

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
King Maker Marketing, Inc.
Paramus, New Jersey

We have audited the accompanying balance sheet of King Maker Marketing, Inc. as of March 31, 2008 and 2007, and the related statements of income and retained earnings and cash flows 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 audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audits 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 King Maker Marketing, Inc. as of March 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United State of America.

Albany, New York
April 16, 2008

Bollam, Sheedy, Torani & Co. LLP

BALANCE SHEETS

	March 31, 2008 \$	March 31, 2008 (Rs.)	March 31, 2007 \$	March 31, 2007 (Rs.)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	11,322,720	454,267,526	5,660,317	246,053,980
Accounts receivable	7,33,677	29,435,121	6,33,948	27,557,720
Accounts receivable, other	42,969	1,723,916	11,833	514,383
Inventories	5,240,561	210,251,307	5,321,923	231,343,993
Due from related parties	17,871	716,985	1,238,158	53,822,728
Prepaid expenses	240,385	9,644,246	42,096	1,829,913
Income tax receivable	1,261,984	50,630,798	—	—
Deferred income taxes	83,526	3,351,063	510,508	22,191,783
	<u>18,943,693</u>	<u>760,020,963</u>	<u>13,418,783</u>	<u>583,314,500</u>
PROPERTY AND EQUIPMENT, net	56,585	2,270,190	77,081	3,350,711
OTHER ASSETS	14,040	563,285	8,810	382,971
	<u>19,014,318</u>	<u>762,854,438</u>	<u>13,504,674</u>	<u>587,048,182</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	1,003,611	40,264,873	661,435	28,752,579
Income tax payable	—	—	7,23,019	31,429,639
Accrued settlement charges	12,555,284	503,717,994	7,235,713	314,536,444
Accrued expenses and other	205,000	8,224,600	270,843	11,773,545
	<u>13,763,895</u>	<u>552,207,467</u>	<u>8,891,010</u>	<u>386,492,207</u>
LONG-TERM LIABILITIES				
Deferred income taxes	18,877	757,345	53,406	2,321,559
STOCK HOLDERS' EQUITY				
Preferred stock	—	—	2,000	86,940
Common stock	4,080	163,690	2,080	90,418
Retained earnings	5,227,466	209,725,936	4,556,178	198,057,058
	<u>5,231,546</u>	<u>209,889,626</u>	<u>4,560,258</u>	<u>198,234,416</u>
	<u>19,014,318</u>	<u>762,854,438</u>	<u>13,504,674</u>	<u>587,048,182</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

STATEMENTS OF INCOME AND RETAINED EARNINGS

	For the year ended 31st March, 2008 \$	For the year ended 31st March, 2008 (Rs.)	For the year ended 31st March, 2007 \$	For the year ended 31st March, 2007 (Rs.)
SALES				
Revenues, net customer returns	43,272,082	1,810,073,822	32,503,659	1,431,461,142
Less quick pay discounts	(1,650,214)	(68,978,945)	(1,263,098)	(55,626,836)
Net sales	<u>41,621,868</u>	<u>1,741,094,876</u>	<u>31,240,561</u>	<u>1,375,834,306</u>
COST OF SALES	26,760,699	1,136,288,972	20,242,632	895,926,293
	<u>14,861,169</u>	<u>604,805,904</u>	<u>10,997,929</u>	<u>479,908,013</u>
MSA SETTLEMENT CHARGES, NET	10,055,284	420,310,871	5,029,685	221,507,327
Gross profit	4,805,885	184,495,033	5,968,244	258,400,686
OPERATING EXPENSES	4,155,192	173,687,026	4,208,110	185,325,164
Income from operations	<u>650,693</u>	<u>10,808,008</u>	<u>1,760,134</u>	<u>73,075,522</u>
OTHER INCOME (EXPENSE)				
Market research income	119,972	5,014,830	120,000	5,284,800
Interest income	249,836	10,443,145	242,164	10,541,521
Other income	119,133	4,979,759	5,100	224,604
Loss on sale of fixed assets	—	—	(2,494)	(109,836)
	<u>488,941</u>	<u>20,437,734</u>	<u>364,770</u>	<u>15,941,089</u>
Income before provision for income taxes	1,139,634	31,245,741	2,124,904	89,016,611
PROVISION FOR INCOME TAXES	(468,346)	(19,576,863)	(989,840)	(43,592,554)
Net Income	<u>671,288</u>	<u>11,668,879</u>	<u>1,135,064</u>	<u>45,424,057</u>
RETAINED EARNINGS, beginning of year	4,556,178	198,057,058	3,421,114	152,633,001
RETAINED EARNINGS, end of year	<u>5,227,466</u>	<u>209,725,936</u>	<u>4,556,178</u>	<u>198,057,058</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

STATEMENTS OF CASH FLOWS YEAR ENDED MARCH 31,

	2008 \$	2008 (Rs.)	2007 \$	2007 (Rs.)
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Net income	671,288	11,668,879	1,135,064	45,424,057
Adjustments to reconcile net income to net cash provided (used) by operating activities				
Depreciation	30,338	1,268,128	33,299	1,466,488
Deferred income taxes	392,453	15,745,214	2,653	116,882
Loss on disposal of assets	—	—	2,494	109,836
(Increase) decrease in				
Accounts receivable	(99,729)	(4,168,672)	(220,904)	(9,006,381)
Accounts receivable, other	(31,136)	(1,301,485)	(8,418)	(362,021)
Inventories	81,362	3,264,243	(2,895,571)	(123,092,298)
Due from related parties	226,878	9,102,345	71,706	3,380,141
Prepaid expenses	(198,289)	(8,288,480)	(11,540)	(466,657)
Income taxes receivable	(1,261,984)	(54,276,446)	429,548	19,164,284
Other assets	(5,230)	(209,828)	—	—
Increase (decrease) in				
Accounts payable	342,176	13,728,100	45,767	1,284,551
Due to related party	(6,591)	(264,431)	(38,374)	(1,719,602)
Income tax payable	(723,019)	(30,222,194)	723,019	31,429,639
Accrued settlement charges	5,319,571	213,421,189	1,148,316	42,947,227
Accrued expenses and other	(65,843)	(2,641,621)	69,735	2,801,112
	<u>4,672,245</u>	<u>166,824,941</u>	<u>486,794</u>	<u>13,477,258</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES				
Proceeds from maturity of short-term investments	—	—	3,043,714	135,795,300
Payments for the purchase of property	(9,842)	(411,396)	(28,627)	(759,079)
Repayment from related parties	<u>1,000,000</u>	<u>41,800,000</u>	<u>492,993</u>	<u>23,239,143</u>
	<u>990,158</u>	<u>41,388,604</u>	<u>3,508,080</u>	<u>158,275,364</u>
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES				
Proceeds from issuance of common stock	—	—	80	1,188
Net increase in cash and cash equivalents	<u>5,662,403</u>	<u>208,213,546</u>	<u>3,994,954</u>	<u>171,753,810</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>5,660,317</u>	<u>246,053,980</u>	<u>1,665,363</u>	<u>74,300,170</u>
CASH AND CASH EQUIVALENTS, end of year	<u>11,322,720</u>	<u>454,267,526</u>	<u>5,660,317</u>	<u>246,053,980</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2008 and 2007

NOTE A - ORGANIZATION

King Maker Marketing, Inc. ("Company"), organized and headquartered in New Jersey, was incorporated on August 17, 1994, in New York State and became a New Jersey Corporation during June 2007. Its business is to import and distribute tobacco products to licensed wholesale distributors and retailers throughout the United States. The Company employs two independent warehouses located in Maryland and Illinois. The Company has significant transactions with ITC Limited (ITC), which is organized under the laws of the Republic of India and was the majority stockholder until May 2007 and sole stockholder since. The Company is subject to the inherent risks associated with the industry.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Basis

The Company uses the accrual basis for financial and income tax reporting.

2. Federal Excise Tax Refunds and Customs Duty Drawbacks

The Company records Federal Excise Tax Refunds and Customs Duty Drawbacks when settled due to the uncertainty of the final settlement of these claims.

3. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions relevant to the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results may differ from estimates.

4. Cash and Cash Equivalents

The Company's cash and cash equivalents are defined as cash and short-term highly liquid investments with an original maturity of three or fewer months.

5. Inventories

Inventories consist of cigarettes and other tobacco-related products. The lower of cost (first-in, first out) or market method has been used in determining the inventory value and includes applicable freight-in, storage, duty, federal excise taxes, tobacco buyout costs, and settlement costs.

6. Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Major additions and improvements are capitalized, and replacements, maintenance, and repairs that do not improve or extend the useful life of an asset are expensed as incurred. The Company uses the straight-line method of depreciation and depreciates equipment and fixtures over 5 to 7 years; software over 3 years, and leasehold improvements over 39 years.

7. Fair Value of Financial Instruments

The fair value of cash and cash equivalents and short-term Investments, accounts receivable, and accounts payable approximates their carrying value due to their short maturities.

8. Revenue Recognition/Accounts Receivable

The Company recognizes revenue when title is transferred as the product is shipped. Trade discounts are offered to customers on invoiced prices, which are reflected in net sales. Accounts receivable are charged to bad debt expense as they are deemed uncollectible based upon management's periodic review of the accounts.

Revenues are reflected net of customer returns. Total customer returns were \$ 132,684 and \$ 294,581 for the year ended March 31, 2008 and 2007, respectively.

9. Shipping and Handling Expenses

Shipping and handling expenses are classified under operating expenses. A portion of the expenses relating to inbound receipt of materials is classified under cost of goods sold.

10. Marketing and Promotion Costs

The Company's policy is to expense marketing and promotion costs as incurred. Total marketing and promotion costs, which are included in operating expenses, were \$ 1,083,016 and \$ 1,079,931 for the years ended March 31, 2008 and 2007, respectively.

11. Income Tax

The Company follows the asset and liability approach to account for income taxes. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities.

12. Reclassifications

Certain 2007 balances have been reclassified to agree with 2008 presentation.

NOTE C - STOCKHOLDERS' EQUITY AND STOCK WARRANTS

ITC Limited became the sole owner in the Company as of May 9, 2007. Thereafter, the Company became a New Jersey Corporation. The Company's new Certificate of Incorporation provides for the capital structure to consist of one thousand (1,000) shares of voting common stock, all of which are without par value, and all of which are of the same class. ITC Limited was issued 204 shares of voting common stock representing the capital on the books of \$ 4,080.

	March 31,	
	2008	2007
	\$	\$
Capital structure		
Common stock, no par value, 1,000 shares authorized, 204 and 104 shares issued and outstanding at March 31, 2008 and 2007, respectively	4,080	2,080
Preferred Stock		
Class B, convertible, no par value, 1,000 shares authorised, none and 100 shares issued and outstanding at March 31, 2008 and 2007, respectively	—	2,000

NOTE D - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following:

	March 31,			
	2008	2008	2007	2007
	\$	Rs	\$	Rs
Equipment and fixtures	95,188	3,818,943	85,346	3,709,991
Leasehold improvements	13,306	533,837	13,306	578,412
Computer software	74,082	2,972,169	74,082	3,220,345
	182,576	7,324,949	172,734	7,508,748
Less accumulated depreciation	125,991	5,054,759	95,653	4,158,037
	56,585	2,270,190	77,081	3,350,711

Depreciation expense for property and equipment amounted to \$ 30,338 and \$ 33,299 for the years ended March 31, 2008 and 2007, respectively.

NOTE E - COMMITMENTS**1. Leases**

The Company leases office space in Paramus, New Jersey under a lease agreement that expires in June 2012. Rent expense for this lease for both years ended March 31, 2008 and 2007, was approximately \$ 75,000. During the year ended March 31, 2008, the Company has acquired another set of offices (Suite No. 303) in the same building with the same terms and annual rent expense of approximately \$ 75,000 which is sublet to ITC Infotech Inc., (a subsidiary of ITC) for the full term of the lease.

The Company leases accommodations for a manager and pays a monthly rent of \$ 2,200 which is included in the employee's payroll for tax purposes. The Company leases six automobiles under noncancellable operating leases. The lease terms range from 36 to 38 months. Vehicle lease expense for the years ended March 31, 2008 and 2007, was \$ 39,209 and \$ 36,545, respectively.

The Company leases office equipment with a term of 39 months under a noncancellable operating lease. Quarterly rental payments are included in operating expense.

Future minimum lease payments at March 31, 2008, are:

2009	\$ 179,985
2010	166,662
2011	161,705
2012	37,834
Total minimum payments required	\$ 546,186

Total rental expense for all operating leases, less sublease rentals anticipated are as follows:

	March 31,			
	2008	2008	2007	2007
	\$	Rs	\$	Rs
Minimum rentals	151,335	6,325,803	76,254	3,358,226
Less sublease rentals	75,081	3,138,386	—	—
	76,254	3,187,417	76,254	3,358,226

2. Legal Matters

In the ordinary course of business, the Company may be a defendant in legal matters. Management does not believe the impact of such matters will have a material effect on the financial position or results of operations of the Company.

NOTE F - RELATED PARTY TRANSACTIONS

The Company has in place an Exclusive Distribution Agreement with ITC that states that the Company is ITC's exclusive distributor of ITC manufactured tobacco products in the territories of the United States, Canada, and Mexico. Purchases for the years ended March 31, 2008 and 2007, from ITC were \$ 8,615,711 and \$ 8,261,008, respectively. ITC charges the Company for certain air freight expenses incurred to ship inventory. At March 31, 2008 and 2007, the Company owed ITC \$22,271 and \$ 6,591, respectively, for air freight expenses which is offset against due from related parties on the

balance sheets.

The Company has in place a Private Label Supply Agreement and a Controlled Label Distribution Agreement with ITC. The agreements designate ITC as the sole supplier to the Company, and the Company is the exclusive importer and distributor for all ITC manufactured tobacco products in the United States, Canada, and Mexico. Furthermore, the Company billed approximately \$120,000 to ITC for expenses related to market research for the year ended March 31, 2008 and 2007. At March 31, 2008 and 2007, \$ 40,142 and \$237,425, respectively, is due from ITC relating to market research invoices and other costs reimbursable by ITC Limited.

The Company sold products to a customer wholly-owned by two stock holders of the Company (until May 9, 2007) amounting to \$ 1,033,670 and \$ 984,264 during the years ended March 31, 2008 and 2007, respectively. At March 31, 2008 and 2007, this customer owed the Company \$ -0- and \$11,065, respectively. At March 31, 2008 and 2007, the Company owed this customer \$956 and \$ 1,190, respectively, for promotional costs.

Additionally, the Company had, as of March 31, 2007, a receivable for a loan made to this customer in the amount of \$ 1.0 million, plus approximately \$ 7,000 in interest thereon. This was repaid on May 9, 2007. Interest accrued and received for the years ended March 31, 2008 and 2007, was \$ 8,815 and \$ 93,385, respectively.

NOTE G - SETTLEMENT CHARGES, NET

On February 11, 1999, the Company signed a Master Settlement Agreement ("MSA") as a Subsequent Participating Manufacturer as stated in Amendment No. 11 to the MSA. The Company was then granted immunity from any future tobacco health-related lawsuits in those 46 states where final approval has been obtained from the Courts.

The MSA is similar to the Agreement reached by the major cigarette manufacturers. However, it provides small cigarette manufacturers, such as the Company, exemption from liability for any market share in 1998 (base year). These companies are defined in the MSA as Subsequent Participating Manufacturers. Under the MSA, the Company is required to pay a proportionate share of the ultimate liability as stipulated in the MSA based on the additional market share gained by the Company over and above the base year, as measured by the Federal excise tax paid units of the Company and as calculated by an independent auditor. This calculation is performed annually, based on the previous calendar year's Federal Tax collected units, for each of the next 26 years, at which point it becomes fixed. The Company estimates its relative market share gain as defined in the MSA and the resultant settlement contribution required. The Company prorates such calendar year calculation to conform to its fiscal year. However, the ultimate amount of MSA contributions for the period for which the Company may be liable will not be known until the calculations are completed by an independent auditor. In addition, the calculations performed by an independent auditor are subject to retroactive changes and adjustments. The Company's settlement contribution for calendar year 2007 (payable in April 2008) and 2006 (paid in April 2007) is \$9,955,284 and \$4,735,713, respectively. The accrued settlement charges total \$12,555,284 and \$7,235,713 as of March 31, 2008 and 2007, respectively.

MSA settlement charges are as follows:

	March 31,			
	2008	2008	2007	2007
	\$	(Rs.)	\$	(Rs.)
Estimated cost based on current activity, net of credits	10,066,463	420,778,153	5,051,785	222,480,611
Change in estimate of MSA settlement costs based on actual results for calendar year end	(11,179)	(467,282)	(22,100)	(973,284)
	10,055,284	420,310,871	5,029,685	221,507,327

The Company protests a portion of the calculated settlement amount. Under the agreement, the Company has four years to formally protest.

NOTE H - TOBACCO BUYOUT

As required by Title VI of the American Jobs Creation Act of October 2004, and related regulations thereof, the Company is required to pay its share of the "Tobacco Buyout" assessment issued by the Commodity Credit Corporation, USDA. This assessment is for a ten-year period commencing January 2005, and is payable quarterly. Each quarterly payment is based on the Company's market share as determined by the Federal Excise Tax paid units during the previous quarter as per the rules and regulations notified. Total payments for the years ended March 31, 2008 and 2007, were \$1,820,704 and \$1,300,967, respectively.

NOTE I - PROFIT-SHARING PENSION PLAN

The Company offers a profit-sharing pension plan for all eligible employees. Employees become eligible as long as they are twenty-one years of age and have credited twelve months of service. To continue in the plan, employees must have a minimum of 1,000 hours of employment annually. Employees become fully vested with six or more years of service. Contributions to the Plan are discretionary, with a 3% minimum, under certain circumstances, on an employee's Social Security base income. Expenses for the years ended March 31, 2008 and 2007, are estimated to be approximately \$125,000 and \$121,000, respectively.

NOTE J - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, short-term investments, and accounts receivable.

The Company deposits its cash and short-term investments at two major financial institutions in the United States. At times, the Company's cash balances exceed the current insured amount under the Federal Deposit Insurance Corporation.

With respect to accounts receivable, concentration of credit risk is limited

due to the large number of customers and their dispersion across various geographic regions. The Company had one customer and two customers that exceeded 10% of total sales for the years ended March 31, 2008 and 2007, respectively. As of March 31, 2008 and 2007, accounts receivable for these customers was \$313,106 and \$268,033, respectively.

NOTE K - INCOME TAXES

The income tax provision reflected in the statements of income and retained earnings consists of the following components:

	Year ended 31st March, 2008 \$	Year ended 31st March, 2008 (Rs.)	Year ended 31st March, 2007 \$	Year ended 31st March, 2007 (Rs.)
Current income tax expense				
Federal	(1,392)	(58,186)	1,074,635	47,326,926
States	77,284	3,230,471	(87,449)	(3,851,254)
Total current	<u>75,892</u>	<u>3,172,286</u>	<u>987,186</u>	<u>43,475,672</u>
Deferred income tax expense				
Federal	321,678	13,446,140	(77,268)	(3,402,883)
States	70,775	2,958,395	79,922	3,519,765
Total deferred	<u>392,453</u>	<u>16,404,535</u>	<u>2,654</u>	<u>116,882</u>
Net income tax expense				
Federal	320,286	13,387,955	997,367	43,924,043
States	148,060	6,188,908	(7,527)	(331,489)
Total income tax expense charged to operations	<u>468,346</u>	<u>19,576,863</u>	<u>989,840</u>	<u>43,592,554</u>

The difference between the statutory rate and the rate reflected in the financial statements is due to state taxes.

The company's total deferred tax assets (liabilities) arise from basis differences summarized as follows:

	Year ended 31st March, 2008 \$	Year ended 31st March, 2008 (Rs.)	Year ended 31st March, 2007 \$	Year ended 31st March, 2007 (Rs.)
Deferred tax assets				
Inventory	83,526	3,351,063	80,882	3,515,941
Accruals and reserves	—	—	429,626	18,675,842
Total deferred tax assets	<u>83,526</u>	<u>3,351,063</u>	<u>510,508</u>	<u>22,191,783</u>
Deferred tax liabilities	<u>18,877</u>	<u>757,345</u>	<u>53,406</u>	<u>2,321,559</u>

The Company's accrued settlement charges included an additional liability reserve of \$1 million for the MSA for the year ended March 31, 2007. The Company will not incur such liability for which this reserve was created and, therefore, has eliminated the reserve for the year ended March 31, 2008. As a result of this reserve reversal, deferred tax assets were reduced for the year ended March 31, 2008.

NOTE L- SUPPLEMENTAL CASH FLOW INFORMATION

The following supplemental disclosures are required regarding cash flow information:

Cash paid during the year for:

	Year ended 31st March, 2008 \$	Year ended 31st March, 2008 (Rs.)	Year ended 31st March, 2007 \$	Year ended 31st March, 2007 (Rs.)
Income taxes	<u>2,067,171</u>	<u>86,407,748</u>	<u>—</u>	<u>—</u>

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SUPPLEMENTAL INFORMATION

Board of Directors

King Maker Marketing, Inc.

Paramus, New Jersey

Our audit was made for the purpose of forming an opinion on the basic financial statements of King Maker Marketing, Inc. as of and for the years ended March 31, 2008 and 2007, taken as a whole. The supplemental information described in the contents of this report is presented for purposes of additional analysis and is not a required part of the basic financial

statements. The supplemental information for the years ended March 31, 2008 and 2007, has been subjected to the auditing procedures applied in the audits 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.

Albany, New York
April 16, 2008

Bollam, Sheedy, Torani & Co. LLP

COST OF SALES

	Year ended 31st March, 2008	Year ended 31st March, 2008	%	Year ended 31st March, 2007	Year ended 31st March, 2007	%
	\$	(Rs.)		\$	(Rs.)	
Beginning inventory	5,321,923	231,343,993	12.8	2,426,352	108,263,826	7.8
Cigarette tax, duty, and harbor process fees	15,489,960	647,480,328	37.2	12,912,514	568,667,117	41.3
Cigarette purchases	8,615,711	360,136,720	20.7	8,261,008	363,814,792	26.4
Tobacco buyout expense	1,820,704	76,105,427	4.4	1,300,967	57,294,587	4.2
Freight-in	279,659	11,689,746	0.7	300,730	13,244,149	1.0
Storage	420,578	17,580,160	1.0	306,918	13,516,669	1.0
Customs brokerage	52,443	2,192,117	0.1	54,821	2,414,317	0.2
Brokerage commissions	—	—	—	89	3,919	0.0
Destruction charges	282	11,788	0.0	1,156	50,910	0.0
	<u>32,001,260</u>	<u>1,346,540,279</u>	<u>76.9</u>	<u>25,564,555</u>	<u>1,127,270,286</u>	<u>81.9</u>
Less ending inventory	(5,240,561)	(210,251,307)	(12.6)	(5,321,923)	(231,343,993)	(17.0)
	<u>26,760,699</u>	<u>1,136,288,972</u>	<u>64.3</u>	<u>20,242,632</u>	<u>895,926,293</u>	<u>64.9</u>

OPERATING EXPENSES

	Year ended 31st March, 2008	Year ended 31st March, 2008	%	Year ended 31st March, 2007	Year ended 31st March, 2007	%
	\$	(Rs.)		\$	(Rs.)	
Marketing and promotion	1,083,016	45,270,069	2.6	1,079,931	47,560,161	3.5
Professional fees	278,966	11,660,779	0.7	351,845	15,495,254	1.1
Shipping and handling	957,763	40,034,493	2.3	812,548	35,784,614	2.6
Salaries	802,101	33,527,822	1.9	868,737	38,259,177	2.8
Travel	243,328	10,171,110	0.6	239,796	10,560,616	0.8
Pension	125,000	5,225,000	0.3	120,319	5,298,849	0.4
General insurance	87,222	3,645,880	0.2	97,233	4,282,141	0.3
Rent	76,238	3,186,748	0.2	100,129	4,409,681	0.3
Payroll tax	67,858	2,836,464	0.2	77,732	3,423,317	0.2
Group insurance	114,926	4,803,907	0.3	102,114	4,497,100	0.3
Auto	55,576	2,323,077	0.1	62,670	2,759,987	0.2
Office supplies and expense	59,963	2,506,453	0.1	71,949	3,168,634	0.2
Training and placement fees	10,000	418,000	0.0	42,550	1,873,902	0.1
Telephone/ communication	30,302	1,266,624	0.1	25,901	1,140,680	0.1
Dues and subscriptions	43,462	1,816,712	0.1	30,963	1,363,611	0.1
Depreciation	30,338	1,268,128	0.1	33,299	1,466,488	0.1
Miscellaneous/other expenses	89,133	3,725,759	0.2	90,394	3,980,952	0.3
	<u>4,155,192</u>	<u>173,687,026</u>	<u>10.0</u>	<u>4,208,110</u>	<u>185,325,164</u>	<u>13.5</u>