

7.1 Cost of sales - trading unit

In Taka	Unit of measurement	Opening stock		Purchase		Closing stock		Cost of sales - trading unit	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Household & toiletries	M. Ton	41	10,841,229	6,135	716,675,446	30	15,722,336	6,146	711,794,339
	K. Litre	27	7,036,919	231	35,729,173	28	3,495,283	230	39,270,809
	Mill. No.	-	-	-	-	-	-	-	-
Pharmaceuticals	Mill. No.	6	1,755,351	5	5,414,125	6	3,350,802	5	3,818,674
	K. Litre	0.08	220,294	33	10,817,413	1	283,315	32	10,754,392
	M. Ton	-	-	5	2,529,628	-	-	5	2,529,628
Total in the year 2016			19,853,793		771,165,785		22,851,736		768,167,842
Total in the year 2015			22,718,229		655,774,622		19,853,793		658,639,058

7.2 Value of raw materials and packing materials consumed

In Taka	Note	2016	2015	2016	2015
Raw materials	7.3	44%	221,086,437	48%	241,631,159
Packing materials	7.3	56%	282,219,497	52%	265,062,523
		100%	503,305,934	100%	506,693,682
Local materials consumed		54%	272,281,021	61%	307,007,572
Imported materials consumed		46%	231,024,913	39%	199,686,110
		100%	503,305,934	100%	506,693,682

7.3 Analysis of material consumed

In Taka	Note	For the year ended 31 December	
		2016	2015
Raw material			
Esbiothrin TG		10,112,162	18,165,635
Tamarind powder		2,547,110	6,792,278
LABSA		28,096,867	29,710,618
Starch		24,495	8,814,159
Perfume jasmina		2,943,474	7,511,068
Hydrochloric acid		17,626,972	12,791,197
Phenol crystal		7,004,117	5,140,767
Pine Oil 85%min BP		29,085,891	26,995,570
PCMX		23,140,735	15,111,507
CX-140		8,248,226	6,935,242
Pamplozest		2,775,758	2,009,814
Galaxy MW 257		6,251,387	5,313,869
Others		83,229,243	96,339,435
		221,086,437	241,631,159
Packing material			
Skillet		12,539,802	24,240,864
Outer and cartons		25,966,854	60,627,310
Plastic container		205,342,387	127,854,690
Coil stand		2,809,870	5,406,961
Label		26,483,168	39,332,124
Polybag /HDPE		2,661,208	2,756,952
Others		6,416,208	4,843,622
		282,219,497	265,062,523
		503,305,934	506,693,682

7.4 Value of imports - at cost and freight basis

Raw and packing materials and finished goods for re-sale	554,716,449	559,746,184
Capital goods	97,379,243	6,541,932
	652,095,692	566,288,116

7.5 Statement of production

7.5.1 Own manufacture

Line of business	Unit of measurement	Installed capacity shift single basis	Multiple shifts as applicable		Percentage increase/ (decrease)
			2016	2015	
Household & toiletries	K. Litre	5,730	6,688	6,688	-
	Mill. No.	410	202	283	(29)
	MT	171	27	27	-
Pharmaceuticals	M. Tab.	32	32	32	-
	K. Litre	220	323	323	-
Total	M. Tab	32	33	33	-
	MT	171	27	27	-
	K. Litre	5,950	7,011	7,011	-
	Mill. No.	410	202	283	(29)

* Two lines for coil production discontinued during the year 2016 and 2015.

7.5.2 Joint venture manufactures - including imports for re-sale

Household	Mill. No.	10	10	-
	M. Ton	5,194	5,087	2.10%
	K. Litre	569	269	111.52
Food	M. Ton	-	-	-
Total	Mill. No.	10	10	-
	M. Ton	5,194	5,087	2.10%
	K. Litre	569	269	111.52

* 20gm Harpic Total and BRC Liquid launched in the year 2016

8. Net operating expenses

In Taka	Note	For the year ended 31 December	
		2016	2015
Other (income)/loss	8.1	(5,725,597)	(2,010,169)
Selling and distribution expenses	8.2	228,969,683	209,887,909
Administrative expenses	8.3	193,238,155	182,037,609
Technical services fees	20.2.2.1	110,632,750	77,936,193
Marketing expenses	8.4	779,588,326	623,697,901
		1,306,703,317	1,091,549,443

8.1 Other (income)/loss

Loss/(profit) on sale of property, plant and equipment	(5,725,597)	(2,010,169)
	(5,725,597)	(2,010,169)

8.2 Selling and distribution expenses

Salaries, wages and welfare expenses	131,913,859	117,236,210
Carriage outwards	41,088,169	47,096,799
Depot expenses	21,666,751	16,298,406
Entertainment	147	15,277
Vehicle expenses	7,985,061	6,795,779
Printing and stationery	542,878	482,332
Travelling	17,896,202	15,513,423
Sales office expenses	2,670,124	1,102,985
Insurance	962,714	1,073,351
Depreciation	17(B) 4,223,778	4,241,397
Others	20,000	31,950
	228,969,683	209,887,909

8.3 Administrative expenses

Salaries, wages and welfare expenses	142,170,697	133,451,937
Non-executive directors fee	450,000	293,900
Trademarks and patents	2,816,716	93,748
Communication	5,548,105	5,163,763
Vehicle expenses	1,296,310	1,220,148
Travelling	2,134,728	1,405,379
Corporate office expenses	20,174,592	18,902,732
Repairs and maintenance	2,925,034	3,835,768
Legal and professional charges	8.3.1 5,437,278	7,023,900
Printing and stationery	1,806,522	2,121,253
Subscriptions	818,054	189,800
Staff recruitment, training and development expenses	195,139	377,935
Entertainment	543,739	732,196
AGM expenses	1,595,131	826,267
Bank charges	1,012,702	1,250,839
Insurance	58,606	278,472
Depreciation	17(B) 4,101,532	4,690,944
Others	153,270	178,628
	193,238,155	182,037,609

8.3.1 Legal and professional charges

In Taka	Note	For the year ended 31 December	
		2016	2015
Audit related expenses			
Audit fee		543,250	350,000
Tax services		600,000	150,000
Audit of funds and other certifications		577,438	392,900
		1,720,688	892,900
Legal fees			
Legal consultancy		2,567,193	4,062,688
Other consulting fees		1,149,397	2,068,312
		3,716,590	6,131,000
		5,437,278	7,023,900

8.4 Marketing expenses

Media	197,960,703	157,916,851
Consumer marketing	121,140,326	140,307,367
Market research	5,434,035	8,980,992
Trade marketing	455,053,262	316,492,691
	779,588,326	623,697,901

9. Finance income

Interest income	9,562,361	18,899,945
	9,562,361	18,899,945

10. Earnings per share

A. Basic earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

i. Profit attributable to ordinary shareholders (basic)

In Taka	Note	2016	2015
Net profit after tax for the year, attributable to the owners of the company		296,085,922	277,513,818
Profit/(loss) attributable to ordinary		296,085,922	277,513,818

ii. Weighted-average number of ordinary shares (basic)

Issued ordinary shares as at 31 December 2016	18	4,725,000	4,725,000
Weighted-average number of ordinary shares 31 December		4,725,000	4,725,000
Basic earnings per share (EPS)		62.66	58.73

Weighted average number of ordinary shares was not changed during the current and prior year.

B. Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during these years.

11. Other employee benefit

A. Contribution to Workers' Profit Participation Fund (WPPF)

In Taka	For the year ended 31 December	
	2016	2015
Profit before contribution to Workers' Participation in Company's Profit	481,275,719	423,904,548
Applicable contribution rate	5%	5%
Amount of contribution to WPPF	22,917,891	21,195,227

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components.

In Taka	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	2016	2015	2016	2015	2016	2015
Balance at 1 January	62,883,493	50,740,000	-	-	62,883,493	50,740,000
Included in profit or loss						
Current service cost	11,960,088	8,545,097	-	-	11,960,088	8,545,097
Interest cost (income)	4,260,000	5,420,000	-	-	4,260,000	5,420,000
	16,220,088	13,965,097	-	-	16,220,088	13,965,097
Included in OCI						
Actuarial (gain)/ loss	7,050,000	-			7,050,000	-
	23,270,088	13,965,097	-	-	23,270,088	13,965,097
Other						
Benefits paid	(9,103,581)	(1,821,604)	-	-	(9,103,581)	(1,821,604)
	(9,103,581)	(1,821,604)	-	-	(9,103,581)	(1,821,604)
Balance at 31 December	77,050,000	62,883,493	-	-	77,050,000	62,883,493

In Taka	2016	2015
Net defined benefit asset	-	-
Net defined benefit liability	77,050,000	62,883,493
	77,050,000	62,883,493

Components of Other Comprehensive Income

Items not to be reclassified to profit or loss in subsequent periods:

Remeasurement loss from gratuity provision	7,050,000	-
Deferred tax (income) on remeasurement loss from gratuity provision	(1,762,500)	-
Remeasurement loss on defined benefit plans (net of tax)	5,287,500	-

C. Defined benefit obligation

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	2016	2015
Financial assumptions:		
Discount rate	8.5%	11%
Salary escalation rate		
- for first two years	8.0%	9.5%
- thereafter	7.5%	9%
Mortality rate	Indian Assured Lives Mortality (2006-08) (modified) Ult	Indian Assured Lives Mortality (2006-08) (modified) Ult
Demographic assumptions:		
Attrition rate	2%	5%

12. Income tax expense

See accounting policies in Note 31(e).

A. Amounts recognised in profit or loss

In Taka	Note	For the year ended 31 December	
		2016	2015
Current tax expense			
Current year	21	175,000,000	130,834,000
		175,000,000	130,834,000
Deferred tax (income)/expense			
Origination/(Reversal) of temporary differences	12 C	(10,965,594)	(5,638,497)
		(10,965,594)	(5,638,497)
Tax expense		164,034,406	125,195,503
Total tax charge		164,034,406	125,195,503
Less: Tax charges netted off with respective OCI items			
Deferred tax (income) on remeasurement loss from gratuity provision		(1,762,500)	-
Income tax expense presented in Profit or Loss		162,271,906	125,195,503

B. Reconciliation of effective tax rate

In Taka	2016		2015	
Profit before tax		458,357,828		402,709,321
Income tax using tax rate	25.00%	114,589,457	25.00%	100,677,330
Tax effect of:				
Excess of accounting depreciation over fiscal depreciation	0.66%	3,018,971	0.65%	2,605,365
Provision for stock obsolescence	1.59%	7,274,384	-0.30%	(1,223,530)
Non deductible expenses	5.40%	24,750,338	6.18%	24,879,375
Excess of gratuity provision over payment of gratuity	0.77%	3,541,627	0.75%	3,035,873
Excess of technical services fee over payment of technical services fee	7.12%	32,654,439	2.84%	11,429,862
Allowable deductions	-2.75%	(12,591,716)	-2.62%	(10,570,275)
Change in recognised deductible temporary differences	-2.39%	(10,965,594)	-1.40%	(5,638,497)
	35.40%	162,271,906	31.09%	125,195,503

C. Movement in deferred tax balances

2016	Net balance at 1 January	Recognised in profit or loss	Balance as at 31 December		
			Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(6,260,141)	1,912,083	(4,348,058)	-	(4,348,058)
Employee benefits - gratuity	15,720,873	3,541,627	19,262,500	19,262,500	-
Provision for inventory obsolescence	4,144,175	7,274,384	11,418,559	11,418,559	-
Net deferred tax assets (liabilities)	13,604,907	12,728,094	26,333,001	30,681,059	(4,348,058)
2015					
Property, plant and equipment	(9,905,768)	3,645,627	(6,260,141)	-	(6,260,141)
Employee benefits - gratuity	12,558,150	3,162,723	15,720,873	15,720,873	-
Provision for inventory obsolescence	5,314,028	(1,169,853)	4,144,175	4,144,175	-
Net deferred tax assets (liabilities)	7,966,410	5,638,497	13,604,907	19,865,048	(6,260,141)

13. Inventories

See accounting policy in Note 31(g)

In Taka	Note	As at 31 December	
		2016	2015
Raw and packing materials	13.1	183,967,515	163,399,178
Provision for inventory obsolescence		(26,926,998)	(11,959,454)
Net raw and packing materials		157,040,517	151,439,724
Finished goods	13.2	85,323,420	115,212,463
Provision for inventory obsolescence		(18,747,237)	(4,617,245)
Net finished goods		66,576,183	110,595,218
Work-in-progress		6,641,219	5,820,785
Inventory in transit	13.3	65,471,691	15,175,710
		72,112,910	20,996,495
		295,729,610	283,031,437

13.1 Raw and packing materials

Raw materials	142,398,090	133,659,977
Packing materials	41,569,425	29,739,201
	183,967,515	163,399,178

13.2 Finished goods

13.2.1 Operational allocation of finished goods

Manufacturing unit	62,471,684	90,741,425
Trading unit	22,851,736	19,853,793
	85,323,420	110,595,218

13.2.2 Business line-wise allocation of finished goods

Business line	Unit of measurement	2016		2015	
		Quantity Unit	Amount Taka	Quantity Unit	Amount Taka
Household and toiletries	M. Ton	556	35,548,351	335	28,234,505
	K. Litre	390	24,755,135	725	42,605,490
	Mill. No.	167	16,784,489	17	32,097,603
			77,087,975		102,937,598
Pharmaceuticals	K. Litre	25	4,249,333	19	3,964,025
	Mill. No.	18	3,986,112	10	3,693,595
			8,235,445		7,657,620
			85,323,420		110,595,218

13.3 Inventory in transit

In Taka	Note	As at 31 December	
		2016	2015
Raw and packing materials		20,758,946	6,544,006
Finished goods		44,712,745	8,631,704
		65,471,691	15,175,710

14. Trade and other receivables

In Taka	Note	As at 31 December	
		2016	2015
Trade receivables		15,346,416	6,458,049
Other receivables	14.1	1,065,043	5,141,766
		16,411,459	11,599,815

14.1 Other receivables

Intercompany receivables	14.1.1	516,710	518,276
Insurance claim receivable		-	1,398,490
Interest receivables		548,333	3,225,000
		1,065,043	5,141,766

14.1.1 Intercompany receivables

Reckitt Benckiser Corporate Services Limited		516,710	518,276
		516,710	518,276

15. Advances, deposits and prepayments

Advances			
Advance to suppliers		10,572,035	7,213,318
Advance to employees		4,079,742	4,369,897
		14,651,777	11,583,215
Deposits			
Security deposit		100,000	100,000
VAT current account		22,859,003	31,121,961
		22,959,003	31,221,961
Prepayments			
Prepaid insurance		2,646,712	2,554,370
Prepaid rent		34,907,124	33,077,097
		37,553,836	35,631,467
		75,164,616	78,436,643

16. Cash and cash equivalents

Cash in hand		215,130	100,000
Cash at bank	16.1	769,179,204	435,216,478
		769,394,334	435,316,478

16.1 Cash at bank

Citibank N.A.		73,500,543	27,311,181
Hongkong and Shanghai Banking Corporation Limited		61,919,786	31,457,962
Standard Chartered Bank		113,758,875	76,445,680
The City Bank Ltd.		-	1,655
Short term deposits	16.1.1	520,000,000	300,000,000
		769,179,204	435,216,478

16.1.1 As at 31 December 2016, the company had a short term deposit with Standard Chartered Bank with maturity of less than three months from the acquisition date.

17. Property, plant and equipment

See accounting policies in Note 31(h)

A. Reconciliation of carrying amount

In Taka	Leasehold land	Buildings	Plant and machinery	Furniture and fixtures and equipment	Computers	Vehicles	Under construction	Total
Cost								
Balance at 1 January 2015	209,490	177,334,044	209,553,639	70,917,891	29,667,934	47,465,529	1,194,585	536,343,112
Acquisition/addition during the year	-	6,978,298	7,875,015	8,569,833	5,786,833	1,722,936	740,229	31,673,144
Transfers/capitalised during the year	-	1,171,243	23,342	-	-	-	(1,194,585)	-
Disposal/adjustment	-	-	-	(669,400)	(5,060,628)	(2,817,737)	-	(8,547,765)
Balance at 31 December 2015	209,490	185,483,585	217,451,996	78,818,324	30,394,139	46,370,728	740,229	559,468,491
Balance at 1 January 2016	209,490	185,483,585	217,451,996	78,818,324	30,394,139	46,370,728	740,229	559,468,491
Acquisition/addition during the year	-	405,000	6,962,273	1,767,626	2,387,404	8,351,628	111,787,753	131,661,684
Transfers/capitalised during the year	-	-	740,229	-	-	-	(740,229)	-
Disposal/adjustment	-	-	(16,116,470)	(8)	(154,000)	(5,704,105)	-	(21,974,583)
Balance at 31 December 2016	209,490	185,888,585	209,038,028	80,585,942	32,627,543	49,018,251	111,787,753	669,155,592
Accumulated depreciation								
Balance at 1 January 2015	209,490	81,157,302	153,985,017	55,161,320	26,786,322	35,450,098	-	352,749,549
Depreciation for the year	-	11,382,877	18,778,784	6,457,387	2,999,935	5,681,082	-	45,300,065
Disposal/adjustment	-	-	-	(669,397)	(5,060,490)	(2,816,737)	-	(8,546,624)
Balance at 31 December 2015	209,490	92,540,179	172,763,801	60,949,310	24,725,767	38,314,443	-	389,502,990
Balance at 1 January 2016	209,490	92,540,179	172,763,801	60,949,310	24,725,767	38,314,443	-	389,502,990
Depreciation for the year	-	10,940,186	18,265,007	5,628,796	3,180,048	4,740,978	-	42,755,015
Disposal/adjustment	-	-	(16,063,315)	-	(94,110)	(5,700,105)	-	(21,857,530)
Balance at 31 December 2016	209,490	103,480,365	174,965,493	66,578,106	27,811,705	37,355,316	-	410,400,475
Carrying amounts								
At 1 January 2015	-	96,176,742	55,568,622	15,756,571	2,881,612	12,015,431	1,194,585	183,593,563
At 31 December 2015	-	92,943,406	44,688,195	17,869,014	5,668,372	8,056,285	740,229	169,965,501
At 31 December 2016	-	82,408,220	34,072,535	14,007,836	4,815,838	11,662,935	111,787,753	258,755,117

B. Allocation of depreciation

In Taka	Note	2016	2015
Cost of sales	7	34,429,705	36,367,724
Selling and distribution expenses	8.2	4,223,778	4,241,397
Administrative and general expenses	8.3	4,101,532	4,690,944
		42,755,015	45,300,065

C. Under construction

In Taka	Buildings	Plant and machinery	Total
Cost			
Balance at 1 January 2015	1,171,243	23,342	1,194,585
Acquisition/addition during the year	-	740,229	740,229
Capitalisation to assets during the year	(1,171,243)	(23,342)	(1,194,585)
Balance at 31 December 2015	-	740,229	740,229
Balance at 1 January 2016	-	740,229	740,229
Acquisition/addition during the year	22,371,651	89,416,102	111,787,753
Capitalisation to assets during the year		(740,229)	(740,229)
Balance at 31 December 2016	22,371,651	89,416,102	111,787,753

18. Share capital

See accounting policies in Note 31(f).

In Taka	As at 31 December	
	2016	2015
130,000 ordinary shares of Taka 10 each fully paid up in cash	1,300,000	1,300,000
20,000 ordinary shares of Taka 10 each fully paid up in other than cash	200,000	200,000
4,575,000 ordinary shares of Taka 10 each fully paid bonus share	45,750,000	45,750,000
In issue at 31 December - fully paid	47,250,000	47,250,000
Authorised		
25,000,000 ordinary shares of Taka 10 each	250,000,000	250,000,000

i. Position of shareholding

Name of the shareholders	Number of shares Unit	At 31 December 2016		At 31 December 2015	
		Face value	Percentage of holding	Face value	Percentage of holding
		Taka	%	Taka	%
Parent company					
Reckitt Benckiser plc, UK	3,919,918	39,199,180	82.96	39,199,180	82.96
Bangladeshi shareholders:					
ICB Unit Fund	57,679	576,790	1.22	341,900	0.72
Investment Corporation of Bangladesh (ICB)	55,033	550,330	1.16	550,330	1.16
ICB Mutual Funds	5,400	54,000	0.11	315,000	0.67
Individuals	260,464	2,604,640	5.51	2,510,960	5.31
Government of Bangladesh	178,339	1,783,390	3.77	1,783,390	3.77
Sadharan Bima Corporation (SBC)	79,059	790,590	1.67	790,590	1.67
Other institutions	169,108	1,691,080	3.58	1,758,650	3.72
	4,725,000	47,250,000	100	47,250,000	100

ii. Classification of shareholders by holdings

Holdings	At 31 December 2016		At 31 December 2015	
	Number of holders	Percentage of holdings	Number of holders	Percentage of holdings
Less than 500 shares	1177	1.88	1320	2.02
500 to 5,000 shares	61	2.04	82	2.18
5,001 to 10,000 shares	8	1.17	6	0.91
10,001 to 20,000 shares	4	1.16	4	1.24
20,001 to 30,000 shares	0	0.00	0	0.00
30,001 to 40,000 shares	1	0.68	1	0.72
40,001 to 50,000 shares	0	0.00	0	0.00
50,001 to 100,000 shares	3	4.16	4	6.18
100,001 to 1,000,000 shares	2	5.95	1	3.77
Over 1,000,000 shares	1	82.96	1	82.96
	1257	100.00	1419	100.00