

# **Dominica Coconut Products Limited**

Non-consolidated Financial Statements

**December 31, 2004**

(expressed in Eastern Caribbean dollars)

July 11, 2005

**Auditors' Report**

**To the Shareholders of  
Dominica Coconut Products Limited**

**Chartered Accountants**

# Dominica Coconut Products Limited

Non-consolidated Balance Sheet

As of December 31, 2004

(expressed in Eastern Caribbean dollars)

	2004 \$	2003 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 5)	28,234,144	27,433,533
Receivables and prepayments (note 6)	14,213,235	8,921,331
Inventories (note 7)	7,794,596	8,521,398
	<u>50,241,975</u>	44,876,262
<b>Investment in subsidiary companies</b> (note 8)	1,501,893	1,501,893
<b>Available-for-sale investment</b> (note 9)	2,110,655	2,110,655
<b>Investment property</b> (note 10)	387,190	387,190
<b>Property, plant and equipment</b> (note 11)	22,546,851	23,389,640
	<u>76,788,564</u>	72,265,640
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdraft (note 5)	1,428,084	524,424
Trade and other payables (note 12)	6,408,943	7,865,880
Income tax payable	157,505	6,233
	<u>7,994,532</u>	8,396,537
<b>Due to related party</b> (note 17)	15,922,583	21,407,120
<b>Deferred tax liability</b> (note 13)	1,716,187	1,783,292
<b>Retirement benefit obligations</b> (note 14)	296,981	215,935
	<u>25,930,283</u>	31,802,884
<b>Shareholders' equity</b>		
<b>Share capital</b> (note 15)	10,496,978	10,496,978
<b>Revaluation reserve</b> (note 16)	337,927	337,927
<b>Retained earnings</b>	40,023,376	29,627,851
	<u>50,858,281</u>	40,462,756
	<u>76,788,564</u>	72,265,640

Approved by the Board of Directors on July 11, 2005

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# **Dominica Coconut Products Limited**

Non-consolidated Statement of Income

**For the year ended December 31, 2004**

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(expressed in Eastern Caribbean dollars)

	<b>2004</b> \$	<b>2003</b> \$
<b>Sales</b>	<b>30,750,305</b>	29,877,511
<b>Cost of sales</b>	<b>(27,088,675)</b>	(26,318,427)
<b>Gross profit</b>	<b>3,661,630</b>	3,559,084
<b>Selling and distribution costs</b>	<b>(388,866)</b>	(449,599)
<b>General and administrative expenses</b>	<b>(2,085,844)</b>	(2,480,700)
<b>Operating profit</b>	<b>1,186,920</b>	628,785
<b>Other gains, net</b> (note 18)	<b>9,552,486</b>	807,796
<b>Net profit before taxation</b>	<b>10,739,406</b>	1,436,581
<b>Taxation</b> (note 19)	<b>(343,881)</b>	554,412
<b>Net profit for the year</b>	<b>10,395,525</b>	1,990,993

# Dominica Coconut Products Limited

## Non-consolidated Statement of Changes in Shareholders' Equity For the year ended December 31, 2004

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(expressed in Eastern Caribbean dollars)

	2004 \$	2003 \$
<b>Share capital</b>		
At beginning and end of year (note 15)	<u>10,496,978</u>	10,496,978
<b>Revaluation reserve</b>		
At beginning and end of year (note 16)	<u>337,927</u>	337,927
<b>Retained earnings</b>		
At beginning of year	29,627,851	27,636,858
Net profit for the year	<u>10,395,525</u>	1,990,993
At end of year	<u>40,023,376</u>	29,627,851
<b>Shareholders' equity, end of year</b>	<u>50,858,281</u>	40,462,756

# Dominica Coconut Products Limited

## Non-consolidated Statement of Cash Flows

For the year ended December 31, 2004

(expressed in Eastern Caribbean dollars)

	2004 \$	2003 \$
<b>Cash flows from operating activities</b>		
Net profit before taxation	10,739,406	1,436,581
Adjustments for:		
Depreciation	1,469,587	1,770,159
Retirement benefit obligations	81,046	29,552
Dividend income	(9,000,000)	-
	<hr/>	<hr/>
Operating profit before working capital changes	3,290,039	3,236,292
(Increase)/decrease in receivables and prepayments	(5,291,904)	2,804,030
Decrease/(increase) in inventories	726,802	(1,837,773)
(Decrease)/increase in trade and other payables	(1,456,937)	970,210
	<hr/>	<hr/>
Cash (used in)/generated from operations	(2,732,000)	5,172,759
Income tax paid	(259,714)	(209,041)
	<hr/>	<hr/>
Net cash (used in)/from operating activities	(2,991,714)	4,963,718
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(626,798)	(279,078)
Purchase of investment property	-	(36,590)
Dividends received	9,000,000	-
	<hr/>	<hr/>
Net cash from/(used in) investing activities	8,373,202	(315,668)
<b>Cash flows from financing activity</b>		
(Decrease)/increase in due to related party	(5,484,537)	7,875,210
	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	(103,049)	12,523,260
<b>Cash and cash equivalents, at beginning of year</b>	26,909,109	14,385,849
	<hr/>	<hr/>
<b>Cash and cash equivalents, at end of year (note 5)</b>	26,806,060	26,909,109

# **Dominica Coconut Products Limited**

Notes to Non-consolidated Financial Statements

**December 31, 2004**

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(expressed in Eastern Caribbean dollars)

## **1 Corporate status**

Dominica Coconut Products Limited (the Company) was incorporated under the Commercial Code of Dominica on April 8, 1965 and continued under the Companies Act, 1996. The Company is engaged in the production of raw oil and soap primarily for export. The company's parent company is Colgate Palmolive (Dominica) Inc., and its ultimate parent company is the Colgate Palmolive Company, both are incorporated in the United States of America.

The registered office and principal place of business of the company is located at Belfast, Commonwealth of Dominica.

## **2 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below:

### **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards and under the historical cost convention as modified by the revaluation of certain property, plant and equipment.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The Company has not consolidated the operations of subsidiary undertakings on the basis that the Company is itself a subsidiary of Colgate Palmolive Company. Its accounts and that of its subsidiary undertakings are included on a consolidated basis in the financial statements of Colgate Palmolive Company.

### **Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdraft. The bank overdraft is included in current liabilities on the balance sheet.

### **Trade receivables**

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is an objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount

### **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average method. The cost of finished goods comprises raw materials, direct labour, other direct cost and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less costs of completion and selling expenses. Allowance is made for obsolete, slow-moving and damaged goods.

# **Dominica Coconut Products Limited**

Notes to Non-consolidated Financial Statements

**December 31, 2004**

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(expressed in Eastern Caribbean dollars)

## **2 Summary of significant accounting policies...continued**

### **Investments in subsidiary undertakings**

Subsidiary undertakings are those entities in which the Company has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies.

Investments in subsidiary undertakings are accounted for on the cost method and accordingly their assets, liabilities and results of operations are not reflected in these accounts.

Consolidated financial statements are prepared by the ultimate parent company, Colgate Palmolive Company. Copies of the consolidated financial statements can be viewed at head office at 300 Park Avenue, 11<sup>th</sup> Floor, New York, NY 10022 – 7499, United States of America.

### **Available-for-sale investments**

The classification of investments is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of purchase and re-evaluates such designation on a regular basis. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Purchases and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the asset. Cost of purchase includes transaction costs. Available-for-sale investments are subsequently carried at fair value. Realised and unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. Equity securities for which fair value cannot be measured reliably are recognised at cost less impairment. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

### **Investment property**

Investment property comprise of land, held for an undetermined future use and is not occupied by the company. Investment property is treated as a long-term investment and is carried at cost. Land is not depreciated.

### **Property, plant and equipment**

Property, plant and machinery are recorded at valuation. Valuations were performed by external independent valuers as at June 30, 1978 and May 23, 1994, respectively with subsequent additions at cost. All other plant and equipment are stated at historical cost less accumulated depreciation.

Increases in the carrying amount arising on revaluation of property, plant and equipment were credited to revaluation reserve account in shareholders' equity less dividends paid out of the capital surplus in 1995. The remaining revaluation surplus included in equity will be transferred directly to retained earnings when the surplus is realised on the retirement or disposal of the assets.

# Dominica Coconut Products Limited

Notes to Non-consolidated Financial Statements

December 31, 2004

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(expressed in Eastern Caribbean dollars)

## 2 Summary of significant accounting policies...continued

### Property, plant and equipment...continued

Depreciation is calculated on the straight-line method to write off the cost or revalued amount of each asset to their residual values over their estimated useful lives as follows:

Land improvements and buildings	2½% - 5%
Plant, equipment and vehicles	6⅔% - 33⅓%
Jetty and bridge	5%

Land is not depreciated.

When the carrying amount of the asset is greater than the recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in operating profit.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

### Impairment of long lived assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

### Employee benefits

The Company operates a defined benefit pension plan, the assets of which are held in a separate trustee-administered fund. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually a function of one or more factors such as age, years of service or compensation. The pension plan is funded by payments from employees and by the Company taking account of the recommendations of independent qualified actuaries.

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to income over the average remaining service lives of the related employees.

# Dominica Coconut Products Limited

Notes to Non-consolidated Financial Statements

December 31, 2004

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(expressed in Eastern Caribbean dollars)

## 2 Summary of significant accounting policies...continued

### **Deferred income taxes**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

The principal temporary differences arises from depreciation on property, plant and equipment and retirement benefit obligations.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### **Share capital**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### **Revenue recognition**

Sales are recognised net of discounts, upon delivery of products and customer acceptance, if any.

Other revenues earned by the Company are recognised on an accrual basis.

### **Foreign currency translation**

#### Functional and presentation currency

Items in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Eastern Caribbean dollars, which is the Company's functional and presentation currency.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

### **Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

# Dominica Coconut Products Limited

Notes to Non-consolidated Financial Statements

December 31, 2004

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(expressed in Eastern Caribbean dollars)

## 3 Financial risk management

The Company's activities expose it to a variety of financial risk: foreign exchange risk, credit risk, liquidity risk and interest rate risk.

### Foreign exchange risk

The Company trades internationally. Such transactions are primarily in United States dollars. The exchange rate of the Eastern Caribbean dollar (EC\$) to the United States dollar (US\$) has been formally pegged at EC\$2.70 = US\$1.00 since July 1976.

### Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Company. The amount of the Company's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

The Company operates primarily in the consumer products manufacturing industry, which potentially expose the Company to concentrations of credit risk, consist primarily of trade receivables. The Company performs periodic credit evaluations of its customers' financial condition. Management does not believe significant credit risk exists at December 31, 2004.

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability of funding through an adequate amount of committed credit facilities. Management does not believe significant liquidity risk exists at December 31, 2004.

### Interest rate risk

Differences in contractual repricing or maturity dates and changes in interest rates may expose the Company to interest rate risk. The Company's exposure and interest rates on its financial assets are disclosed in Note 5.

### Fair value estimation

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists.

## 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management do not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liability within the next financial year.

# Dominica Coconut Products Limited

Notes to Non-consolidated Financial Statements

December 31, 2004

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(expressed in Eastern Caribbean dollars)

## 5 Cash and cash equivalents

	2004 \$	2003 \$
Cash at bank and in hand	2,823,217	2,817,415
Short term deposits	25,410,927	24,616,118
	<u>28,234,144</u>	<u>27,433,533</u>

The weighted average effective interest rate on short term deposits at December 31, 2004 was 1.10% (2003 – 1.10%) and these deposits have an average maturity of 4 days.

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	2004 \$	2003 \$
Cash and bank balances	28,234,144	27,433,533
Bank overdraft	(1,428,084)	(524,424)
	<u>26,806,060</u>	<u>26,909,109</u>

The weighted average effective interest rate on the bank overdraft facility at December 31, 2004 was 8.5% (2003 – 8.5%).

## 6 Receivables and prepayments

	2004 \$	2003 \$
Trade receivables	13,225,969	8,354,339
Less: provision for impairment of trade receivables	(179,997)	(85,145)
Trade receivables, net	13,045,972	8,269,194
Due from related parties (note 17)	–	25,931
Other receivables	540,737	623,702
Prepayments	626,526	2,505
	<u>14,213,235</u>	<u>8,921,331</u>

# Dominica Coconut Products Limited

Notes to Non-consolidated Financial Statements

December 31, 2004

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(expressed in Eastern Caribbean dollars)

## 7 Inventories

	2004	2003
	\$	\$
Raw materials	1,825,277	3,632,736
Packaging materials	3,262,523	3,139,190
Finished goods	2,711,852	1,408,629
Other materials	104,073	555,025
	<u>7,903,725</u>	8,735,580
Less: provision for impairment of inventories	<u>(109,129)</u>	(214,182)
	<u>7,794,596</u>	<u>8,521,398</u>

## 8 Investment in subsidiary companies

	% of ownership	2004	2003
		\$	\$
Refresh Company Limited	100%	1,500,000	1,500,000
International Marketing Limited	100%	1,893	1,893
		<u>1,501,893</u>	<u>1,501,893</u>

## 9 Available-for-sale investment

	% of ownership	2004	2003
		\$	\$
Unlisted equity investment -			
Colgate Palmolive Manufacturing (Barbados) Limited	50%	<u>2,110,655</u>	2,110,655

The company does not have control or significant influence over the above entity.

# Dominica Coconut Products Limited

Notes to Non-consolidated Financial Statements

December 31, 2004

(expressed in Eastern Caribbean dollars)

## 10 Investment property

	2004 \$	2003 \$
At beginning of year	387,190	350,600
Additions	–	36,590
At end of year	<u>387,190</u>	<u>387,190</u>

Investment property relates to 4.6 acres of land held for a currently undetermined future use. It is estimated that fair value of the land is not materially different from its carrying value.

## 11 Property, plant and equipment

	Land and Land Improvements \$	Buildings \$	Plant, Equipment and Vehicles \$	Work In Progress \$	Jetty and Bridge \$	Total \$
<b>At December 31, 2003</b>						
Cost or valuation	8,443,089	9,288,256	38,011,615	124,294	3,066,389	58,933,643
Accumulated depreciation	(92,158)	(4,320,157)	(29,747,394)	–	(1,384,294)	(35,544,003)
Net book amount	<u>8,350,931</u>	<u>4,968,099</u>	<u>8,264,221</u>	<u>124,294</u>	<u>1,682,095</u>	<u>23,389,640</u>
<b>Year ended December 31, 2004</b>						
Opening net book amount	8,350,931	4,968,099	8,264,221	124,294	1,682,095	23,389,640
Additions	–	24,552	327,127	–	275,119	626,798
Transfers	1,863,976	(521,949)	600,017	(99,742)	(1,842,302)	–
Depreciation charge	(21,251)	(314,397)	(1,019,027)	–	(114,912)	(1,469,587)
Closing net book amount	<u>10,193,656</u>	<u>4,156,305</u>	<u>8,172,338</u>	<u>24,552</u>	<u>–</u>	<u>22,546,851</u>
<b>At December 31, 2004</b>						
Cost or valuation	11,644,761	7,245,326	19,300,985	24,552	–	38,215,624
Accumulated depreciation	(1,451,105)	(3,089,021)	(11,128,647)	–	–	(15,668,773)
Net book amount	<u>10,193,656</u>	<u>4,156,305</u>	<u>8,172,338</u>	<u>24,552</u>	<u>–</u>	<u>22,546,851</u>

# Dominica Coconut Products Limited

Notes to Non-consolidated Financial Statements

December 31, 2004

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(expressed in Eastern Caribbean dollars)

## 12 Trade and other payables

	2004	2003
	\$	\$
Trade payables	150,786	501,450
Accrued expenses	1,170,802	1,253,666
Due to related parties (note 17)	5,087,355	6,110,764
	<u>6,408,943</u>	<u>7,865,880</u>

## 13 Deferred tax liability

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 30% (2003 - 30%).

The movement on deferred income tax account is as follows:

	2004	2003
	\$	\$
At beginning of year	1,783,292	1,864,654
Income statement charge	(67,105)	(81,362)
	<u>1,716,187</u>	<u>1,783,292</u>

The deferred tax liability comprises:

	2004	2003
	\$	\$
Accelerated tax depreciation	1,805,281	1,848,073
Retirement benefit obligation	(89,094)	(64,781)
	<u>1,716,187</u>	<u>1,783,292</u>

# Dominica Coconut Products Limited

Notes to Non-consolidated Financial Statements

December 31, 2004

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(expressed in Eastern Caribbean dollars)

## 14 Retirement benefit obligations

The amounts recognised in the balance sheet are determined as follows:

	<b>2004</b>	<b>2003</b>
	\$	\$
Present value of funded obligations	<b>3,706,315</b>	3,197,093
Fair value of plan assets	<b>(3,841,049)</b>	(3,257,118)
	<b>(134,734)</b>	(60,025)
Unrecognised actuarial gains	<b>431,715</b>	275,960
Net liability in the balance sheet	<b>296,981</b>	215,935

The amounts recognised in the income statement are as follows:

	<b>2004</b>	<b>2003</b>
	\$	\$
Current service cost	<b>113,791</b>	79,320
Interest cost	<b>236,459</b>	199,123
Expected return on plan assets	<b>(245,868)</b>	(210,822)
Net actuarial losses recognised in the year	<b>46,626</b>	25,363
Total, included in staff costs (note 20)	<b>151,008</b>	92,984

Movement in the liability recognised in the balance sheet:

	<b>2004</b>	<b>2003</b>
	\$	\$
At beginning of year	<b>215,935</b>	186,383
Total expenses – as shown above	<b>151,008</b>	92,984
Contributions paid	<b>(69,962)</b>	(63,432)
At end of year	<b>296,981</b>	215,935

# Dominica Coconut Products Limited

Notes to Non-consolidated Financial Statements

December 31, 2004

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(expressed in Eastern Caribbean dollars)

## 14 Retirement benefit obligations...continued

The principal actuarial assumptions used were as follows:

	<b>2004</b>	<b>2003</b>
	%	%
Discount rate at end of year	7.0	7.0
Expected return on plan assets at end of year	5.0	7.0
Future salary increases	5.0	5.0
Future pension increases	0.0	0.0
Proportion of employees opting for early retirement	0.0	0.0
Future changes in NIS ceiling	5.0	5.0

The above rates are over the long-term and may not be appropriate in any specific year.

## 15 Share capital

	<b>2004</b>	<b>2003</b>
	\$	\$
Authorised 1,000,000 ordinary shares		
Issued and fully paid 948,245 ordinary shares	<b>10,496,978</b>	10,496,978

## 16 Revaluation reserve

The revaluation reserve represents valuations in excess of cost, which arose on the revaluation of the Company's plant and machinery in 1978 and on the revaluation of land and buildings at May 23, 1994, less dividends paid out of capital surplus in 1995.

# Dominica Coconut Products Limited

Notes to Non-consolidated Financial Statements

December 31, 2004

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(expressed in Eastern Caribbean dollars)

## 17 Related party balances and transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party by making financial and operational decisions.

	2004	2003
	\$	\$
<b>Due from related parties</b> (note 6)		
Colgate Palmolive Company	–	25,816
Colgate Palmolive Burlington	–	115
	–	25,931

Included in trade receivables at the year end:

	2004	2003
	\$	\$
Colgate Palmolive (Jamaica) Limited	7,424,510	5,028,142
Colgate Palmolive Caribbean Inc.	2,626,857	1,304,727
Colgate Palmolive Dominican Republic Inc.	39,139	39,847
Colgate Guatemala - Palmolive (Central America)	30,634	–
	10,121,140	6,372,716

	2004	2003
	\$	\$
<b>Due to related parties</b>		
<b>Current</b> (note 12)		
Colgate Palmolive Company	264,066	–
Colgate Palmolive Manufacturing (Barbados) Limited	4,777,906	4,777,906
Colgate Guatemala – Palmolive (Central America)	13,351	1,283,325
Colgate – Palmolive SA DECV	–	25,686
Colgate Palmolive (Guyana) Limited	17,215	17,215
Colgate Caribbean	12,922	4,673
International Marketing Limited	1,895	1,893
Colgate Dominican Republic Inc.	–	66
	5,087,355	6,110,764
<b>Non-current</b>		
Refresh Company Limited	15,922,583	21,407,120
	21,009,938	27,517,884

# Dominica Coconut Products Limited

Notes to Non-consolidated Financial Statements

December 31, 2004

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(expressed in Eastern Caribbean dollars)

## 17 Related party balances and transactions...continued

The Company is related to the above companies by common ownership and management. The amounts due from and due to the related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

It is not expected that the amounts due to Refresh Company Limited will be called within the next year.

During the year, transactions between the Company and other related parties were as follows:

	2004 \$	2003 \$
Sales	17,014,412	17,016,255
Purchases	8,157,499	12,088,668
Marketing and advertising costs	55,971	237,524
	<hr/>	<hr/>

The above transactions were carried out on commercial terms and conditions. The pricing for related company transactions are on the basis of Colgate-Palmolive worldwide policy. This pricing policy incorporates factory cost, administrative expenses, interest and other expenses and surcharge dependent on certain specified criteria.

## 18 Other gains, net

	2004 \$	2003 \$
Interest income	345,645	244,710
Dividend income	9,000,000	-
Income from jetty	206,841	563,086
	<hr/>	<hr/>
	9,552,486	807,796
	<hr/>	<hr/>

## 19 Taxation

	2004 \$	2003 \$
Current tax	410,986	269,661
Prior years over provision- current taxation	-	(742,711)
Deferred tax	(67,105)	(32,040)
Prior years over provision - deferred taxation	-	(49,322)
	<hr/>	<hr/>
	343,881	(554,412)
	<hr/>	<hr/>

# Dominica Coconut Products Limited

Notes to Non-consolidated Financial Statements

December 31, 2004

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(expressed in Eastern Caribbean dollars)

## 19 Taxation...continued

The company was granted a forty percent (40%) tax relief on total profit by way of tax credits for five (5) years to expire in January 2007, under Section 109 of the Income Tax Act.

The tax on the Company's net profit before tax differs from the theoretical amount that would arise using the local statutory rate as follows:

	2004 \$	2003 \$
Net profit before taxation	<u>1,073,406</u>	1,436,581
Tax calculated at a rate of 30% (2003 - 30%)	3,221,822	430,974
Expenses not deductible for tax purposes	77,313	69,755
Fiscal incentives	(250,639)	(263,108)
Exempt income	(2,700,000)	-
Overprovision of prior years current taxation	-	(742,711)
Overprovision of prior years deferred taxation	-	(49,322)
Other	<u>(4,615)</u>	-
Tax charge	<u>343,881</u>	(554,412)

## 20 Staff costs

	2004 \$	2003 \$
Salaries and wages	4,553,215	4,506,598
Social security costs	263,702	248,768
Pension costs (note 14)	151,008	92,984
Other staff costs	<u>441,982</u>	857,302
	<u>5,409,907</u>	5,705,652

# Dominica Coconut Products Limited

Notes to Non-consolidated Financial Statements

December 31, 2004

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(expressed in Eastern Caribbean dollars)

## 20 Staff costs...continued

The number of employees at the year end were as follows:

	<b>2004</b>	<b>2003</b>
	<b>Number of</b>	<b>Number of</b>
	<b>employees</b>	<b>employees</b>
Permanent	146	145
Temporary	30	23
Casual	–	3
	<hr/>	<hr/>
	<b>176</b>	<b>171</b>
	<hr/>	<hr/>

# **Dominica Coconut Products Limited**

Additional Information to Non-consolidated  
Financial Statements

**December 31, 2004**

(expressed in Eastern Caribbean dollars)

July 11, 2005

## **Auditors' Report**

### **To the Shareholders of Dominica Coconut Products Limited**

The accompanying non-consolidated schedules are presented as additional information only. In this respect, they do not form part of the financial statements of **Dominica Coconut Products Limited** for the year ended December 31, 2004 and hence are excluded from the opinion expressed in our report dated July 11, 2005 to the shareholders on such financial statements. The information on these schedules have been subject to audit procedures only to the extent necessary to express an opinion on the financial statements of the company and, in our opinion, is fairly presented in all respects material to those financial statements.

### **Chartered Accountants**

# **Dominica Coconut Products Limited**

Index to Additional Information

**For the year ended December 31, 2004**

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(expressed in Eastern Caribbean dollars)

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# Dominica Coconut Products Limited

## Schedule 1 - Non-consolidated Schedule of Operations

For the year ended December 31, 2004

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(expressed in Eastern Caribbean dollars)

	Export \$	Local \$	Year ended December 31	
			2004 \$	2003 \$
<b>Sales</b>				
Toilet soap	19,669,894	574,369	<b>20,244,263</b>	17,765,702
Laundry soap	10,040,213	303,015	<b>10,343,238</b>	11,911,111
Glycerine	114,082	–	<b>114,082</b>	139,470
Coconut meal	–	48,722	<b>48,722</b>	61,228
	<u>29,824,189</u>	<u>926,116</u>	<b><u>30,750,305</u></b>	<u>29,877,511</u>
<b>Cost of sales</b>				
Direct material			<u><b>16,445,683</b></u>	<u>16,257,380</u>
<b>Production expenses</b>				
Wages and staff expenses			<b>4,265,811</b>	4,557,641
Boiler expenses and electricity			<b>2,046,222</b>	1,784,538
Depreciation			<b>1,426,348</b>	1,445,358
General expenses			<b>1,784,794</b>	1,097,205
Maintenance			<b>946,900</b>	944,919
Motor vehicle expenses			<b>172,917</b>	231,386
			<u><b>10,642,992</b></u>	<u>10,061,047</u>
<b>Total cost of sales</b>			<u><b>27,088,675</b></u>	<u>26,318,427</u>
<b>Gross profit</b>			<u><b>3,661,630</b></u>	<u>3,559,084</u>

# Dominica Coconut Products Limited

## Schedule 2 - Non-consolidated Schedule of General and Administrative Expenses For the year ended December 31, 2004

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(expressed in Eastern Caribbean dollars)

	<b>2004</b>	<b>2003</b>
	\$	\$
Salaries and employee benefits	<b>967,820</b>	916,753
Insurance	<b>166,659</b>	354,470
Depreciation	<b>49,465</b>	324,801
General office expenses	<b>322,065</b>	176,590
Loss on exchange	<b>(3,615)</b>	130,652
Audit fee and expenses	<b>127,140</b>	127,140
Telecommunications	<b>95,806</b>	115,248
Computer expenses	<b>33,526</b>	102,501
Donations	<b>78,162</b>	66,449
Postage, stationery and office supplies	<b>39,661</b>	51,204
Legal and professional fees	<b>29,025</b>	49,635
Travel and entertainment	<b>63,533</b>	29,425
Bank interest and charges	<b>59,032</b>	28,102
Subscriptions and publications	<b>7,520</b>	5,143
Repairs and maintenance	<b>31,715</b>	1,987
Rates and taxes	<b>18,330</b>	600
	<hr/> <b>2,085,824</b>	<hr/> 2,480,700

