 8 303 111 [Rs.4.43 Crore] (2008: Loss of R10 805 457[Rs.5.31 Crore]). At 31 March 2009 the Company's total assets exceeded its total liabilities by R 41 298 354 [Rs.22.05 Crore](2008: R32 995 243 [Rs.16.22 Crore]).

The Group generated a net profit for the year of R 8 470 041[Rs.4.52 Crore] (2008: Loss of R9 969 375[Rs.4.90 Crore]). At 31 March 2009 the Group's total assets exceeded its total liabilities by R 42 301 366 [Rs.22.58 Crore] (R33 831 325[Rs.16.63 Crore]).

The Company has no external debt apart from its loan from the holding company. Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

DIRECTORS

The directors in office at year end and at the date of this report were as follows:

NCK Vinay

JR Mason

H Mariwala	(Indian National)
M Sarwate	(Indian National)
V Subramaniam	(Indian National)
P Maydeo	(Indian National)

Director resignations: V Kamath - resigned 31 July 2008

DIRECTOR'S REPORT

DIRECTOR'S EMOLUMENTS

No amounts were paid to directors at Company level. Refer to note 19 for details of directors' emoluments at Group level.

SECRETARY

The Company Secretary is V Subramaniam who is also a director of the Company.

REGISTERED OFFICE	POSTAL ADDRESS
1474 South Coast Road	P O Box 32003
Mobeni	Mobeni
4052	4060

HOLDING COMPANY

Marico Limited holds 100% of the Company's issued share capital. Marico Limited is incorporated in India.

SUBSIDIARY

The Company holds 100% of the issued share capital of Marico South Africa (Proprietary) Limited.

INTER-COMPANY BALANCES

Refer to note 17 for details of the terms and conditions of the balances outstanding from and to the holding company, fellow subsidiaries and subsidiaries.

AUDITORS

Deloitte & Touche

COMPARATIVE INFORMATION

The annual financial statements for the year ended 31 March 2009 reflect 12 months of trading. The comparative information is for the 5 month period ended 31 March 2008.

BALANCE SHEET

		As at March 31,							
		Group				Company			
	Note	ZAR 2009	ZAR 2008	Rs. Crore 2009	Rs. Crore 2008	ZAR 2009	ZAR 2008	Rs. Crore 2009	Rs. Crore 2008
ASSETS									
Non-current assets		**83,063,736**	**81,400,600**	**44.35**	**40.01**	**100,983,105**	**43,364,007**	**53.91**	**21.31**
Property, plant and equipment	2	5,145,854	4,742,458	2.75	2.33	–	–	–	–
Intangible assets	3	35,330,489	21,564,879	18.86	10.60	–	–	–	–
Investment in subsidiary	4	–	13,700,000	–	6.73	100,983,105	43,364,007	53.91	21.31
Deferred tax	5	4,900,570	5,827,988	2.62	2.86	–	–	–	–
Goodwill	6	37,686,823	35,565,275	20.12	17.48	–	–	–	–
Current assets		**38,553,101**	**37,143,235**	**20.58**	**18.26**	**1,041,535**	**60,010,473**	**0.56**	**29.50**
Trade and other receivables	7	15,338,410	12,781,773	8.19	6.28	–	–	–	–
Inventories	8	10,561,583	8,841,215	5.64	4.35	–	–	–	–
Cash and cash equivalents		12,653,108	15,520,247	6.76	7.63	1,041,535	1,792,977	0.56	0.88
Amounts due from fellow subsidiary	4	–	–	–	–	–	58,217,496	–	28.61
TOTAL ASSETS		**121,616,837**	**118,543,835**	**64.93**	**58.26**	**102,024,640**	**103,374,480**	**54.47**	**50.81**
EQUITY AND LIABILITIES									
EQUITY									
Share capital	9	800	800	0.00	0.00	800	800	0.00	0.00
Share premium	9	43,799,900	43,799,900	23.38	21.53	43,799,900	43,799,900	23.38	21.53
Accumulated loss		(1,499,334)	(9,969,375)	(0.80)	(4.90)	(2,502,346)	(10,805,457)	(1.34)	(5.31)
		42,301,366	**33,831,325**	**22.58**	**16.63**	**41,298,354**	**32,995,243**	**22.05**	**16.22**
LIABILITIES									
Non-current liabilities		60,641,286	–	32.38	–	60,641,286	–	32.38	–
Current liabilities		**18,674,185**	**84,712,510**	**9.97**	**41.64**	**85,000**	**70,379,237**	**0.05**	**34.59**
Amounts due to holding company	12	–	70,354,237	–	34.58	–	70,354,237	–	34.58
Trade and other payables	10	17,168,923	13,599,433	9.17	6.68	85,000	25,000	0.05	0.01
Provisions	11	1,505,262	758,840	0.80	0.37	–	–	–	–
Receiver of revenue		–	–	–	–	–	–	–	–
Total liabilities		79,315,471	84,712,510	42.35	41.64	60,726,286	70,379,237	32.42	34.59
TOTAL EQUITY AND LIABILITIES		**121,616,837**	**118,543,835**	**64.93**	**58.26**	**102,024,640**	**103,374,480**	**54.47**	**50.81**

Note: The exchange rate used to convert ZAR to Rs. 5.339 / ZAR (Rs. 4.915 / ZAR)

INCOME STATEMENT

		Year ended March 31,							
		Group				Company			
	Note	ZAR 2009	ZAR 2008	Rs. Crore 2009	Rs. Crore 2008	ZAR 2009	ZAR 2008	Rs. Crore 2009	Rs. Crore 2008
Revenue		91,346,486	32,761,956	48.77	16.10	–	–	–	–
Cost of sales		(47,337,569)	(18,867,434)	(25.27)	(9.27)	–	–	–	–
Gross profit		44,008,917	13,894,522	23.50	6.83	–	–	–	–
Selling and distribution costs		(19,783,303)	(8,055,893)	(10.56)	(3.96)	–	–	–	–
Administration costs		(20,965,753)	(3,631,078)	(11.19)	(1.78)	(65,703)	(28,715)	(0.04)	(0.01)
Other operating expenses		(1,229,445)	(10,617,209)	(0.66)	(5.22)	–	(10,617,209)	–	(5.22)
Other income		9,716,355	66,218	5.19	0.03	8,843,915	–	4.72	–
Profit before finance costs and taxation	13	11,746,771	(8,343,440)	6.27	(4.10)	8,778,212	(10,645,924)	4.69	(5.23)
Net finance costs	14	**(2,349,312)**	**(990,378)**	**(1.25)**	**(0.49)**	**(475,101)**	**(159,533)**	**(0.25)**	**(0.08)**
Finance costs		(3,682,141)	(1,514,702)	(1.97)	(0.74)	(3,682,141)	(1,432,629)	(1.97)	(0.70)
Finance income		1,332,829	524,324	0.71	0.26	3,207,040	1,273,096	1.71	0.63
Profit/(loss) before taxation		9,397,459	(9,333,818)	5.02	(4.59)	8,303,111	(10,805,457)	4.43	(5.31)
Income tax expense	15	(927,418)	(635,557)	(0.50)	(0.31)	–	–	–	–
Profit/(loss) for the period		8,470,041	(9,969,375)	4.52	(4.90)	8,303,111	(10,805,457)	4.43	(5.31)
Attributable to:									
Ordinary shareholders		**8,470,041**	**(9,969,375)**	**4.52**	**(4.90)**	**8,303,111**	**(10,805,457)**	**4.43**	**(5.31)**

Note: The exchange rate used to convert ZAR to Rs. 5.339 / ZAR (Rs. 4.915 / ZAR)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

					Year ended March 31,			
	Share capital ZAR	Share premium ZAR	Accumulated (loss)/profit ZAR	Total ZAR	Share capital Rs.Crore	Share premium Rs.Crore	Accumulated (loss)/profit Rs.Crore	Total Rs.Crore
Group								
Issue of shares on	800	43,799,900	–	43,800,700	0.00	21.53	–	21.53
Loss for the period	–	–	(9,969,375)	(9,969,375)	–	–	(4.90)	(4.90)
Balance at 31 March 2008	800	43,799,900	(9,969,375)	33,831,325	0.00	21.53	(4.90)	16.63
Profit for the period	–	–	8,470,041	8,470,041	–	–	4.52	4.52
Balance at 31 March 2009	800	43,799,900	(1,499,334)	42,301,366	0.00	21.53	(0.38)	21.15
Company								
Issue of shares on	800	43,799,900	–	43,800,700	0.00	21.53	–	21.53
Loss for the period	–	–	(10,805,457)	(10,805,457)	–	–	(5.31)	(5.31)
Balance at 31 March 2008	800	43,799,900	(10,805,457)	32,995,243	0.00	21.53	(5.31)	16.22
Profit for the period	–	–	8,303,111	8,303,111	–	–	4.43	4.43
Balance at 31 March 2009	800	43,799,900	(2,502,346)	41,298,354	0.00	21.53	(0.88)	20.65

Note: The exchange rate used to convert ZAR to Rs. 5.339 / ZAR (Rs. 4.915 / ZAR)

CASH FLOW STATEMENT

		Year ended March 31,							
				Group				Group	
	Note	ZAR 2009	ZAR 2008	Rs. Crore 2009	Rs. Crore 2008	ZAR 2009	ZAR 2008	Rs. Crore 2009	Rs. Crore 2008
Cash generated/ (utilised) by operations	A	4,170,628	6,685,703	2.23	3.29	(5,703)	(3,716)	(0.00)	(0.00)
Finance costs paid		(3,682,141)	(1,514,702)	(1.97)	(0.74)	(3,682,141)	(1,432,628)	(1.97)	(0.70)
Other finance income received		1,332,829	195,637	0.71	0.10	3,207,040	1,273,096	1.71	0.63
Net cash inflow/ (outflow) from operating activities		1,821,316	5,366,638	0.97	2.64	(480,804)	(163,248)	(0.26)	(0.08)
Cash flows from investing activities									
Decrease/ (increase) in loans receivable		–	100	–	0.00	2,719,946	(58,217,496)	1.45	(28.61)
Purchase of investment in subsidiary		11,578,452	–	6.18	–	(2,121,548)	(43,364,007)	(1.13)	(21.31)
Net cash outflow flow on acquisition of subsidiary	B	–	(23,971,510)	–	(11.78)	–	–	–	–
Additions to property, plant and equipment		(1,659,159)	(681,065)	(0.89)	(0.33)	–	–	–	–
Purchase of intangible assets		(13,765,610)	(21,564,879)	(7.35)	(10.60)	–	–	–	–
Proceeds on disposal of property, plant and equipment		26,898	26,316	0.01	0.01	–	–	–	–
Net cash outflow from investing activities		(3,819,419)	(46,191,038)	(2.04)	(22.70)	598,398	(101,581,503)	0.32	(49.93)
Cash flows from financing activities									
Proceeds from issue of new share capita		–	43,800,700	–	21.53	–	43,800,700	–	21.53
Decrease in interest bearing borrowings		–	(5,964)	–	–	–	–	–	–
(Decrease)/increase in shareholder's loans		(869,036)	12,549,911	(0.46)	6.17	(869,036)	59,737,028	(0.46)	29.36
Net cash inflow from financing activities		(869,036)	56,344,647	(0.46)	27.70	(869,036)	103,537,728	(0.46)	50.89
Net increase in cash and cash equivalents		(2,867,139)	15,520,247	(1.53)	7.63	(751,442)	1,792,977	(0.40)	0.88
Cash and cash equivalents at beginning of year		15,520,247	–	7.63	–	1,792,977	–	0.96	–
Cash and cash equivalents at end of period		**12,653,108**	**15,520,247**	**(6.10)**	**7.63**	**1,041,535**	**1,792,977**	**0.56**	**0.88**

Note: The exchange rate used to convert ZAR to Rs. 5.339 / ZAR (Rs. 4.915 / ZAR)

NOTES TO THE CASH FLOW STATEMENT

For the year ended 31 March 2009

	Year ended March 31,							
	Group				Company			
	ZAR 2009	ZAR 2008	Rs. Crore 2009	Rs. Crore 2008	ZAR 2009	ZAR 2008	Rs. Crore 2009	Rs. Crore 2008
A. CASH GENERATED/ (UTILISED) BY OPERATIONS								
Profit/(loss) before taxation	9,397,459	(9,333,818)	5.02	(4.59)	8,303,111	(10,805,457)	4.43	(5.31)
Adjustments for:								
Foreign exchange losses	(8,843,915)	10,617,209	(4.72)	5.22	(8,843,915)	10,617,209	(4.72)	5.22
Depreciation	1,192,989	412,437	0.64	0.20	–	–	–	–
Asset write off	9,356	366,559	0.00	0.18	–	–	–	–
Loss on sale of assets	26,521	1,350	0.01	0.00	–	–	–	–
Notional Finance Income	–	(328,687)	–	(0.16)	–	–	–	–
Finance income	(1,332,829)	(195,637)	(0.71)	(0.10)	(3,207,040)	(1,273,096)	(1.71)	(0.63)
Finance costs	3,682,141	1,514,702	1.97	0.74	3,682,141	1,432,628	1.97	0.70
Increase in provisions	746,422	758,840	0.40	0.37	–	–	–	–
Operating profit before working capital changes	4,878,144	3,812,955	2.60	1.87	(65,703)	(28,716)	(0.04)	(0.01)
Increase in trade and other receivables	(2,556,637)	(568,067)	(1.36)	(0.28)	–	–	–	–
(Increase)/Decrease in inventories	(1,720,368)	1,997,002	(0.92)	0.98	–	–	–	–
Increase in trade and other payables and amount due to	3,569,490	1,443,813	1.91	0.71	60,000	25,000	0.03	0.01
receiver of revenue	4,170,629	6,685,703	2.23	3.29	(5,703)	(3,716)	(0.00)	(0.00)

B. ACQUISITION OF BUSINESS

On 31 October 2007 the Company acquired 100% of the issued share capital of Marico South Africa (Proprietary) Limited ("MSA") and CPF (International) Limited (a wholly owned subsidiary of MSA). The details of the net assets brought into the group results as a result of this acquisition are detailed below:

	2009 ZAR	2008 ZAR	2009 Rs. Crore	2008 Rs. Crore
Net assets at disposal date				
Tangible assets				
Inventories	–	10,838,218	–	5.33
Trade and other receivables	–	12,213,707	–	6.00
Cash and cash equivalents	–	51,140	–	0.03
Bank overdraft	–	(2,223,522)	–	(1.09)
Loans and borrowings	–	(5,964)	–	(0.00)
Trade and other payables	–	(11,824,620)	–	(5.81)
Deferred tax balances	–	6,463,545	–	3.18
Receiver of Revenue	–	(331,001)	–	(0.16)
Investments in Subsidiary	–	13,700,100	–	6.73
Shareholder loans	–	(47,515,805)	–	(23.35)
Net assets acquired of	–	(18,634,202)	–	(9.16)
Cash Consideration paid to purchase share capital	–	21,799,129	–	10.71
Goodwill arising on acquisition (Refer to Note 6)	–	35,565,275	–	–
Net Cash outflow:				
Cash and cash equivalents acquired				
Bank overdraft acquired	–	(2,223,522)	–	(1.09)
Cash purchase consideration paid	–	(21,799,128)	–	(10.71)
	–	(24,022,650)	–	(11.81)

Note: The exchange rate used to convert ZAR to Rs. 5.339 / ZAR (Rs. 4.915 / ZAR)

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa.

The significant accounting policies are set out below. The accounting policies are consistent with the prior period.

1 1 New or revised International Financial Reporting Standards applicable to future periods

At the date of authorisation of the financial statements, the following statements and interpretations were issued but not yet effective:

New International Financial Reporting Interpretations:

IFRIC 15	Agreements for the Construction of Real Estate	(effective date 1 January 2009)
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	(effective date 1 October 2008)
IFRIC 17	Distribution of Non-cash Assets to Owners	(effective date 1 July 2009)
IFRIC 18	Transfers of Assets from Customers	(effective date 1 July 2009)

New International Financial Reporting Standards:

IFRS 2	Share Based Payments	(effective date 1 January 2009)
IFRS 3	Business Combinations	(effective date 1 July 2009)
IFRS 8	Operating Segments	(effective date 1 January 2009)

Amended International Accounting Standards:

IAS 1	Presentation of Financial Statements	(effective date 1 January 2009)
IAS 23	Borrowing Costs	(effective date 1 January 2009)
IAS 27	Consolidated and Separate Financial Statements	(effective date 1 July 2009)
IAS 28	Investments in Associates	(effective date 1 July 2009)
IAS 31	Interests in Joint Ventures	(effective date 1 July 2009)
IAS 39	Financial Instruments: Recognition and Measurement	(effective date 1 July 2009)

On 22 May 2008, the International Accounting Standards Board (IASB) issued its latest Standard, titled Improvements to International Financial Reporting Standards 2008. The Standard included 35 amendments to various Standards. The company is in the process of evaluating the effect of these new standards and interpretations but they are not expected to have a significant impact on the results or disclosures.

1.2 Revenue Recognition

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

* the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
* the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
* it is probable that the economic benefits associated with the transaction will flow to the company;
* the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest is recognised, in profit or loss, using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Costs include cost incurred initially to acquire or an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all property, plant and equipment, to write down the cost, less residual value, by equal instalments over their useful lives as follows:

Leashold Improvements	10 years
Plant and machinery	5-15 years
Motor vehicles	3.33 years
Office equipment	5 years
Furniture and fittings	10 years
Computer equipment	5 years

The depreciation charge for each period is recognised in profit or loss. Useful lives are assessed annually.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Gains and losses on disposals are determined by reference to their carrying amount and recognised in profit or loss.

1.4 Intangible assets

The useful lives of all intangible assets acquired by the Company are assessed to determine if the useful life is finite or indefinite. Useful lives of intangible assets are reviewed at least at the end of each financial period and altered if estimates have changed significantly. Any change is accounted for by changing the amortisation charge for the current and future periods.

Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Intangible assets with indefinite useful lives are measured at cost and are not amortised, but are tested for impairment at least annually or whenever any indication of impairment exists.

The following intangible assets currently have an indefinite useful life:

- product registrations; and
- brands.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

1.5 Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of the individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual cash-generating units , or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, at which case the reversal is treated as a revaluation increase.

1.6 Leasing

Leases in terms of which that transfer substantially all the risks and rewards of ownership to the company are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Other leases are classified as operating leases whereby the leased assets are not recognised on the Company's balance sheet.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a Weighted Average Cost basis. Net realisable value represents the estimated selling price for the inventories less estimated costs of completion and costs necessary to make the sale.

1.8 Financial instruments

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

Loans to/(from) group companies

These include loans to associates and are recognised initially at fair value plus direct transaction costs.

The initial fair value of such loans is the cash consideration given or received. However, when there is evidence that the fair value is different to the cash consideration given or received, the initial fair value is determined using a valuation technique and by applying terms and conditions on similar or market-related loans. Any difference between the initial fair value of the loan and the cash consideration given or received is recorded in the income statement immediately.

Subsequently, these loans are measured at amortised cost using the effective interest rate method, less accrual of interest in each period by applying the effective interest rate implicit to the loan to the outstanding balance on the loan. Any repayments received or paid reduce the loan.

Loan receivables bear no interest and where there are no determinable terms of repayment are included in non-current assets on the assumption that repayment will only occur after 12 months from the balance sheet date. Any adjustment arising from applying the effective interest rate method over a 12 month period is ignored if it is immaterial and the loan is then recorded at cost.

Loans to/(from) shareholders

Loans to/(from) shareholders are recognised initially at fair value plus direct transaction costs.

The initial fair value of such loans is the consideration given or received. However, when there is evidence that the fair value is different to the cash consideration given or received, the initial fair value is determined using a valuation technique and by applying terms and conditions on similar market-related loans. Any difference between the initial fair value of the loan and the cash consideration given or received is recorded in the income statement immediately.

Subsequently, these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. The amortised cost method results in the accrual of interest in each period by applying the effective interest rate implicit to the loan to the outstanding balance on the loan. Any repayments received or paid reduce the loans.

Trade receivables

Trade receivables are recognised and carried at the original invoice less an allowance for any uncollectible amounts. An allowance for estimated irrecoverable amounts is recognised in the income statement when there is objective evidence that the asset is impaired.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and other short term deposits with an original maturity of three months or less. Cash and cash equivalents are short-term highly liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value. For purposes of the cash flow statement, cash and cash equivalents comprise cash and cash equivalents defined above, net of outstanding bank overdrafts.

1.9 Foreign currency transactions

Transactions in foreign currencies are translated into South African Rands at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into South African Rands at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured on the historical cost basis are translated using the exchange rate at the date of the transaction.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair values were determined.

1.10 Employee Benefits

Defined contribution plans

Payments to defined contribution plans are charged as an expense in profit or loss as they fall due.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

An accrual is recognised for the amount expected to be paid under short-term cash bonuses or performance bonuses and leave pay if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.11 Provisions and contingencies

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The amount of the provision is discounted using a pre-tax discount rate when the effect of the expected future cash flow related to the provision is not expected to occur soon after balance sheet date and the effect of discounting is material. Provisions are reviewed annually to reflect the current best estimates of the expenditure required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is not treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is not treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Where the company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. In determining the measurement of the provision resulting from an onerous contract, the company considers the least net unavoidable cost of exiting the contract, which is generally the lower of cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it. The company also considers any impairment losses that have occurred on assets dedicated to the onerous contract.

A constructive obligation to restructure arises when the company has a detailed formal plan for the restructuring identifying at least the business or part of a business concerned, the principal locations affected, the location, function, and approximate number of employees who will be compensated for terminating their services, the expenditures that will be undertaken, and a timeline identifying when the plan will be implemented. Furthermore, a constructive obligation to restructure only arises when the company has raised a valid expectation in those affected that it will carry out the restructuring by starting to

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

implement the plan or announcing the main features of the restructuring plan. The restructuring provision that is raised when the company has a restructuring plan includes only those direct expenses entailed by the restructuring that are not associated with the ongoing activities of the company.

Contingent assets and contingent liabilities are not recognised, but are disclosed in the notes to the annual financial statements.

1.12 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to substantively enacted by the balance sheet date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- goodwill for which amortisation is not deductible for tax purposes; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither the accounting profit nor taxable profit/(loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future

A deferred tax assets is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit/(loss).

A deferred tax assets is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity; or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.13 Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

1.14 Judgments made by management

Preparing financial statements in accordance with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. There are no accounting policies that have been identified as involving particularly complex or subjective judgments or assessments other than the assessment of impairment of goodwill. Refer to notes for all relevant disclosures.

1.15 Key sources of estimation uncertainty

There are no key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date that management have assessed as having a significant risk of causing material adjustments to the carrying amounts of the assets and liabilities within the next financial year.

2 PROPERTY, PLANT AND EQUIPMENT

Group

	Cost ZAR	Accumulated depreciation ZAR	Carrying value ZAR	Cost Rs. Crore	Accumulated depreciation Rs. Crore	Carrying value Rs. Crore
At 31 March 2009						
Buildings and leasehold improvements	2,655,026	(623,992)	2,031,034	1.42	(0.33)	1.08
Plant and machinery	4,090,628	(2,186,778)	1,903,850	2.18	(1.17)	1.02
Motor vehicles	380,272	(143,529)	236,743	0.20	(0.08)	0.13
Office furniture and computer equipment	2,033,242	(1,389,212)	644,030	1.09	(0.74)	0.34
Capital work in progress	330,197	–	330,197	0.18	–	0.18
	9,489,365	**(4,343,511)**	**5,145,854**	**5.07**	**(2.32)**	**2.75**

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

Movement summary - 31 March 2009

	Opening carrying value	Re-allocations	Additions	Write off and disposals during the year	Depreciation	Closing carrying value
	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR
Buildings and leasehold improvements	2,137,442	–	154,122	–	(260,529)	2,031,035
Plant and machinery	1,331,085	121,117	926,541	(35,335)	(439,558)	1,903,850
Motor vehicles	230,045	–	140,000	(18,946)	(114,358)	236,741
Office furniture and computer equipment	1,043,887	(121,117)	108,299	(8,494)	(378,544)	644,031
Capital work in progress	–	–	330,197	–	–	330,197
	4,742,459	**–**	**1,659,159**	**(62,775)**	**(1,192,989)**	**5,145,854**

Movement summary - 31 March 2009

	Opening carrying value	Re-allocations	Additions	Write off and disposals during the year	Depreciation	Closing carrying value
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Buildings and leasehold improvements	1.14	–	0.08	–	(0.14)	1.08
Plant and machinery	0.71	0.06	0.49	(0.02)	(0.23)	1.02
Motor vehicles	0.12	–	0.07	(0.01)	(0.06)	0.13
Office furniture and computer equipment	0.56	(0.06)	0.06	(0.00)	(0.20)	0.34
Capital work in progress	–	–	0.18	–	–	0.18
	2.53	**–**	**0.89**	**(0.03)**	**(0.64)**	**2.75**

Company

No items of property, plant and equipment are held at a Company level.

Group

	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	ZAR	ZAR	ZAR	Rs. Crore	Rs. Crore	Rs. Crore
At 31 March 2008						
Buildings and leasehold improvements	2,231,898	(94,456)	2,137,442	1.10	(0.05)	1.05
Plant and machinery	1,486,402	(155,317)	1,331,085	0.73	(0.08)	0.65
Motor vehicles	253,845	(23,801)	230,044	0.12	(0.01)	0.11
Office furniture and computer equipment	1,182,750	(138,863)	1,043,887	0.58	(0.07)	0.51
	5,154,895	**(412,437)**	**4,742,458**	**2.53**	**(0.20)**	**2.33**

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

Movement summary - 31 March 2008

	Opening carrying value ZAR	Acquisition of subsidiary-31 October 2007 ZAR	Additions ZAR	Writeoffs and disposals during the year ZAR	Depreciation ZAR	Closing carrying value ZAR
Buildings and leasehold improvements	–	1,844,556	387,342	–	(94,456)	2,137,442
Plant and machinery	–	1,779,963	11,383	(304,944)	(155,317)	1,331,085
Motor vehicles	–	160,712	120,800	(27,667)	(23,801)	230,044
Office furniture and computer equipment	–	1,082,825	161,540	(61,615)	(138,863)	1,043,887
	–	**4,868,056**	**681,065**	**(394,226)**	**(412,437)**	**4,742,458**

Movement summary - 31 March 2008

	Opening carrying value Rs. Crore	Acquisition of subsidiary-31 October 2007 Rs. Crore	Additions Rs. Crore	Writeoffs and disposals during the year Rs. Crore	Depreciation Rs. Crore	Closing carrying value Rs. Crore
Buildings and leasehold improvements	–	0.91	0.19	–	(0.05)	1.05
Plant and machinery	–	0.87	0.01	(0.15)	(0.08)	0.65
Motor vehicles	–	0.08	0.06	(0.01)	(0.01)	0.11
Office furniture and computer equipment	–	0.53	0.08	(0.03)	(0.07)	0.51
	–	**2.39**	**0.33**	**(0.19)**	**(0.20)**	**2.33**

Company

No items of property, plant and equipment are held at a Company level.

No items of plant and equipment were held under instalment sale agreements as at 31 March 2009.

3 INTANGIBLE ASSETS

Movement summary - 31 March 2009

Group	Opening carrying ZAR	Additions ZAR	Closing carrying ZAR	Opening value Rs. Crore	Additions Rs. Crore	Closing carrying Rs. Crore
Brands	21,564,879	13,765,610	35,330,489	11.51	7.35	18.86
	21,564,879	**13,765,610**	**35,330,489**	**11.51**	**7.35**	**18.86**

Company

No intangible assets are held at a Company level.

The Group has classified its intangible assets as having indefinite useful lives. This conclusion is supported by the fact that the Group is expected to be able to use the brands for the foreseeable future and that the typical product life cycles for the brands, acquired against public information on estimates of useful lives, indicate that the intangible asset has an indefinite period of foreseeable usage. This is further supported by the stability of the pharmaceutical and complimentary medicine industry and the strong demand in markets within which these products are marketed and sold.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

Detailed impairment testing is performed for the indefinite-life intangible assets annually. The impairment review process is as follows:

Each period and whenever impairment indicators are present, management calculate the fair value of the asset and record an impairment loss for the excess of the carrying value over the fair value, if any.

The fair value is generally measured as the net present value of projected cash flows. In addition, a re-evaluation of the remaining useful life of the asset is performed to determine whether continuing to characterise the asset as having an indefinite life is, appropriate.

The recoverable amounts have been determined based on a value-in-use calculation. The calculation uses a free cash flow model that discounts the free cash flow available from profit after tax generated by the intangible asset. If the resulting net present value exceeds the carrying value of the intangible asset, the intangible asset is not impaired. However, if the resulting net present value is less than the carrying value, impairment is provided for.

	Group				Company			
	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore
4 INVESTMENT IN SUBSIDIARY								
Unlisted shares at cost less impairment losses – non current	–	13,700,000	7.31	–	45,485,555	43,364,007	23.15	22.36
Amounts due from subsidiary	–	–	–	–	55,497,550	58,217,496	31.08	27.28
Net investment in subsidiaries	–	13,700,000	7.31	–	100,983,105	101,581,503	54.23	49.63
Director's valuation of unlisted investment	–	13,700,000	7.31	–	100,983,105	13,700,000	54.23	49.63

The investment in unlisted shares relates to a 100% holding in the shares of CPF International (Proprietary) Limited. The subsidiary used to hold the Caivil brand which was sold to Marico South Africa (Proprietary) Limited in the current year. As the subsidiary has now become dormant the investment has been impaired.

5 DEFERRED TAXATION

	Group				Company			
	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore
Opening balance	(5,827,988)	–	–	(2.86)	–	–	–	–
Current year charge to income statement	927,418	635,557	0.34	0.46	–	–	–	–
Acquired deferred tax asset in business combination	–	(6,463,545)	(3.45)	–	–	–	–	–
Closing balance	**(4,900,570)**	**(5,827,988)**	**(3.11)**	**(2.41)**	**–**	**–**	**–**	**–**
Property, plant and equipment	(84,606)	(60,795)	(0.03)	(0.04)	–	–	–	–
Prepayments	132,039	–	–	0.06	–	–	–	–
Trademarks and registrations	–	(47,460)	(0.03)	–	–	–	–	–
Operating leases	(106,492)	(216,394)	(0.12)	(0.05)	–	–	–	–
Employee benefit accruals	(421,473)	(212,476)	(0.11)	(0.21)	–	–	–	–
Provision for doubtful debts	(94,317)	(252,000)	(0.13)	(0.05)	–	–	–	–
Other	(1,325,888)	(1,216,609)	(0.65)	(0.65)	–	–	–	–
Tax losses carried forward	(2,999,833)	(3,822,254)	(2.04)	(1.47)	–	–	–	–
Tax (assets)/liabilities	**(4,900,570)**	**(5,827,988)**	**(3.11)**	**(2.41)**	**–**	**–**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

Deferred tax assets recognised on the assumption that the assets will be recovered through use. The statutory tax rate of 28% was used to compute deferred taxation balances.

No deferred tax asset has been recognised at Company level as it is not probable that future taxable profits will be available against which temporary differences can be utilised.

6 GOODWILL

Carrying Value at the end of the year	37,686,823	37,686,823	20.12	18.52

Goodwill has been assessed for impairment in terms of IAS36. Based on future expected cash flows from the subsidiary, Marico South Africa (Proprietary) Limited, no impairment is considered necessary.

7 TRADE AND OTHER RECEIVABLES

	Group				Company			
	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore
Trade receivables	14,747,827	12,509,367	6.68	7.25	–	–	–	–
Other receivables	590,583	272,406	0.15	0.29	–	–	–	–
	15,338,410	**12,781,773**	**6.82**	**7.54**	**–**	**–**	**–**	**–**

At 31 March 2009 trade receivables are shown net of an allowance for doubtful debts of R 915 624 (Rs.0.49 Crore) (2008: R 1 200 000 [Rs.0.59 Crore]) arising from the unlikely recoverability of trade receivables, credit notes to be passed of R 434 342 [Rs.0.23 Crore] (2008: R 300 284[Rs.0.15 Crore]), purchase rebates likely to be paid to customers of R2 965 133 [Rs.1.58 Crore](2008: R 1 307 249[Rs.0.67 Crore]) and settlement discounts to be allowed of R Nil (2008: R171 643 [Rs.0.08 Crore]). Impairment losses for R 445 742 [Rs.0.24 Crore] were recognised during the period.

8 INVENTORIES

Raw materials	6,856,274	5,153,952	2.75	3.37	–	–	–	–
Work in progress	787,590	334,208	0.18	0.39	–	–	–	–
Finished goods	3,787,064	5,855,913	3.13	1.86	–	–	–	–
	11,430,928	11,344,073	6.06	5.62	–	–	–	–
Provision for obsolescence	(869,345)	(2,502,858)	(1.34)	(0.43)	–	–	–	–
	10,561,583	**8,841,215**	**4.72**	**5.19**	**–**	**–**	**–**	**–**

The Group identifies specific items and product lines that are slow moving or that should be discontinued and provide 100% for those items.

No inventories were held on consignment or in transit at period end.

9 SHARE CAPITAL AND SHARE PREMIUM

Authorised								
1000 ordinary shares of 1 Rand each	1,000	1,000	0.00	0.00	1,000	1,000	0.00	0.00
Issued								
800 ordinary shares of 1 Rand each	800	800	0.00	0.00	800	800	0.00	0.00
Share premium								
Share premium	43,799,900	43,799,900	23.38	21.53	43,799,900	43,799,900	23.38	21.53

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

10 TRADE AND OTHER PAYABLES

Trade payables	9,479,862	7,693,613	4.11	4.66	–	–	–	–
Other payables	7,689,061	5,905,820	3.15	3.78	85,000.00	25,000.00	0.01	0.04
	17,168,923	**13,599,433**	**7.26**	**8.44**	**85,000**	**25,000**	**0.01**	**0.04**

11 PROVISIONS

	Opening balance ZAR	Movement ZAR	Closing balance ZAR	Opening balance Rs.Crore	Movement Rs.Crore	Closing balance Rs.Crore
Provision for leave pay	301,933	93,675	395,608	0.16	0.05	0.21
Provision for bonuses	456,907	652,747	1,109,654	0.24	0.35	0.59
	758,840	**746,422**	**1,505,262**	**0.40**	**0.40**	**0.80**

12 AMOUNTS DUE TO HOLDING COMPANY

	Group				Company			
	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore
Marico Limited	60,641,286	70,354,237	37.56	29.81	60,641,286	70,354,237	37.56	29.81
Current	–	70,354,237	37.56	–	–	70,354,237	37.56	–
Long term	**60,641,286**	**–**	**–**	**29.81**	**60,641,286**	**–**	**–**	**29.81**

The loan agreement with Marico Limited was amended during the year to include a repayment period. The loan is unsecured and is repayable in five years (2008: no defined repayment period). As a result the loan has been classified as a long term liability in the current year. During the current financial year, after obtaining approval from the South African Reserve Bank this loan was converted to a Rand denominated instrument. The loan bears interest at the 3 month London Interbank Offered Rate plus 2.3%.

13 PROFIT BEFORE FINANCE COSTS AND TAXATION

Profit before finance costs and taxation is stated after taking the following into account:

	Group				Company			
	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore
Income								
Loss on disposal of property, plant & equipment	26,521	1,350	0.00	0.01	–	–	–	–
Expenditure								
Auditor's remuneration								
- audit fees	441,795	240,760	0.13	0.22	60,000	25,000	0.01	0.03
Depreciation	1,192,989	412,437	0.22	0.59	–	–	–	–
Fixed asset written off	9,356	366,559	0.20	0.00	–	–	–	–
Lease rentals	2,464,651	951,727	0.51	1.21	–	–	–	–
Staff costs (including director emoluments- refer note 19)	18,064,744	5,344,812	2.85	8.88	–	–	–	–
Foreign exchange (gain)/ loss on loan from Marico Limited	(8,843,915)	10,617,209	5.67	(4.35)	(8,843,915)	10,617,209	5.67	(4.35)
Number of employees	111	153						

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

14 NET FINANCE COSTS

Interest on bank account	(1,332,829)	(195,637)	(0.10)	(0.66)	(162,514)	(17,596)	(0.01)	(0.08)
Notional finance income on loan receivable	–	(328,687)	(0.18)	–	–	–	–	–
Interest on shareholder loan to Marico South Africa (Pty) Limited	–	–		–	(3,044,526)	(1,255,499)	(0.67)	(1.50)
Finance income	**(1,332,829)**	**(524,324)**	**(0.28)**	**(0.66)**	**(3,207,040)**	**(1,273,095)**	**(0.68)**	**(1.58)**
Interest on external borrowings	–	57,302	0.03	–	–	–	–	–
Interest on shareholder loans from Marico Limited	3,682,141	1,432,628	0.76	1.81	3,682,141	1,432,628	0.76	1.81
Interest on bank overdraft	–	24,772	0.01	–	–	–	–	–
Finance cost	**3,682,141**	**1,514,702**	**0.81**	**1.81**	**3,682,141**	**1,432,628**	**0.76**	**1.81**
Net finance cost	**2,349,312**	**990,378**	**0.53**	**1.15**	**475,101**	**159,533**	**0.09**	**0.23**

15 INCOME TAX EXPENSE

	Group				Company			
	2009 ZAR	**2008 ZAR**	**2009 Rs.Crore**	**2008 Rs.Crore**	**2009 ZAR**	**2008 ZAR**	**2009 Rs.Crore**	**2008 Rs.Crore**
Deferred tax expense								
Current	263,594	412,676	0.22	0.13	–	–	–	–
Prior year underprovision	663,824	–	–	0.33	–	–	–	–
Rate Change	–	222,881	0.12	–	–	–	–	–
	927,418	**635,557**	**0.34**	**0.46**	–	–	–	–

	Group 2009 %	Group 2008 %	Company 2009 %	Company 2008 %
Reconciliation of tax rate				
Current period as a percentage of profit	9.90	6.80	–	–
Adjusted for:				
- Permanent differences	25.20	24.60	28.00	29.00
- Tax rate change	–	(2.40)	–	–
- Prior period adjustments	(7.10)	–	–	–
SA normal tax rate	**28.00**	**29.00**	**28.00**	**29.00**

No provision has been made for current taxation as the Group has an estimated tax loss of R10 713 690.

The Group recognises deferred tax assets to the extent that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Refer to note 5 for further details.

No assessed loss has been carried forward for the Company.

16 FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist primarily of deposits with banks, short term investments, trade accounts receivable and payable and loans to and from the holding company and subsidiaries. Financial instruments are carried at fair value or amounts that approximate fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

Categories of financial instruments

	Group				Company			
	2009	2008	2009	2008	2009	2008	2009	2008
	ZAR	ZAR	Rs.Crore	Rs.Crore	ZAR	ZAR	Rs.Crore	Rs.Crore
Financial assets								
Loans and receivables	27,991,518	28,302,020	15.11	13.76	56,539,085	60,010,473	32.04	27.79
Trade and other receivables	15,338,410	12,781,773	6.82	7.54	–	–	–	–
Cash equivalents	12,653,108	15,520,247	8.29	6.22	1,041,535	1,792,977	0.96	0.51
Inter-company balances	–	–	–	–	55,497,550	58,217,496	31.08	27.28
Financial liabilities								
Financial liabilities measured at amortised cost	77,810,209	83,953,670	44.82	38.24	60,726,286	70,379,237	37.58	29.85
Interest bearing liabilities	60,641,286	70,354,237	37.56	29.81	60,641,286	70,354,237	37.56	29.81
Trade and other payables	17,168,923	13,599,433	7.26	8.44	85,000	25,000	0.01	0.04

In the normal course of operations, the Group is exposed to credit risk, interest rate risk, liquidity risk and foreign currency risk.

Foreign currency risk management

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Group i.e. South African Rand.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Group				Company			
	2009	2008	2009	2008	2009	2008	2009	2008
	ZAR	ZAR	Rs.Crore	Rs.Crore	ZAR	ZAR	Rs.Crore	Rs.Crore
Shareholder loan from Marico Limited (Indian Rupee Denominated)	–	70,354,237	37.56	–	–	70,354,237	37.56	–

During the current financial year, after obtaining approval from the South African Reserve Bank this loan was converted to a Rand denominated instrument.

Foreign currency sensitivity

The Group's exchange rate exposure relates mainly to the Indian Rupee. The following table details the Group's sensitivity to a 10% increase and decrease in the Rand against this foreign currency.

10% is the sensitivity rate that represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

The amounts below indicate the amount by which profit and equity would increase if the Rand strengthens against the relevant currency by 10% respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

	Group				Company			
	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore
10% foreign currency sensitivity	–	7,817,137	4.17	–	–	7,817,137	4.17	–

In 2009 there are no foreign currency denominated monetary assets and liabilities at the reporting date.

Interest rate risk management

The Group's investments in fixed-rate debt securities and its fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's investments in variable-rate debt securities and its variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk.

The Group adopts a policy of regularly reviewing interest rate exposure, and maintains floating rate borrowings.

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant in the case of variable rate borrowings. A 50 basis point increase or decrease has been used, as this represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher and all other variables held constant, the Group's / Company's profit before tax would decrease by:

	Group				Company			
	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore
	239941	274170	0.15	0.12	20511	51719	0.03	0.01

Credit risk management

Management has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables comprise a wide customer base.

At period end there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet, grossed up for any allowances for losses.

The Group grants credit of 30 days to its customers. The analysis of trade receivables which are past due at period end is as follows:

	Group				Company			
	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore
Not past due	7,051,686	11,768,057	6.28	3.47	–	–	–	–
Past due by 30 days	7,495,620	1,611,368	0.86	3.68	–	–	–	–
Past due by 60 days	2,929,387	752,476	0.40	1.44	–	–	–	–
Past due by 90 days	1,586,233	1,419,642	0.76	0.78	–	–	–	–
	19,062,926	**15,551,543**	**8.30**	**9.37**	**–**	**–**	**–**	**–**
Less: Provisions	(4,315,099)	(3,042,176)	(1.62)	(2.12)	–	–	–	–
Total trade receivables	**14,747,827**	**12,509,367**	**6.68**	**7.25**	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash resources and ensuring the availability of funding through an adequate amount of credit facilities. The Group aims to maintain flexibility by monitoring cash flow forecast, good working capital management and ensuring adequate borrowing facilities are maintained.

The following table details the Group and Company's remaining contractual maturity of its non-derivative financial liabilities.

Group - 2009	**Average Interest rate**	**Within 1 Year**	**Greater than 2 years**	**Total**
		ZAR	**ZAR**	**ZAR**
Receiver of revenue	0.00%	38,180	–	38,180
Trade and other payables	0.00%	17,130,743	–	17,130,743
Interest bearing shareholders loan from Marico Limited	5.45%	–	60,641,286	60,641,286
		17,168,923	**60,641,286**	**77,810,209**
Group - 2008				
Receiver of revenue	0.00%	28,598	–	28,598
Trade and other payables	0.00%	13,570,835	–	13,570,835
Interest bearing shareholder loan from Marico Limited	7.20%	–	70,354,237	70,354,237
		13,599,433	**70,354,237**	**83,953,670**

Group - 2009	**Average Interest rate**	**Within 1 Year**	**Greater than 2 years**	**Total**
		Rs.Crore	**Rs.Crore**	**Rs.Crore**
Receiver of revenue	0.00%-	0.02	–	0.02
Trade and other payables	0.00%-	9.15	–	9.15
Interest bearing shareholders loan from Marico Limited	5.45%	–	32.38	32.38
		9.17	**32.38**	**41.54**
Group - 2008				
Receiver of revenue	0.00%	0.01	–	0.01
Trade and other payables	0.00%	6.67	–	6.67
Interest bearing shareholder loan from Marico Limited	7.20%	_	34.58	34.58
		6.68	**34.58**	**41.26**

Company - 2009	**Average Interest rate**	**Within 1 Year**	**Greater than 2 years**	**Total**
		ZAR	**ZAR**	**ZAR**
Trade and other payables	0.00%	85,000	–	85,000
Interest bearing shareholders loan from Marico Limited	5.45%	–	60,641,286	60,641,286
		85,000	**60,641,286**	**60,726,286**
Company - 2008				
Trade and other payables	0.00%	25,000	–	25,000
Interest bearing shareholder loan from Marico Limited	7.20%	–	70,354,237	70,354,237
		25,000	**70,354,237**	**70,379,237**

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

Company - 2009	Average Interest rate	Within 1 Year Rs.Crore	Greater than 2 years Rs.Crore	Total Rs.Crore
Trade and other payables	0.00%	0.05	–	0.05
Interest bearing shareholders loan from Marico Limited	5.45%	–	32.38	32.38
		0.05	**32.38**	**32.42**
Company - 2008				
Trade and other payables	0.00%	0.01	–	0.01
Interest bearing shareholder loan from Marico Limited	7.20%	–	34.58	34.58
		0.01	**34.58**	**34.59**

17 RELATED PARTIES

(a) Identification of related parties

At 31 March 2009, the holding company of Marico South Africa Consumer Care (Proprietary) Limited is a listed company incorporated in India, which holds 100% of the company's issued share capital. Marico South Africa Consumer Care (Proprietary) Limited holds 100% of the issued share capital of Marico South Africa (Proprietary) Limited, which in turn owns 100% of CPF International (Proprietary) Limited.

The directors are listed in the directors report.

Transactions with related parties are conducted on an arm's length basis and on the same payment terms as those transacted with third parties. None of the balances are secured.

The Group has a related party relationship with its holding company, subsidiary and with its directors and key management personnel.

(b) Transactions with related parties

The following transactions were carried out by the company with related parties:

	Group				Company			
	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore	2009 ZAR	2008 ZAR	2009 Rs.Crore	2008 Rs.Crore
Interest income earned								
Marico South Africa (Proprietary) Limited	–	–	–	–	3,044,526	1,255,499	0.67	1.50
Interest expense incurred								
Marico Limited	3,682,141	1,432,628	0.76	1.81	3,682,141	1,432,628	0.76	1.81
Investment in subsidiary								
Marico South Africa (Proprietary) Limited	–	–	–	–	45,485,555	43,364,007	23.15	22.36
CPF International (Proprietary) Limited	–	–	–	–	13,700,000	7.31	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2009

(c) Amounts due from related parties

	Group				Company			
	2009	2008	2009	2008	2009	2008	2009	2008
	ZAR	ZAR	Rs.Crore	Rs.Crore	ZAR	ZAR	Rs.Crore	Rs.Crore
Amounts due from subsidiary								
Marico South Africa (Proprietary) Limited	–	–	–	–	55,497,550	58,217,496	31.08	27.28

(d) Amounts due to related parties

	Group				Company			
Amounts due to holding company								
Marico Limited	60,641,286	70,354,237	37.56	29.81	60,641,286	70,354,237	37.56	29.81

18 COMMITMENTS

	Group				Company			
	2009	2008	2009	2008	2009	2008	2009	2008
	ZAR	ZAR	Rs.Crore	Rs.Crore	ZAR	ZAR	Rs.Crore	Rs.Crore
Capital commitments								
- Plant and equipment	828,497	–	0.41	–	–	–	–	–
Operating lease commitments								
- Within 1 period	1,346,000	1,389,000	0.74	0.66	–	–	–	–
- Between 2 & 5 periods	8,043,000	7,622,000	4.07	3.95	–	–	–	–
- Over 5 periods	299,000	3,897,000	2.08	0.15	–	–	–	–
	9,688,000	**12,908,000**	**6.89**	**4.76**	–	–	–	–

The Group leases certain factory facilities under sub-operating leases. The leases run for a period of up to 10 years, with an option to renew the lease after that date.

In determining lease classification, the Group evaluated whether both land and buildings were clearly operating leases or finance leases. Firstly, land title does not pass and because rentals paid to the landlord for the buildings are increased to market–related rates at regular intervals, and because the Group does not participate in the residual value of the building, it was judged that substantially all the risks and rewards of the building are with the landlord. Based on these factors it was concluded that the leases were operating leases.

19 DIRECTORS EMOLUMENTS

No directors emoluments were paid at Company level. Directors emoluments paid in the Group, during the current financial period, amounted to R 3 632 330 (Rs.1.94 Crore)(2008: R 918 569[Rs.0.45 Crore]).

Board of Directors	Harsh Mariwala
	Milind Sarwate
	Vijay Subramaniam
	Padmanabh Maydeo
	John Richard Mason
	Noel Colin Kersley Vinay
	Vinod Kamath (upto July 31, 2008)
Registered Office	1474 South Coast Road Mobeni 4052
Factory	1474 South Coast Road Mobeni 4052
Auditors	Deloitte & Touche
Bankers	Standard Bank of South Africa Ltd
Legal Advisors	Adams & Adams - Patent and Trademark Attorneys

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the maintenance of adequate accounting records and for the preparation and integrity of the annual financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. The company's independent external auditors have audited the financial statements and their report appears on page 2.

The directors are also responsible for the company's system of internal control. These controls are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability for assets, to record all liabilities, and to prevent and detect misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis. Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for the foreseeable future.

DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 3 to 27 were approved by the directors on 17 June 2009 and are signed on its behalf by:

NCK Vinay	**PS Maydeo**	**JR Mason**
Financial Director	Operations Director	Managing Director

REPORT ON THE FINANCIAL STATEMENTS

We have audited the annual financial statements of Marico South Africa (Proprietary) Limited which comprise the directors' report, the balance sheet as at 31 March 2009, the income statement, the statement of changes in equity and cash flow statement for the period then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 27.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2009, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche
Per M Luthuli
Partner
17 June 2009

DIRECTORS' REPORT

31 March 2009

The directors have pleasure in presenting their report which forms part of the financial statements of Marico South Africa (Proprietary) Limited ("the Company") for the year ended 31 March 2009.

NATURE OF BUSINESS

The Company manufactures and distributes a wide range of personal care and affordable complementary health care products.

GENERAL REVIEW

The Company's results for the year ended 31 March 2009 are fully disclosed in the attached annual financial statements

DIVIDENDS

No dividends were paid, declared or recommended during the period or prior year.

SHARE CAPITAL

There have been no changes to the Company's authorised or issued share capital during the year.

SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance which is material to the financial affairs of the Company which has occurred between the balance sheet date and the date of approval of the annual financial statements, that has not been otherwise dealt with in the financial statements.

GOING CONCERN

The Company generated a net profit for the year of R166 930 (2008: Loss of R431 293). At 31 March 2009 the Company's total assets exceeded its total liabilities by R8 801 744 (2008: R8 634 814).

The Company has no external debt apart from its loan from the holding company. Accordingly, the annual financial statements are prepared on the basis of accounting policies applicable to a going concern.

DIRECTORS

The directors in office at year end and at the date of this report were as follows:

NCK Vinay	
JR Mason	
H Mariwala	(Indian National)
M Sarwate	(Indian National)
V Subramaniam	(Indian National)
P Maydeo	(Indian National)
Director resignations	
V Kamath	-resigned 31 July 2008

DIRECTOR'S EMOLUMENTS

Director's emoluments paid during the current period are detailed under note 17. The Company's directors are also directors of the holding company.

SECRETARY

The Company secretary is Vijay Subramaniam, who is also a Director of the Company .

REGISTERED OFFICE	POSTAL ADDRESS
1474 South Coast Road	P O Box 32003
Mobeni	Mobeni
4052	4060

DIRECTORS' REPORT

HOLDING COMPANY

Marico South Africa Consumer Care (Proprietary) Limited holds 100% of the Company's issued share capital. The ultimate holding company is Marico Limited, a listed company incorporated in India.

SUBSIDIARY

The Company holds 100% of the issued share capital of CPF International (Proprietary) Limited; a dormant company.

INTER-COMPANY BALANCES

Refer to note 16 for details of the terms and conditions of the balances outstanding from and to the holding company, and the subsidiary.

AUDITORS

Deloitte & Touche

COMPARATIVE INFORMATION

The annual financial statements for the year ended 31 March 2009 reflect 12 months of trading. The comparative information is for the 15 month period ended 31 March 2008.

BALANCE SHEET

	Note	2009 ZAR	2008 ZAR	2009 Rs. Crore	2008 Rs. Crore
		As at March 31,			
ASSETS					
Non-current assets		45,376,913	45,835,326	24.22	22.52
Property, plant and equipment	2	5,145,854	4,742,459	2.74	2.33
Intangible assets	3	35,330,489	21,564,879	18.86	10.60
Investment in subsidiary	4	–	13,700,000	–	6.73
Deferred tax	5	4,900,570	5,827,988	2.62	2.86
Current assets		37,511,566	35,350,259	20.03	17.37
Trade and other receivables	6	15,338,410	12,781,774	8.19	6.28
Inventories	7	10,561,583	8,841,215	5.64	4.34
Cash and cash equivalents		11,611,573	13,727,270	6.20	6.75
TOTAL ASSETS		**82,888,479**	**81,185,585**	**44.25**	**39.89**
EQUITY AND LIABILITIES					
EQUITY					
		8,801,744	8,634,814	4.70	4.24
Share capital	8	5,000	5,000	–	–
Share premium	8	22,863,735	22,863,735	12.21	11.24
Accumulated loss		(14,066,991)	(14,233,921)	(7.51)	(7.00)
LIABILITIES					
Non-current liabilities					
Amounts due to holding company	11	55,497,550	–	29.63	–
Current liabilities		18,589,185	72,550,771	9.92	35.65
Trade and other payables	9	17,083,923	13,574,435	9.12	6.67
Provisions	10	1,505,262	758,840	0.80	0.37
Amounts due to holding company	11	–	58,217,496	–	28.61
TOTAL EQUITY AND LIABILITIES		**82,888,479**	**81,185,585**	**44.25**	**39.89**

Note: The exchange rate used to convert ZAR to Rs. 5.339 / ZAR (Rs. 4.915 / ZAR)

INCOME STATEMENT

		Year ended March 31,			
	Note	2009 ZAR	2008 ZAR	2009 Rs. Crore	2008 Rs. Crore
Continuing operations					
Revenue		91,346,486	95,136,182	48.77	46.76
Cost of sales		(47,337,569)	(53,756,455)	(25.27)	(26.42)
Gross profit		44,008,917	41,379,727	23.50	20.34
Selling and distribution costs		(19,783,303)	(24,589,993)	(10.56)	(12.09)
Administration costs		(20,900,050)	(8,772,132)	(11.16)	(4.31)
Other expenses		(14,929,445)	(4,631,713)	(7.97)	(2.28)
Dividend income		13,700,000	–	7.31	–
Other income		872,440	70,158	–	0.03
Profit before finance costs and taxation	12	2,968,559	3,456,047	1.12	1.69
Net finance costs	13	(1,874,211)	(2,311,840)	(1.00)	(1.23)
Finance costs		(3,044,526)	(3,058,377)	(1.63)	(1.50)
Finance income		1,170,315	746,537	0.62	0.37
Profit before taxation		1,094,348	1,144,207	0.12	0.46
Income tax expense	14	(927,418)	(1,745,073)	(0.50)	(0.86)
(Loss)/ Profit after taxation		166,930	(600,866)	(0.38)	(0.30)
Discontinued operation					
Profit/ (Loss) from discontinued operation	19	–	169,573	–	0.08
Profit for the period		166,930	(431,293)	(0.38)	(0.32)
Attributable to:					
Ordinary shareholders		**166,930**	**(431,293)**	**(0.38)**	**(0.32)**

Note: The exchange rate used to convert ZAR to Rs. 5.339 / ZAR (Rs. 4.915 / ZAR)

STATEMENT OF CHANGES IN EQUITY

	Year ended March 31,			
	Share capital ZAR	**Share Premium ZAR**	**Accumulated (loss)/profit ZAR**	**Total ZAR ZAR**
Balance at 1 January 2007	4,577	1,299,280	(13,802,628)	(12,498,771)
New share issue	423	21,564,455	–	21,564,878
Loss for the year	–	–	(431,293)	(431,293)
Balance at 31 March 2008	5,000	22,863,735	(14,233,921)	8,634,814
Profit for the period	–	–	166,930	166,930
Balance at 31 March 2009	5,000	22,863,735	(14,066,991)	8,801,744

	Share capital Rs. Crore	**Share Premium Rs. Crore**	**Accumulated (loss)/profit Rs. Crore**	**Total Rs. Crore**
Balance at 1 January 2007	–	0.69	(7.37)	(6.68)
New share issue	–	11.51	–	11.51
Loss for the year	–	–	(0.23)	(0.23)
Balance at 31 March 2008	–	12.20	(7.60)	4.60
Profit for the period	–	–	0.09	0.09
Balance at 31 March 2009	–	12.20	(7.51)	4.69

Note: The exchange rate used to convert ZAR to Rs. 5.339 / ZAR (Rs. 4.915 / ZAR)

CASH FLOW STATEMENT

	Note	Year ended March 31, 2009 ZAR	2008 ZAR	2009 Rs. Crore	2008 Rs. Crore
Cash generated by operations	A	17,876,331.00	2,974,705	8.79	1.46
Finance costs paid		(3,044,526.00)	(3,058,377)	(1.50)	(1.50)
Other finance income received		1,170,315.00	178,512	0.58	0.09
Net cash inflow from operating activities		**16,002,120.00**	**94,840**	**7.87**	**0.05**
Cash flows from investing activities					
Decrease/ (increase) in loans receivable		35,951.00	35,951	0.02	0.02
Acquisitions of businesses		–	–	–	–
Cash inflow on disposal of business	B	20,603,416.00	20,603,416	10.13	10.13
Additions to property, plant and equipment		(2,643,520.00)	(2,643,520)	(1.30)	(1.30)
Proceeds on disposal of property, plant and equipment		26,317.00	26,317	0.01	0.01
Additions to intangible assets		(21,564,879.00)	(21,564,879)	(10.60)	(10.60)
Net cash outflow from investing activities		**(3,542,715.00)**	**(3,542,715)**	**(1.74)**	**(1.74)**
Cash flows from financing activities					
Proceeds from issue of share capital		21,564,878.00	21,564,878	10.60	10.60
(Decrease)/ increase in interest bearing borrowings		(6,528,336.00)	(6,528,336)	(3.21)	(3.21)
(Decrease)/ increase in shareholder’s loans		(488,274.00)	(488,274)	(0.24)	(0.24)
Net cash inflow from financing activities		**14,548,268.00**	**14,548,268**	**7.15**	**7.15**
Net increase in cash and cash equivalents		27,007,673.00	11,100,393	13.28	5.46
Cash and cash equivalents at beginning of period		2,626,877.00	2,626,877	1.29	1.29
Cash and cash equivalents at end of period		**29,634,550.00**	**13,727,270**	**14.57**	**6.75**

Note: The exchange rate used to convert ZAR to Rs. 5.339 / ZAR (Rs. 4.915 / ZAR)

NOTES TO THE CASH FLOW STATEMENT

		Year ended March 31			
		2009	**2008**	**2009**	**2008**
		ZAR	**ZAR**	**Rs. Crore**	**Rs. Crore**
A.	**CASH GENERATED BY OPERATIONS**				
	Profit before taxation from continuing operations	1,094,348	1,144,207	0.58	0.56
	Adjustments for:				
	Non- cash flow items			–	–
	Foreign exchange gains	–	–	–	–
	Loss on sale of Bioharmony Division	–	2,566,154	–	1.26
	Loss/ (Profit) on disposal of property, plant and equipment	26,521	1,350	0.01	-
	Depreciation	1,192,989	899,964	0.64	0.44
	Impairments	1,370,000	2,018,054	0.73	0.99
	Asset write off	9,356	366,559	–	0.18
	Notional finance income	–	(568,025)	–	(0.28)
	Other adjustments			–	–
	Profit from discontinued operations	–	306,882	–	0.15
	Finance income	(1,170,315)	(178,512)	(0.62)	(0.09)
	Finance costs	3,058,377	3,058,377	1.63	1.50
	Movement in provisions	746,422	(153,483)	0.40	(0.08)
	Operating profit before working capital changes	18,643,847	9,461,527	9.95	4.65
	Increase in accounts receivable	(2,556,636)	(871,859)	(1.36)	(0.43)
	Increase in inventories	(1,720,368)	(4,917,036)	(0.92)	(2.42)
	(Decrease)/ increase in accounts payable	3,509,488	(697,927)	1.87	(0.34)
		17,876,331	2,974,705	9.54	1.46

B. **DISPOSAL OF BUSINESS**

Discontinued operation

On 30 September 2007 the Company sold the Bioharmony and Galilee Marketing division to Bioharmony (Proprietary) Limited, a fellow subsidiary of the Company. The details of the net assets disposed of are detailed below:

	2009	**2008**	**2009**	**2008**
	ZAR	**ZAR**	**Rs. Crore**	**Rs. Crore**
Net assets at disposal date	–	423,217	–	0.21
Tangible assets	–	23,898,838	–	11.75
Intangible assets	–	6,657,020	–	3.27
Inventories	–	7,672,346	–	3.77
Trade and other receivables	–	664,682	–	0.33
Cash and cash equivalents	–	(15,003)	–	(0.01)
Loans and borrowings	–	(8,542,578)	–	(4.20)
Trade and other payables	–	56,970	–	0.03
Deferred tax balances	–	(7,549,264)	–	(3.71)
Shareholder loans				
	–	23,266,228	–	11.44
Net assets disposed of	–	(2,566,154)	–	(1.26)
Loss on sale of business				
	–	20,700,074	–	10.17
Sales consideration on disposal				
	–	(20,700,074)	–	(10.17)
Amount raised through loan account on 30 September 2007				
Net cash inflow	–	21,268,098	–	10.45
Proceeds on sale subsequently received in December 2007	–	(664,682)	–	(0.33)
Cash disposed of				
	–	20,603,416	–	10.12

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial Statements as of 31/12/2008

1 ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa.

The significant accounting policies are set out below. The accounting policies are consistent with the prior period.

1.1 New or revised International Financial Reporting Standards applicable to future periods

At the date of authorisation of the financial statements, the following statements and interpretations were issued but not yet effective:

New International Financial Reporting Interpretations:

IFRIC 15	Agreements for the Construction of Real Estate	(effective date 1 January 2009)
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	(effective date 1 October 2008)
IFRIC 17	Distribution of Non-cash Assets to Owners	(effective date 1 July 2009)
IFRIC 18	Transfers of Assets from Customers	(effective date 1 July 2009)

New International Financial Reporting Standards:

IFRS 2	Share Based Payments	(effective date 1 January 2009)
IFRS 3	Business Combinations	(effective date 1 July 2009)
IFRS 8	Operating Segments	(effective date 1 January 2009)

Amended International Accounting Standards:

IAS 1	Presentation of Financial Statements	(effective date 1 January 2009)
IAS 23	Borrowing Costs	(effective date 1 January 2009)
IAS 27	Consolidated and Separate Financial Statements	(effective date 1 July 2009)
IAS 28	Investments in Associates	(effective date 1 July 2009)
IAS 31	Interests in Joint Ventures	(effective date 1 July 2009)
IAS 39	Financial Instruments: Recognition and Measurement	(effective date 1 July 2009)

On 22 May 2008, the International Accounting Standards Board (IASB) issued its latest Standard, titled Improvements to International Financial Reporting Standards 2008.The Standard included 35 amendments to various Standards. The company is in the process of evaluating the effect of these new standards and interpretations but they are not expected to have a significant impact on the results or disclosures.

1.2 Revenue Recognition

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest is recognised, in profit or loss, using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

1. 3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Costs include cost incurred initially to acquire an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all property, plant and equipment, to write down the cost, less residual value, by equal instalments over their useful lives as follows:

Leashold Improvements	10 years
Plant and machinery	5-15 years
Motor vehicles	3.33 years
Office equipment	5 years
Furniture and fittings	10 years
Computer equipment	5 years

The depreciation charge for each period is recognised in profit or loss. Useful lives are assessed annually.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is recognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Gains and losses on disposals are determined by reference to their carrying amount and recognised in profit or loss.

No business economic changes have occurred during the current year to lead management to believe that the useful lives and residual values of the plant and equipment have changed.

1.4 Intangible assets

The useful lives of all intangible assets acquired by the Company are assessed to determine if the useful life is finite or indefinite. Useful lives of intangible assets are reviewed at least at the end of each financial period and altered if estimates have changed significantly. Any change is accounted for by changing the amortisation charge for the current and future periods.

Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Intangible assets with indefinite useful lives are measured at cost and are not amortised, but are tested for impairment at least annually or whenever any indication of impairment exists.

The following intangible assets currently have an indefinite useful life:

- product registrations; and
- brands.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

1.5 Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of the individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual cash-generating units , or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, at which case the reversal is treated as a revaluation increase.

1.6 Leasing

Leases which transfer substantially all the risks and rewards of ownership to the company are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Other leases are classified as operating leases whereby the leased assets are not recognised on the Company's balance sheet.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a Weighted Average Cost basis. Net realisable value represents the estimated selling price for the inventories less estimated costs of completion and costs necessary to make the sale.

1.8 Financial instruments

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Loans from shareholders

Loans from shareholders are recognised initially at fair value plus direct transaction costs.

The initial fair value of such loans is the consideration received. However, when there is evidence that the fair value is different to the cash consideration received, the initial fair value is determined using a valuation technique and by applying terms and conditions on similar market-related loans. Any difference between the initial fair value of the loan and the cash consideration received is recorded in the income statement immediately.

Subsequently, these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. The amortised cost method results in the accrual of interest in each period by applying the effective interest rate implicit to the loan to the outstanding balance on the loan. Any repayments made reduce the loans.

Trade receivables

Trade receivables are recognised and carried at the original invoice less an allowance for any uncollectible amounts. An allowance for estimated irrecoverable amounts is recognised in the income statement when there is objective evidence that the asset is impaired.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and other short term deposits with an original maturity of three months or less. Cash and cash equivalents are short-term highly liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

For purposes of the cash flow statement, cash and cash equivalents comprise cash and cash equivalents defined above, net of outstanding bank overdrafts.

1.9 Foreign currency transactions

Transactions in foreign currencies are translated into South African Rands at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into South African Rands at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured on the historical cost basis are translated using the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair values were determined.

1.1 Employee Benefits

Defined contribution plans

Payments to defined contribution plans are charged as an expense in profit or loss as they fall due.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

benefits for voluntary redundancies are recognised if the company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

An accrual is recognised for the amount expected to be paid under short-term cash bonuses or performance bonuses and leave pay if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.11 Provisions and contingencies

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The amount of the provision is discounted using a pre-tax discount rate when the effect of the expected future cash flow related to the provision is not expected to occur soon after balance sheet date and the effect of discounting is material. Provisions are reviewed annually to reflect the current best estimates of the expenditure required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is not treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Where the company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. In determining the measurement of the provision resulting from an onerous contract, the company considers the least net unavoidable cost of exiting the contract, which is generally the lower of cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it. The company also considers any impairment losses that have occurred on assets dedicated to the onerous contract.

A constructive obligation to restructure arises when the company has a detailed formal plan for the restructuring identifying at least the business or part of a business concerned, the principal locations affected, the location, function, and approximate number of employees who will be compensated for terminating their services, the expenditures that will be undertaken, and a timeline identifying when the plan will be implemented. Furthermore, a constructive obligation to restructure only arises when the company has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing the main features of the restructuring plan. The restructuring provision that is raised when the company has a restructuring plan includes only those direct expenses entailed by the restructuring that are not associated with the ongoing activities of the company.

Contingent assets and contingent liabilities are not recognised, but are disclosed in the notes to the annual financial statements.

1.12 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- goodwill for which amortisation is not deductible for tax purposes; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither the accounting profit nor taxable profit/(loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit/(loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Taxation expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity; or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.13 Judgments made by management

Preparing financial statements in accordance with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. There are no accounting policies that have been identified as involving particularly complex or subjective judgments or assessments other than the assessment of impairment of goodwill. Refer to notes for all relevant disclosures.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

1.14 Key sources of estimation uncertainty

There are no key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date that management have assessed as having a significant risk of causing material adjustments to the carrying amounts of the assets and liabilities within the next financial year.

1.15 Comparatives

Where necessary, comparative figures have been adjusted to conform with International Financial Reporting Standards

2. PROPERTY, PLANT AND EQUIPMENT

	Cost ZAR	Accumulated depreciation ZAR	Carrying value ZAR	Cost Rs. Crore	Accumulated depreciation Rs. Crore	Carrying value Rs. Crore
At 31 March 2009						
Buildings and leasehold improvements	2,655,026	(623,992)	2,031,034	1.42	(0.33)	1.09
Plant and machinery	4,090,628	(2,186,778)	1,903,850	2.18	(1.17)	1.01
Motor vehicles	380,272	(143,529)	236,743	0.20	(0.08)	0.12
Office furniture and computer equipment	2,033,242	(1,389,212)	644,030	1.09	(0.74)	0.35
Capital work in progress	330,197	–	330,197	0.18	–	0.18
Movement summary - 31 March 2009	**9,489,365**	**(4,343,511)**	**5,145,854**	**5.07**	**(2.32)**	**2.75**

	Opening carrying value ZAR	Re-allocations ZAR	Additions ZAR	Write off and disposals during the year ZAR	Depreciation ZAR	Closing carrying value ZAR
Buildings and leasehold improvements	2,137,442	–	154,122	–	(260,529)	2,031,035
Plant and machinery	1,331,085	121,117	926,541	(35,335)	(439,558)	1,903,850
Motor vehicles	230,045	–	140,000	(18,946)	(114,358)	236,741
Office furniture and computer equipment	1,043,887	(121,117)	108,299	(8,494)	(378,544)	644,031
Capital work in progress	–	–	330,197	–	–	330,197
	4,742,459	–	**1,659,159**	**(62,775)**	**(1,192,989)**	**5,145,854**

	Opening carrying value Rs. Crore	Re-allocations Rs. Crore	Additions Rs. Crore	Write off and disposals during the year Rs. Crore	Depreciation Rs. Crore	Closing carrying value Rs. Crore
Buildings and leasehold improvements	1.14	–	0.08	–	(0.14)	1.08
Plant and machinery	0.71	0.06	0.49	(0.02)	(0.23)	1.01
Motor vehicles	0.12	–	0.07	(0.01)	(0.06)	0.12
Office furniture and computer equipment	0.56	(0.06)	0.06	–	(0.20)	0.36
Capital work in progress	–	–	0.18	–	–	0.18
	2.53	–	**0.88**	**(0.03)**	**(0.63)**	**2.75**

During the current period, assets with a carrying value of R 9,356 (Rs. 0.005 Crore) were written off from the fixed asset register.

No items of property, plant and equipment were held under instalment sale agreements as at 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

	Cost ZAR	Accumulated depreciation ZAR	Carrying value ZAR	Cost Rs. Crore	Accumulated depreciation Rs. Crore	Carrying value Rs. Crore
At 31 March 2008						
Buildings and leasehold improvements	2,500,904	(363,462)	2,137,442	1.23	(0.18)	1.05
Plant and machinery	2,943,202	(1,612,117)	1,331,085	1.45	(0.79)	0.66
Motor vehicles	263,442	(33,397)	230,045	0.13	(0.02)	0.11
Office furniture and computer equipment	2,028,265	(984,378)	1,043,887	1.00	(0.48)	0.52
Movement summary - 31 March 2008	**7,735,813**	**(2,993,354)**	**4,742,459**	**3.81**	**(1.47)**	**2.34**

	Opening carrying value ZAR	Re-allocations ZAR	Additions ZAR	Write off and disposals during the year ZAR	Depreciation ZAR	Closing carrying value ZAR
Buildings and leasehold improvements	1,908,836	496,063	–	–	(267,457)	2,137,442
Plant and machinery	446,632	1,487,277	(5,223)	(316,101)	(281,500)	1,331,085
Motor vehicles	100,051	278,295	(78,414)	(27,665)	(42,222)	230,045
Office furniture and computer equipment	1,360,825	381,886	(339,580)	(50,459)	(308,785)	1,043,887
	3,816,344	**2,643,521**	**(423,217)**	**(394,225)**	**(899,964)**	**4,742,459**

	Opening carrying value Rs. Crore	Re-allocations Rs. Crore	Additions Rs. Crore	Write off and disposals during the year Rs. Crore	Depreciation Rs. Crore	Closing carrying value Rs. Crore
Buildings and leasehold improvements	0.94	0.24	–	–	(0.13)	1.05
Plant and machinery	0.22	0.73	–	(0.16)	(0.14)	0.65
Motor vehicles	0.05	0.14	(0.04)	(0.01)	(0.02)	0.12
Office furniture and computer equipment	0.67	0.19	(0.17)	(0.02)	(0.15)	0.52
	1.88	**1.30**	**(0.21)**	**(0.19)**	**(0.44)**	**2.34**

During the current period, assets with a carrying value of R 366 559 (Rs. 0.18 Crore) were written off from the fixed asset register.

No items of property, plant and equipment were held under instalment sale agreements as at 31 March 2008

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

3 INTANGIBLE ASSETS

Movement summary - 31 March 2009

	Opening carrying Amount ZAR	Impairment ZAR	Disposal of division ZAR	Additions during the year ZAR	Closing carrying value ZAR
Brands	21,564,879	–	–	13,765,610	35,330,489
	21,564,879	–	–	13,765,610	35,330,489
Movement summary – 31 March 2008					
Product registrations	14,875	–	(14,875)	–	–
Brands	25,582,963	(1,699,000)	(23,883,963)	21,564,879	21,564,879
	25,597,838	(1,699,000)	(23,898,838)	21,564,879	21,564,879

Movement summary - 31 March 2009

	Opening carrying Amount Rs. Crore	Impairment Rs. Crore	Disposal of division Rs. Crore	Additions during the year Rs. Crore	Closing carrying value Rs. Crore
Brands	11.51	–	–	7.35	18.86
	11.51	–	–	7.35	18.86
Movement summary – 31 March 2008					
Product registrations	0.01	–	(0.01)	–	–
Brands	12.57	(0.84)	(11.74)	10.60	10.59
	12.58	(0.84)	(11.75)	10.60	10.59

The Company has classified its intangible assets as having indefinite useful lives. This conclusion is supported by the fact that the Company is expected to be able to use the brands for the foreseeable future and that the typical product life cycles for the brands, acquired against public information on estimates of useful lives, indicate that the intangible asset has an indefinite period of foreseeable usage.

This is further supported by the stability of the pharmaceutical and complimentary medicine industry and the strong demand in markets within which these products are marketed and sold.

Detailed impairment testing is performed for the indefinite-life intangible assets annually. The impairment review process is as follows:

Each period and whenever impairment indicators are present, management calculate the fair value of the asset and record an impairment loss for the excess of the carrying value over the fair value, if any.

The fair value is generally measured as the net present value of projected cash flows. In addition, a re-evaluation of the remaining useful life of the asset is performed to determine whether continuing to characterise the asset as having an indefinite life is, appropriate.

The recoverable amounts have been determined based on a value-in-use calculation. The calculation uses a free cash flow model that discounts the free cash flow available from profit after tax generated by the intangible asset. If the resulting net present value exceeds the carrying value of the intangible asset, the intangible asset is not impaired. However, if the resulting net present value is less than the carrying value, impairment is provided for.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

		2009	2008	2009	2008
4	**INVESTMENT IN SUBSIDIARY**	**ZAR**	**ZAR**	**Rs. Crore**	**Rs. Crore**
	Unlisted shares at cost less impairment losses				
		–	13,700,000	–	6.73
	Director's valuation of unlisted investment	–	13,700,000	–	6.73
	This investment relates to a 100% holding of CPF International (Proprietary) Limited which in turn owns the Caivil brand.				
5	**DEFERRED TAXATION**				
	Opening balance	5,827,988	(7,767,340)	3.11	(3.82)
	Charged to income statement- Continuing Operations	(927,418)	1,745,073	(0.50)	0.86
	Charged to income statement- Discontinued Operations	–	137,309	–	0.07
	Disposed of Asset/ Acquired liability in business combination				
		–	56,970	–	0.03
	Closing balance	4,900,570	(5,827,988)	2.61	(2.86)
	Comprising of the following:				
	Property, plant and equipment	84,606	(60,795)	0.05	(0.03)
	Trademarks and registrations	(132,039)	(47,460)	(0.07)	(0.02)
	Operating leases	–	(216,394)	–	(0.11)
	Employee benefit accruals	106,492	(212,476)	0.06	(0.10)
	Provision for doubtful debts	421,473	(252,000)	0.23	(0.12)
	Other provisions	94,317	(1,216,609)	0.05	(0.60)
	Bioharmony temporary differences	1,325,888	–	0.71	–
	Tax losses carried forward	2,999,833	(3,822,254)	1.60	(1.88)
	Tax assets	4,900,570	(5,827,988)	2.63	(2.86)

Deferred tax assets and liabilities are recognised on the assumption that the assets and liabilities will be recovered through use. The new company tax rate of 28% was used to compute deferred tax balances.

		2009	2008	2009	2008
		ZAR	**ZAR**	**Rs. Crore**	**Rs. Crore**
6	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	14,747,827	12,509,367	7.87	6.15
	Other receivables	590,583	272,407	0.32	0.13
		15,338,410	12,781,774	8.19	6.28

At 31 March 2009 trade receivables are shown net of an allowance for doubtful debts of R1 915 624 (Rs. 0.49 Crore) {2008: R 1,200,000 (Rs. 0.59 Crore} arising from the unlikely recoverability of trade receivables, credit notes to be passed of R 434,342 (Rs. 0.23 Crore) {2008: R 300,284 (Rs. 0.15 Crore)}, purchase rebates likely to be paid to customers of R 2,965,133 (Rs. 1.58 Crore) {2008: R1 370,249 (Rs. 0.67 Crore)} and settlement discounts to be allowed of R Nil (Rs. Nil) {2008: R 171,643 (Rs. 0.08 Crore)}. Impairment losses for R 445,742 (Rs. 0.24) {R Nil (Rs.Nil)} were recognised during the period.

		2009	2008	2009	2008
7	**INVENTORIES**	**ZAR**	**ZAR**	**Rs. Crore**	**Rs. Crore**
	Raw materials	6,856,274	5,153,952	3.66	2.53
	Work in progress	787,590	334,208	0.42	0.16
	Finished goods	3,787,064	5,855,914	2.02	2.88
		11,430,928	11,344,074	6.10	5.57
	Provision for obsolescence	(869,345)	(2,502,859)	(0.46)	(1.23)
		10,561,583	8,841,215	5.64	4.34

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

The company identifies specific items and product lines that are slow moving or that should be discontinued and provide 100% for those items.

No inventories were held on consignment or in transit at period end [2008: R Nil (Rs. Nil)].

Inventories with a value of R Nil {2008: R319 054 (Rs. 0.16 Crore)} were written down to net realisable value during the period under review.

		2009 ZAR	2008 ZAR	2009 Rs. Crore	2008 Rs. Crore
8	**SHARE CAPITAL**				
	Authorised				
	600 000 ordinary shares of 1 cent each	6,000	6,000.00	–	–
	Issued				
	500 000 ordinary shares of 1 cent each	5,000	5,000	–	–

The unissued share capital is under the control of the directors of the Company until the next annual general meeting of the shareholders

		2009 ZAR	2008 ZAR	2009 Rs. Crore	2008 Rs. Crore
	Share premium				
	Share premium	22,863,735	22,863,735	12.21	11.24
9	**TRADE AND OTHER PAYABLES**				
	Trade payables	9,749,862	7,693,613	5.21	3.78
	Other payables	7,604,061	5,852,224	4.06	2.88
		17,353,923	13,545,837	9.27	6.66
10	**PROVISIONS**				
	Provisions are made up as follows:				
	Leave pay provision	395,608	301,933	0.21	0.15
	Bonus provision	1,109,654	456,907	0.59	0.22
		1,505,262	758,840	0.80	0.37
11	**AMOUNTS DUE TO HOLDING COMPANY**				
	Marico South Africa Consumer Care (Proprietary) Limited	58,217,496	58,217,496	31.08	28.61
		58,217,496	58,217,496	31.08	28.61

The terms of the loan were amended during the year to include a repayment period. The loan is unsecured and is repayable in five years (2008: no defined repayment period). As a result the loan has been classified as a long term liability in the current year. The loan bears interest at the 6 month London Interbank Offered Rate (LIBOR), plus 2.3% and the interest is payable at each financial quarter.

12 PROFIT BEFORE FINANCE COSTS AND TAXATION

Profit before finance costs and taxation is stated after taking the following into account:

	2009 ZAR	2008 ZAR	2009 Rs. Crore	2008 Rs. Crore
Loss/(profit) on disposal of property, plant & equipment	26,521	1,350	0.01	–
Auditor's remuneration				
- audit fees	381,795	587,561	0.20	0.29
Loss on sale of Bioharmony Division	–	2,566,154	–	1.26
Depreciation	1,192,989	899,964	0.64	0.44
Fixed assets written off	9,356	366,559	–	0.18
Impairment losses	13,700,000	2,018,054	7.31	0.99
- intangible assets (Note 3)	–	1,699,000	–	0.84
- inventory (Note 7)	–	319,054	–	0.16
- investments	13,700,000	–	7.31	–
Lease rentals	2,464,651	2,644,953	1.32	1.30
Staff costs (including director emoluments- refer note 17)	18,064,744	17,610,056	9.64	8.66
Number of employees	111	153	111	153

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

13 NET FINANCE COSTS

Interest on bank account	(1,170,315)	(178,512)	(0.62)	(0.09)
National finance income on loan receivable	–	(568,025)	–	(0.28)
Finance income	(1,170,315)	(746,537)	(0.62)	(0.37)
Interest on external borrowings	–	1,606,270	–	0.79
Interest on shareholder loans -				
Marico South Africa Consumer Care	3,044,526	1,255,499	1.63	0.62
Interest on bank overdraft	–	196,608	–	0.10
Finance cost	3,044,526	3,058,377	1.63	1.51
Net finance cost	1,874,211	2,311,840	1.01	1.14

	2009	2008	2009	2008
14 INCOME TAX EXPENSE	**ZAR**	**ZAR**	**Rs. Crore**	**Rs. Crore**
Deferred tax - current year	263,594	1,506,442	0.14	0.74
Adjustment for prior periods	663,824	30,107	0.35	0.01
Rate change	–	208,524	–	0.10
	927,418	1,745,073	0.49	0.85
Reconciliation of tax rate	%	%		
Current period as a percentage of profit	84.75	152.51		
Adjusted for:				
- Permanent differences	3.91	(102.66)		
- Prior period adjustments	(60.66)	(2.63)		
- Rate change	–	(18.22)		
Statutory tax rate	28.00	29.00		

No provision has been made for current taxation as the Company has an estimated taxation loss of R 10,713,690 (Rs. 5.72 Crore) {2008 : R 13,650 906 (Rs. 6.71 Crore)}. The Company recognises deferred tax assets to the extent that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Refer to note 5 for further details.

15 FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist primarily of deposits with banks, short term investments, accounts receivable and accounts payable and loans to and from the holding company and fellow subsidiaries. Financial instruments are carried at fair value or amounts that approximate fair value.

	2009	2008	2009	2008
	ZAR	**ZAR**	**Rs. Crore**	**Rs. Crore**
Financial assets				
Loans and receivables	26,949,983	26,509,044	14.39	13.03
Trade and other receivables	15,338,410	12,781,774	8.19	6.28
Cash equivalents	11,611,573	13,727,270	6.20	6.75
Financial liabilities				
Financial liabilities measured at amortised cost	72,581,473	71,791,931	38.75	35.28
Interest bearing liabilities	55,497,550	58,217,496	29.63	28.61
Trade and other payables	17,083,923	13,574,435	9.12	6.67

In the normal course of operations, the Company is exposed to credit risk, interest rate risk, liquidity risk and foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

Foreign Currency Risk Management

The Company is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Company i.e. South African Rand.

There are no foreign currency denominated monetary assets and liabilities at the reporting date.

Interest rate risk management

The Company's investments in fixed-rate debt securities and its fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Company's investments in variable-rate debt securities and its variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk.

The Company adopts a policy of regularly reviewing interest rate exposure, and maintains floating rate borrowings.

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant in the case of variable rate borrowings. A 50 basis point increase or decrease has been used, as this represents management's assessment of the possible change in interest rates.

	2009 ZAR	2008 ZAR	2009 Rs. Crore	2008 Rs. Crore
If interest rates had been 50 basis points higher/lower and all other variables held constant, the Company's profit before tax would increase by:	219,430	291,087	0.12	0.14

Credit Risk Management

Management has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables comprise a wide customer base.

At period end there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet, grossed up for any allowances for losses.

The group grants credit of 30 days to its customers. The analysis of trade receivables which are past due at period end is as follows:

	2009 ZAR	2008 ZAR	2009 Rs. Crore	2008 Rs. Crore
Not past due	7,051,686	11,768,057	3.76	5.78
Past due by 30 days	7,495,620	1,611,368	4.00	0.79
Past due by 60 days	2,929,387	752,476	1.56	0.37
Past due by 90 days	1,586,233	1,419,642	0.85	0.70
	19,062,926	15,551,543	10.17	7.64
Less: Provisions	(4,315,099)	(3,042,176)	(2.30)	(1.50)
Total trade receivables	14,747,827	12,509,367	7.87	6.14

Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash resources and ensuring the availability of funding through an adequate amount of credit facilities. The Company aims to maintain flexibility by monitoring cash flow forecast, good working capital management and ensuring adequate borrowing facilities are maintained.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

The following table details the Company's remaining contractual maturity of its non-derivative financial liabilities.

2009	**Weighted Average Interest rate**	**Within 1 year**	**1-2 years**	**Greater than 2 years**	**Total**
Trade and other payables	–	17,083,923	–	-	17,083,923
Interest bearing shareholder loan	5.50%	–	–	55,497,550	55,497,550
		17,083,923	–	55,497,550	72,581,473
2008					
Trade and other payables		13,574,435	–	–	13,574,435
Interest bearing shareholder loan	7.20%	–	–	58,217,496	58,217,496
		13,574,435	–	58,217,496	71,791,931

This loan has been disclosed as current as there are no fixed terms of repayment and the loan is payable on demand. The loan is not however expected to be repaid within the current year and therefore has been disclosed in the greater than 2 year expected settlement period.

Amount in Rs. Crore

2009	**Weighted Average Interest rate**	**Within 1 year**	**1-2 years**	**Greater than 2 years**	**Total**
Trade and other payables	–	9.12	–	–	9.12
Interest bearing shareholder loan	5.50%	–	–	29.63	29.63
		9.12	-	29.63	38.75
2008					
Trade and other payables		7.25	–	–	7.25
Interest bearing shareholder loan	7.20%	–	–	31.08	31.08
		7.25	–	31.08	38.33

16 RELATED PARTIES

(a) Identification of related parties

At 31 March 2009, the holding company of Marico South Africa (Proprietary) Limited is Marico South Africa Consumer Care (Proprietary) Limited, a company incorporated in South Africa, which holds 100% of the company's issued share capital. The ultimate holding company of Marico South Africa (Proprietary) Limited is Marico Limited, a listed company incorporated in India.

The directors are listed in the directors report.

Transactions with related parties are conducted on an arm's length basis and on the same payment terms as those transacted with third parties. None of the balances are secured.

The company has a related party relationship with its holding company and subsidiary.

(b) Transactions with related parties	**2009 ZAR**	**2008 ZAR**	**2009 Rs. Crore**	**2008 Rs. Crore**
The following transactions were carried out by the company with related parties:				
Expenses				
Enaleni Pharmaceuticals Limited	–	1,339,834	–	0.66
Purchases				
Enaleni Pharmaceuticals Limited	–	5,287,080	–	2.60
Bioharmony (Proprietary) Limited	–	1,022,631	–	0.50

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

	Management fees (paid) received				
	Enaleni Pharmaceuticals Limited	–	(1,170,000)	–	(0.58)
	Interest expense incurred				
	Marico South Africa Consumer Care (Proprietary) Limited	3,044,526	1,255,499	1.63	0.62
	Dividend received				
	CPF International (Proprietary) Limited	13,700,000	–	7.31	–
(c)	Amounts due from related parties				
	Amounts due to holding company				
	Marico South Africa Consumer Care (Proprietary) Limited				
		(55,497,550.0)	(58,217,496)	(29.63)	(28.61)

18 DIRECTORS EMOLUMENTS

Directors emoluments paid during the current financial period amounted to R 3,632,330 (Rs. 1.94 Crore) {2008: R 918,569 (Rs. 0.45 Crore)}. All Company directors are also directors of the holding company.

	2009 ZAR	2008 ZAR	2009 Rs. Crore	2008 Rs. Crore
19 COMMITMENTS				
Capital commitments				
- Plant and equipment	828,497	–	0.44	–
Operating lease commitments				
- Within 1 period	1,389,000	1,389,000	0.74	0.68
- Between 2 & 5 periods	7,622,000	7,622,000	4.07	3.75
- Over 5 periods	3,897,000	3,897,000	2.08	1.92
	12,908,000	12,908,000	6.89	6.35

The Company leases certain factory facilities, property, plant and equipment under sub-operating leases. The leases run for a period of up to 10 years, with an option to renew the lease after that date.

In determining lease classification, the Company evaluated whether both land and buildings were clearly operating leases or finance leases. Firstly, land title does not pass and because rentals paid to the landlord for the buildings are increased to market–related rates at regular intervals, and because the Company does not participate in the residual value of the building, it was judged that substantially all the risks and rewards of the building are with the landlord. Based on these factors it was concluded that the leases were operating leases.

Capital commitments

No significant contracts were entered into in respect of capital expenditure.

20 DISCONTINUED OPERATION

The discontinued operation relates to the Bioharmony and Galilee Marketing division that was disposed of effective 30 September 2007. Bioharmony and Galilee Marketing were transferred to Bioharmony (Proprietary) Limited which is a subsidiary of the Company's previous holding company, Enaleni Pharmaceuticals Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

	2009 ZAR	2008 ZAR	2009 Rs. Crore	2008 Rs. Crore
Income statement				
Revenue	–	35,169,445	–	17.29
Expenses	–	(34,833,604)	–	(17.12)
Operating profit	–	335,841	–	0.17
Net financing costs	–	(28,959)	–	(0.01)
Profit before tax	–	306,882	–	0.16
Tax	–	(137,309)	–	(0.07)
Net Profit for period	–	169,573	–	0.09
Cash flow				
Net cash (used)/ raised from operating activities	–	(3,247,156)	–	(1.60)
Net cash used in investing activities	–	(130,606)	–	(0.06)
Net cash raised in borrowing activities	–	2,562,597	–	1.26
Net movement in cash resources	–	(815,165)	–	(0.40)
Balance sheet				
Recognised on divisional level				
Property, plant and equipment	–	423,217	–	0.21
Current assets	–	14,994,048	–	7.37
Current liabilities	–	(8,542,578)	–	(4.20)
External borrowings	–	(15,003)	–	(0.01)
Deferred tax liability	–	56,970	–	0.03
Inter-company borrowings	–	(7,549,264)	–	(3.71)
	–	(632,610)	–	(0.31)
Recognised on company level				
Intangible assets	–	23,898,838	–	11.75
Net assets disposed of	–	23,266,228	–	11.44
Post acquisition reserves	–	160,087	–	0.09
Accumulated profit	–	327,566	–	0.17
- Utilisation of assessed loss	–	(229,729)	–	(0.12)
- Temporary differences	–	62,250	–	0.03

Board of Directors	John Richard Mason Noel Colin Kersley Vinay
Registered Office	1474 South Coast Road, Mobeni 4052
Auditors	Deloitte & Touche
Bankers	Standard Bank of South Africa Ltd
Legal Advisors	Adams & Adams

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors are responsible for the maintenance of adequate accounting records and for the preparation and integrity of the annual financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. The company's independent external auditors have audited the financial statements and their report appears on page 2.

The directors are also responsible for the company's system of internal control. These controls are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability for assets, to record all liabilities, and to prevent and detect misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The financial statements have been prepared on the going concern basis. Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for the foreseeable future.

DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements as set out on pages 3 to 11 were approved by the directors on 17 June 2009 and are signed on its behalf by:

NCK Vinay
Financial Director

JR Mason
Managing Director

AUDITORS' REPORT

TO THE MEMBER OF CPF INTERNATIONAL (PROPRIETARY) LIMITED

Report on the Financial Statements

We have audited the annual financial statements of CPF International (Proprietary) Limited which comprise the directors' report, the balance sheet as at 31 March 2009, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 11.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche
Per M Luthuli

Partner

June 17, 2009

DIRECTORS' REPORT

For the year ended 31 March 2009

The directors have pleasure in presenting their report which forms part of the audited financial statements of CPF International (Proprietary) Limited ("the Company") for the year ended 31 March 2009.

Nature of business

During the year under review the Company sold its intangible asset (Caivil brand) to its holding company, Marico South Africa (Proprietary) Limited, which owns 100% of CPF International (Proprietary) Limited.There were no other transactions during the year. The company is subsequently dormant.

Dividends

A dividend of R13 700 000 (Rs.7.31 Crore) has been declared during the year (2008: Nil).

Share Capital

There have been no changes to the Company's authorised or issued share capital during the year.

Event subsequent to balance sheet date

The directors are not aware of any matter or circumstance which is material to the financial affairs of the Company, which has occurred between the balance sheet and date of approval of the annual financial statements, that has not been otherwise dealt with in the annual financial statements.

Going concern

The Company is not trading and has no external debt as at 31 March 2009.

Directors

The directors in office at year end and at the date of this report were as follows:

NCK Vinay

JR Mason

Secretary

No secretary has been appointed. KPMG performs various secretarial duties for the Company.

Registered Office	**Postal Address**
1474 South Coast Road	P O Box 32003
Mobeni 4052	Mobeni 4060

Auditors

Deloitte & Touche.

Comparative Information

The financial statements for the year ended 31 March 2009 reflect 12 months of trading. The comparative period is for the 15 months ended 31 March 2008.

BALANCE SHEET

		As at 31 March			
		2009	2008	2009	2008
	Note	ZAR	ZAR	Rs. Crore	Rs. Crore
Assets					
Non-current assets					
Intangible asset		–	–	–	–
Total assets		–	–	–	–
Equity and Liabilities					
Issued share capital	2	100	100	0.01	0.01
Accumulated loss		(100)	(100)	(0.01)	(0.01)
Total Equity		–	–	–	–

Financial Controller

Auditor's report "attached"

Note: The exchange rate used to convert ZAR to Rs. 5.339 / ZAR (Rs. 4.915 / ZAR)

INCOME STATEMENT

		Year ended 31 March			
	Note	**2009**	2008	**2009**	2008
		ZAR	ZAR	Rs. Crore	Rs. Crore
Revenue		13,700,000.00	–	7.31	–
Cost of sales		–	–	–	–
Gross profit		13,700,000.00	–	7.31	–
Other operating expenses		–	(394.00)	–	(0.01)
Other operating income		–	3,391.00	–	0.10
Operating profit/ (loss)	1	3,700,000.00	2,997.00	7.31	0.09
Profit before taxation		13,700,000.00	2,997.00	7.31	0.09
Taxation	3	–	–	–	–
Net profit for the year		13,700,000.00	2,997.00	7.31	0.09

Financial Controller

Note: The exchange rate used to convert ZAR to Rs. 5.339 / ZAR (Rs. 4.915 / ZAR)

CASH FLOW STATEMENT

	Note	Year ended 31 March 2009 ZAR	2008 ZAR	2009 Rs. Crore	2008 Rs. Crore
Cash flows from operating activities					
Cash generated/ (utilised) by operations	4.1	13,700,000	35	7.31	0.00
Net cash inflow/ (outflow) from operating activities		13,700,000	35	7.31	0.00
Cash flow form investing activities					
Dividends paid		(13,700,000)	–	(7.31)	–
Decrease in Loans Receivable		–	100	–	0.00
Net cash (outflow)/inflow from investing activities		(13,700,000)	100	(7.31)	0.00
Decrease in amounts due to shareholder		–	(32,560)	–	(0.02)
Net cash inflow from financing activities		–	(32,560)	–	(0.02)
Net decrease in cash and cash equivalents		–	(32,425)	–	(0.02)
Cash and cash equivalents at beginning of period		–	32,425	–	0.02
Cash and cash equivalents at end of period		–	–	–	–

Financial Controller

Note: The exchange rate used to convert ZAR to Rs. 5.339 / ZAR (Rs. 4.915 / ZAR)

STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2009

	Share capital ZAR	Accumulated loss ZAR	Total ZAR
Balance at 31 December 2006	100	(3,097)	(2,997)
Net loss for the year	–	2,997	2,997
Balance at 31 March 2008	100	(100)	–
Net profit for the year	–	13,700,000	13,700,000
Dividends declared	–	(13,700,000)	(13,700,000)
Balance at 31 March 2009	100	(100)	–

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	Share capital Rs. Crore	Accumulated loss Rs. Crore	Total Rs. Crore
Balance at 31 December 2006	0.01	(0.01)	(0.00)
Net loss for the year	–	0.01	0.01
Balance at 31 March 2008	0.01	(0.00)	0.01
Net profit for the year	–	7.31	7.31
Dividends declared	–	(7.31)	(7.31)
Balance at 31 March 2009	0.01	–	0.01

Note: The exchange rate used to convert ZAR to Rs. 5.339 / ZAR (Rs. 4.915 / ZAR)

NOTES TO THE FINANCIAL STATEMENT

for the year ended March 31, 2009

1 ACCOUNTING POLICY

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa.

The significant accounting policies are set out below. The accounting policies are consistent with the prior period.

1.1 New or revised International Financial Reporting Standards applicable to future periods

At the date of authorisation of the financial statements, the following statements and interpretations were issued but not yet effective:

New International Financial Reporting Interpretations:

IFRIC 15	Agreements for the Construction of Real Estate	(effective date 1 January 2009)
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	(effective date 1 October 2008)
IFRIC 17	Distribution of Non-cash Assets to Owners	(effective date 1 July 2009)
IFRIC 18	Transfers of Assets from Customers	(effective date 1 July 2009)

New International Financial Reporting Standards:

IFRS 2	Share Based Payments	(effective date 1 January 2009)
IFRS 3	Business Combinations	(effective date 1 July 2009)
IFRS 8	Operating Segments	(effective date 1 January 2009)

Amended International Accounting Standards:

IAS 1	Presentation of Financial Statements	(effective date 1 January 2009)
IAS 23	Borrowing Costs	(effective date 1 January 2009)
IAS 27	Consolidated and Separate Financial Statements	(effective date 1 July 2009)
IAS 28	Investments in Associates	(effective date 1 July 2009)
IAS 31	Interests in Joint Ventures	(effective date 1 July 2009)
IAS 39	Financial Instruments: Recognition and Measurement	(effective date 1 July 2009)

On 22 May 2008, the International Accounting Standards Board (IASB) issued its latest Standard, titled Improvements to International Financial Reporting Standards 2008. The Standard included 35 amendments to various Standards. The company is in the process of evaluating the effect of these new standards and interpretations but they are not expected to have a significant impact on the results or disclosures.

1.2 Financial instruments

Share capital

Ordinary share capital is classified as equity and carried at original cost. Incremental costs directly attributable to the issue of new shares or options are recognised as a deduction from equity.

1.3 Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses and reversals of impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

NOTES TO THE FINANCIAL STATEMENT

For the year ended March 31, 2009

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.4 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. 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 available against which temporary differences 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

2. Share capital

	2009 ZAR	2008 ZAR	2009 Rs. Crore	2008 Rs. Crore
Authorised share capital	1000	1000	0.01	0.01
1000 ordinary shares of R1 each				
Issued Share Capital	100	100	–	–
100 ordinary shares of R1 each				

The unused share capital is under the control of the directors of the Company until the next annual general meeting of the shareholders.

NOTES TO THE FINANCIAL STATEMENT

For the financial year ended March 31, 2009

3. Taxation

No provision has been made for current taxation as the Company has an estimated tax loss R1 728 (2008: R 1 728). The Company recognises deferred tax assets to the extent that future taxable profits will be available against which the unutilised tax losses can be utilised. The company has elected to apply the provisions of section 45 (of the Income Tax Act) to the transfer of the intangible asset (Caivil brand) to Marico South Africa (Proprietary) Limited. The implication of this is that CPF International (Proprietary) Limited is deemed to have disposed of the Caivil brand for an amount equal to its 'base cost' on the date of disposal (that is, Nil). CPF International (Proprietary) Limited would therefore not realise a capital gain nor incur a capital loss, in respect of the transfer of the Caivil brand to Marico South Africa (Proprietary) Limited. The Company is exempt from the payment of Secondary Tax on Companies on the dividends declared to Marico South Africa (Proprietary) Limited by virtue of the fact that the Company is a wholly owned subsidiary and its holding company is a South African tax resident.

4. Notes to the cash flow statement

	2009 ZAR	2008 ZAR	2009 Rs. Crore	2008 Rs. Crore
4.1 Cash utilised by operations				
Profit before taxation	13,700,000	2997	7.31	0.01
Adjustments for non-cash items:				
Write off of shareholder loan from Marico South Africa (Proprietary) Limited	–	(3,391)	0.01	0.01
Operating profit/(loss) before working capital changes	13,700,000	(394)	7.32	0.02
Decrease in trade and other receivables	–	429	0.01	0.01
	13,700,000	35	7.33	0.03

5. Related parties

The holding company of CPF International (Proprietary) Limited is Marico South Africa (Proprietary) Limited, a company incorporated in South Africa, which holds 100% (2008: 100%) of the Company's ordinary share capital.

The directors are listed in the report of the directors.

Transactions with related parties are conducted on an arm's length basis and on the same payment terms as those transacted with third parties. None of the balances are secured.

The company has a related party relationship with its holding company, directors and key management personnel

Transactions with holding company	2009 ZAR	2008 ZAR	2009 Rs. Crore	2008 Rs. Crore
a) Sale of intangible asset (Caivil brand)				
Marico South Africa (Proprietary) Limited	13,700,000	–	7.31	–
b) Dividends declared				
Marico South Africa (Proprietary) Limited	(13,700,000)	–	(7.31)	–

NOTES

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Marico Limited
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