

## **DIRECTORS' REPORT**

To,  
The Members,  
PT Meghmani Organics Indonesia,

Your Directors have pleasure in presenting Third Audited Financial Statement of the Company for the Financial Year ended on 31<sup>st</sup> March 2012.

The Company is the Wholly Owned Subsidiary of Meghmani Organics Limited. The Company is engaged in the Trading Activities at Indonesia. The operations are looked after by the residential representative.

The Company has registered a net loss of Rs. **3,679,282** Previous year Profit of Rs. **3,748,363**.

**Place: Ahmedabad**  
**Date: 30 April, 2012**

**for and on behalf of the Board**

**Sd/**  
**(N.M.patel )**  
**Director**

Report No. MMC-0412-008

Re : Financial statements report years ended March 31, 2012 and 2011

**The Shareholders, Boards of Commissioners and Directors  
PT. Meghmani Organics Indonesia  
Jakarta**

We have reviewed the balance sheets of PT. Meghmani Organics Indonesia (the "Company") as of March 31, 2012 and 2011, and the related statements of income and changes in stockholders' equity for the years then ended. 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 reviewed.

We conducted our reviewed in accordance with accounting standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the reviewed to obtain reasonable assurance about whether the financial statements are free of material misstatement. An accounting examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our reviewed 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 reviewed provide 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 PT. Meghmani Organics Indonesia as of March 31, 2012 and 2011, and the results of its operations and its changes in stockholders' equity for the years then ended in conformity with generally accepted accounting principles in Indonesia.

Our reviewed were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The 2011 supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the accounting procedures applied in our reviewed of the 2011-2012 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2011-2012 basic financial statements taken as a whole.

**MMC Consulting**



Date : April 30, 2012

**Notice to Readers :**

*The accompanying financial statements are not intended to present the financial position, results of operations and changes in stockholders' equity in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices applied to audit such financial statements are those generally accepted and applied in Indonesia.*

**PT. MEGHMANI ORGANICS INDONESIA**

**BALANCE SHEET**

March 31, 2012 and 2011

(Expressed in IDR Currency)

Description	31 March 2012	31 March 2011
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash & Equivalent Cash	27,768,580	25,500,524
Bank	143,025,763	551,809,712
Accounts Receivable	6,634,437,807	5,983,613,405
Inventory	1,651,291,131	3,849,464,578
Deposits	33,094,000	33,094,000
Prepaid Expense	275,146,874	154,475,908
Prepaid Tax	-	400,534,874
<b>Total Current Assets</b>	<b>8,764,764,155</b>	<b>10,998,493,001</b>
<b>NON-CURRENT ASSETS</b>	<b>1,247,977,967</b>	<b>1,445,151,609</b>
Net off Accumulated Depreciation		
<b>TOTAL ASSETS</b>	<b>10,012,742,122</b>	<b>12,443,644,610</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	3,966,067,256	5,719,650,252
Tax Payable	105,009,532	246,787,383
Ramanath M. Liabilities	-	-
Others Liabilities	102,441,918	130,617,449
<b>Total Current Liabilities</b>	<b>4,173,518,706</b>	<b>6,097,055,085</b>
<b>LONGTERM LIABILITIES</b>		
Leasing Payable	241,920,456	437,428,902
Liabilities - MOL India	5,622,997,676	5,292,938,295
<b>Total Longterm Liabilities</b>	<b>5,864,918,132</b>	<b>5,730,367,197</b>
<b>TOTAL LIABILITIES</b>	<b>10,038,436,838</b>	<b>11,827,422,282</b>
<b>STOCKHOLDERS' EQUITY</b>		
<b>EQUITY</b>		
- Meghmani Organics Limited	2,261,407,500	2,261,407,500
- Patel Natwartal	22,842,500	22,842,500
Retained Earning	(1,668,027,672)	(2,406,683,015)
Current Earning of This Year	(641,917,044)	738,655,343
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>(25,694,716)</b>	<b>616,222,328</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>10,012,742,122</b>	<b>12,443,644,610</b>

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**PT. MEGHMANI ORGANICS INDONESIA**  
**PROFIT AND LOSS STATEMENT**  
For The Years Ended March 31, 2012 and 2011  
(Expressed in IDR Currency)

Description	31 March 2012	31 March 2011
<b>SALES REVENUE - NET</b>	8,537,035,592	9,797,023,035
<b>COST OF GOOD SOLD</b>	4,431,799,020	5,364,736,077
<b>GROSS PROFIT</b>	4,105,236,572	4,432,286,958
<b>OPERATING EXPENSES</b>		
- Selling Expenses	2,434,976,895	2,333,957,907
- General Office Expenses	1,691,314,796	1,562,973,389
<b>Total Operating Expenses</b>	4,126,291,692	3,896,931,296
<b>PROFIT (LOSS) FROM OPERATION</b>	(21,055,120)	535,355,662
<b>OTHER INCOME (EXPENSE)</b>		
- Other Income	(489,419,094)	349,343,804
- Other Expense	(131,442,829)	(146,044,122)
<b>Total Other Income (Expense) - Net</b>	(620,861,924)	203,299,682
<b>PROFIT (LOSS) BEFORE TAX</b>	(641,917,044)	738,655,343
<b>CORPORATE INCOME TAX</b>	-	-
<b>PROFIT (LOSS) AFTER TAX</b>	(641,917,044)	738,655,343

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Balance Sheet as at 31.03.2012	31.03.2012		31.03.2011	
<b>Share Capital</b>				
Issued &Subscribed Cap.		12,330,000		12,330,000
Less : Calls in arrears				
<b>Reserve &amp; Surplus</b>				
Profit & Loss A/c.	(7,527,785)		(11,276,148)	
Add /Less Current year	(3,679,282)	(11,207,067)	3,748,363	(7,527,785)
Translation Reserve		1,025,613		(2,063,788)
<b>Secured Loans</b>				
Loans (hypo of Vehicles)		1,439,427		2,209,016
Loan (House )				
<b>Unsecured Loans</b>				
Meghmani Organics Ltd., India		31,155,407		27,102,834
<b>Total Liabilites</b>		<b>34,743,379</b>		<b>32,050,277</b>
<b>Fixed Assets</b>				
<b>Gross Block</b>	11,641,111		9,575,241	
Less: Accumulated Depreciation	4,215,642		2,277,225	
<b>Net Block</b>	7,425,469	<b>7,425,469</b>	7,298,016	7,298,016
<b>Current Assets</b>				
Cash on Hand & Bank Bal.				
- Petty Cash	165,223		128,778	
- Cash			-	
- BCA Rp. 5820230304	164,886		1,609,233	
HSBC 050-106806-115	98,755		1,177,406	
BRI-0320-01-000426-30.9	587,363			
Invenotry-	9,825,182		19,439,796	
Sundry Debtors	39,474,905		30,217,248	
			-	
Building Deposit	148,750		126,250	
Warehouse-Deposit	107,659		91,375	
Bank Guarantee	-		-	
Prepaid Expenses	20,858		19,190	
Employee Recoverable Exp.	321,039		169,175	
Other Current Assets- adv,rent	1,235,727		541,238	
VAT -Paid			1,141,001	
Tax Art.22 import			881,700	
<b>Total Current Assets</b>	<b>52,150,347</b>		<b>55,542,390</b>	
<b>Current Liabilites</b>				
Creditors	23,598,100		28,884,234	
Other Current Liabilities				
Tax Payable				
VAT Collected	582,352		1,127,567	
- PPh 21	39,504		111,749	
- PPh 23	2,951		4,419	
- Tax Art 4(2)			2,541	
Ramanath M. Liabilities	42,368		-	
Others Liabilities	567,161		646,993	
Salary payable			12,625	
<b>Total Current Liabilities</b>	<b>24,832,436</b>		<b>30,790,128</b>	
<b>Net Current Assets</b>		<b>27,317,910</b>		<b>24,752,261</b>
<b>Total Assets</b>		<b>34,743,379</b>		<b>32,050,277</b>

PT.Meghmani Organics Indonesia

Profit & Loss Account for the Year ended on 31.03.2011

Particulars	01.04.11 to 31.03.2012	01.04.10 to 31.03.2011
Sales	47,682,901	49,658,661
<b>Total Income</b>	<b>47,682,901</b>	<b>49,658,661</b>
Cost of Goods Sold	24,753,444	27,192,506
(Increase) / Decrease in Stock		
Stock Reserve		
<b>Total</b>	<b>24,753,444</b>	<b>27,192,506</b>
<b>Gross Profit</b>	<b>22,929,457</b>	<b>22,466,155</b>
Administration Expenses	7,752,251	6,672,606
Selling & Distribution Expenses	13,856,140	11,922,350
Prior Period Selling & Distribution expenses		
Financial Expenses	734,163	734,388
Depreciation	1,532,575	1,159,184
Prior Period Depreciation		
Other Income	2,733,610	(1,770,736)
<b>Total Expenses</b>	<b>26,608,739</b>	<b>18,717,791</b>
<b>Net Profit</b>	<b>(3,679,282)</b>	<b>3,748,363</b>
<b>Grouping of Profit &amp; Loss Account</b>		
Particulars	01.04.11 to 31.03.2012	01.04.10 to 31.03.2011
Total Income		
Sales	58,822,846	55,617,386
Sales - Goods in Transport		
Less Sales Return	(8,934,150)	(3,696,709)
Less Sales Discount	(2,205,795)	(2,262,016)
<b>Total Sales</b>	<b>47,682,901</b>	<b>49,658,661</b>
Other Income		
Other Income / Expenses		
- Interest Income	8,496	15,579
Other Income	11,206	
Insurance Claim		19,637
Realised Exchange gain	100,319	2,695,455
Unrealised Exchange gain	(2,853,631)	(959,935)
<b>Total Other Income / Expenses</b>	<b>(2,733,610)</b>	<b>1,770,736</b>
<b>Cost of Goods Sold</b>		
Purchase Expenses / COGS	24,753,444	27,192,506
Discount from Supplier		
<b>Total</b>	<b>24,753,444</b>	<b>27,192,506</b>

<b>Administration Expenses</b>		
Employee Expenses		
- Management Salaries		
- Salaries	5,796,699	4,610,563
Jamsostek Expenses	9,257	
Apartment Rent	425,888	361,148
Building Expenses		
- Rent Building	359,432	309,757
- Electricity	115,001	95,105
- Telephone	336,348	311,198
- Water		
- Internet		
- Security & Maintenance		
Operational Expenses		
- Office Stationary	96,515	147,206
- Office Supplies	148,965	180,227
- Postage & Shipping Expenses		
- Supporting Document		
- Transportation	32,154	267,416
Office /Pantry Exp.	61,712	40,115
Donation Exp.		15,967
Consultant Fee's	321,812	249,050
Office Renovation		24,723
Notary Fees	1,676	
Computer Maintenance	20,984	11,354
Post & Materai-	25,809	34,170
Other Exp.		5,873
Tax Expenses		8,733
<b>Total Expenses</b>	<b>7,752,251</b>	<b>6,672,606</b>
Depreciation & Amortisation Ex		
- Depreciation Expenses	1,532,575	1,159,184
Depreciaton expenses (2008-2009)		
<b>Total Depreciation &amp; Amortisation Ex</b>	<b>1,532,575</b>	<b>1,159,184</b>
<b>Total</b>	<b>9,284,826</b>	<b>7,836,094</b>

<b>Selling &amp; Distribution Expenses</b>		
Marketing Expenses		
- Marketing Expenses	8,896,155	8,422,108
- Marketing Expenses - 2008-09		
warehouse	133,845	918,621
Vehicle Maintenance	161,396	29,872
Licences of Vehicle	94,383	62,229
Repacking Expenses	946,820	
Out Ward Expedition	3,623,540	2,295,189
Immigration Visa Expenses		194,331
<b>Total Marketing Expenses</b>	<b>13,856,140</b>	<b>11,922,350</b>
<b>Finance Expenses</b>		
Bank Charges	46,410	77,422
Bank Interest		
Interest Expense-MOL India	234,293	307,732
Exchanges Difference / rate Difference		
Interest on Car Lease	453,218	349,234
Tax Payments	241	
<b>Total</b>	<b>734,163</b>	<b>734,388</b>
<b>Depreciation</b>		
Furniture	51,434	43,679
Computer	107,151	79,691
Office Equipment	36,842	26,156
Vehicle	733,025	546,460
Amortization Expense of Product Registration	604,123	463,198
<b>Total</b>	<b>1,532,575</b>	<b>1,159,184</b>



