

Interim Condensed Financial Information as at & for the period ended June 30, 2020



British American Tobacco Bangladesh Company Limited

Condensed statement of financial position

As at June 30, 2020

	Notes	30 Jun 2020 BDT (000)	31 Dec 2019 BDT (000)
Assets			
Non-current assets			
Property, plant and equipment	4	29,348,439	29,531,965
Right of use assets (ROU)	5.1	1,620,461	1,672,223
Total non-current assets		30,968,900	31,204,188
Current assets			
Inventories	6	28,141,450	16,537,884
Trade and other receivables	7	761,100	2,609,916
Advances, deposits and prepayments	8	3,447,478	3,684,485
Cash and cash equivalents	9	1,128,552	5,393,764
Total Current assets		33,478,580	28,226,049
Total assets		64,447,480	59,430,237
Equity and liabilities			
Equity			
Share capital		1,800,000	1,800,000
Capital reserve		64,896	64,896
Retained earnings		32,731,989	33,928,559
Total equity attributable to owners of the Company		34,596,885	35,793,455
Non-current liabilities			
Net defined benefit plans		156,234	951,616
Deferred tax	10	4,712,110	4,258,548
Lease liabilities	5.2	1,449,727	1,412,243
Total non-current liabilities		6,318,071	6,622,407
Current liabilities			
Bank overdrafts		43,373	-
Short term bank loans		2,500,000	-
Trade and other payables	11	14,157,321	12,237,053
Lease liabilities	5.2	359,958	390,698
Current tax liabilities	12	6,108,182	4,022,936
Provisions		363,690	363,690
Total current liabilities		23,532,524	17,014,375
Total liabilities		29,850,595	23,636,782
Total equity and liabilities		64,447,480	59,430,237

Sd /-
Golam Mainuddin
Chairman

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Shehzad Munim
Managing Director

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A. K. M. Aftab Ul Islam FCA
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Stephan Matthesen
Finance Director

Sd /-
Md. Azizur Rahman FCS
Company Secretary

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Condensed statement of profit or loss and other comprehensive income

For the period ended June 30, 2020

		1 Jan 20 To 30 Jun 20	1 Jan 19 To 30 Jun 19	1 Apr 20 To 30 Jun 20	1 Apr 19 To 30 Jun 19
	Notes	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Gross revenue		148,168,264	134,246,165	61,849,272	69,291,542
Supplementary duty and VAT		(117,463,446)	(108,825,861)	(49,242,960)	(56,196,586)
Net revenue from contracts with customers	15	30,704,818	25,420,304	12,606,312	13,094,957
Cost of sales		(14,506,149)	(13,870,749)	(5,272,822)	(7,226,869)
Gross profit		16,198,669	11,549,555	7,333,490	5,868,088
Operating expenses		(2,604,441)	(3,512,950)	(357,941)	(2,268,899)
Operating profit		13,594,228	8,036,605	6,975,549	3,599,189
Net finance income/(expenses)		(81,063)	(209,627)	(64,437)	(168,183)
Non-operating income/(expenses)		18,973	13,467	7,688	8,738
Profit before contribution to WPPF		13,532,138	7,840,445	6,918,800	3,439,745
Contribution to WPPF		(676,607)	(392,020)	(347,414)	(171,987)
Profit before tax		12,855,531	7,448,425	6,571,386	3,267,757
Income tax expense					
Current tax		(6,398,539)	(3,632,781)	(3,532,596)	(1,615,872)
Deferred tax		(453,563)	(5,908)	(72,233)	98,746
Profit for the period	16	(6,852,102)	(3,638,689)	(3,604,829)	(1,517,127)
Total comprehensive income/(loss) for the period		6,003,429	3,809,736	2,966,557	1,750,631
Earnings per share	17	33.35	21.17	16.48	9.73

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Condensed statement of changes in equity

For the period ended June 30, 2020

	Share capital	Capital reserve	Retained earnings	Total equity
	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Balance at 1 January 2020	1,800,000	64,896	33,928,559	35,793,455
Profit for the period	-	-	6,003,429	6,003,429
Total comprehensive income for the period ended 30 June 2020	1,800,000	64,896	6,003,429	41,796,885

Dividend Paid

Stock Dividend for the year 2019	-	-	-	-
Cash Dividend for the year 2019	-	-	(7,200,000)	(7,200,000)
Balance at 30 June 2020	1,800,000	64,896	32,731,989	34,596,885
Balance at 1 January 2019	600,000	64,896	28,863,958	29,528,854
Profit for the period	-	-	3,809,736	3,809,736
Total comprehensive income for the period ended 30 June 2019	-	-	3,809,736	33,338,590

Dividends

Stock Dividend for the year 2018	1,200,000	-	(1,200,000)	-
Cash Dividend for the year 2018	-	-	(812,732)	(812,732)
Balance at 30 June 2019	1,800,000	64,896	30,660,962	32,525,858

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Condensed statement of cash flows For the quarter ended June 30, 2020

		1 Jan 20 to 30 Jun 20	1 Jan 19 to 30 Jun 19
	Notes	BDT (000)	BDT (000)
Operating activities			
Collection from distributors, leaf export and others		150,035,714	137,067,688
Payment for costs and expenses		(17,665,420)	(20,126,840)
Supplementary duty and VAT paid		(126,832,296)	(121,997,887)
Cash generated from operating activities		5,537,998	(5,057,038)
Income tax paid			
Interest Received/(Paid)		(4,313,294)	(4,359,018)
		5,276	(220,064)
Net cash flows from operating activities	20	1,229,980	(9,636,120)
Investing activities			
Purchase of property, plant and equipment		(591,570)	(846,316)
Proceeds from sale of property, plant and equipment		31,782	-
Net cash flows used in investing activities		(559,788)	(846,316)
Financing activities			
Proceeds from short term loan		2,500,000	15,600,000
Repayment of short term loan		-	(4,380,000)
IFRS 16 Movement		(303,049)	-
Dividend paid		(7,176,189)	(808,677)
Net cash flows used in financing activities		(4,979,238)	10,411,323
Net Increase/(decrease) in cash and cash equivalents		(4,309,046)	(71,113)
Cash and cash equivalents at 01 January 2020*		5,393,764	833,726
Effect of exchange rate fluctuations on cash held		461	(10,173)
Cash and cash equivalents at 30 June 2020*		1,085,178	752,440

*Cash and cash equivalents include bank overdrafts that are payable on demand and form an integral part of the Company's cash management.

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British American Tobacco Bangladesh Company Limited

Notes to the Financial Statements for the period ended June 30, 2020

1 Company profile

British American Tobacco Bangladesh Company Limited (the "Company") is a public limited company incorporated in Bangladesh and its shares are quoted in Dhaka and Chittagong Stock Exchanges. The address of the Company's registered office is New D.O.H.S. Road, Mohakhali, Dhaka-1206, Bangladesh.

The Company manufactures tobacco product and market brands including Benson & Hedges, John Player Gold Leaf, Capstan, Star, Royals, Derby, Pilot and Hollywood. The Company has its head office and the cigarette factory in Dhaka, a green leaf threshing plant in Kushtia, a green leaf redrying plant in Manikganj and a number of leaf and sales offices throughout the country.

2 Basis of preparation

This interim condensed financial information have been prepared in accordance with the international accounting standard (IAS) 34, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations in Bangladesh. Cash flows from operating activities are prepared under direct method as prescribed by the Securities and Exchange Rules 1987.

The financial statements have been prepared on a historical cost basis, except for inventory, trade receivables and contingent consideration that have been measured at fair value. The financial statements provide comparative information in respect of the previous period.

On 14 December 2017, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this recent adoption will not have any impact on the financial statements of the Company going forward.

3 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the significant accounting policies:

- A. Current versus non-current classification
- B. Property, plant and equipment
- C. Financial instruments
- D. Share capital
- E. Impairment
- F. Lease
- G. Inventories
- H. Employee benefits
- I. Provisions
- J. Contingencies
- K. Revenue from contracts with customers
- L. Income tax expense
- M. Foreign currency transactions
- N. Finance income and expenses
- O. Earnings per share (EPS)
- P. Statement of cash flows
- Q. Dividends
- R. Materiality and aggregation
- S. Events after the reporting period
- T. Changes in accounting policies and disclosures

4 Property, plant and equipment	Balance as at 30 Jun 2020	Balance as at 31 Dec 2019
<i>In thousands of BDT</i>		
Opening balance (WDV)	29,531,965	26,483,587
Addition	643,529	11,413,168
Disposal	(120)	(7,034,609)
Depreciation	(826,935)	(1,330,180)
	29,348,439	29,531,965

5.1 Right of use assets (ROU)

The Company has leases for Warehouse, Handling Shades, Forklift, Office and Rented Apartment and other equipment, and been capitalized under IFRS 16 Leases. Information related to Right-of-use Asset and Lease Liability are depicted below:

	Balance as at 30 Jun 2020	Balance as at 31 Dec 2019
<i>In thousands of BDT</i>		
Opening balance (WDV)	1,672,223	1,046,671
Addition	223,454	1,174,230
Disposal	(31,782)	(58,212)
Depreciation	(243,434)	(490,466)
	1,620,461	1,672,223

5.2 Lease Liabilities

Non-current Liabilities	Balance as at 30 Jun 2020	Balance as at 31 Dec 2019
<i>In thousands of BDT</i>		
Lease Liabilities- Non Current	1,948,737	1,932,475
Interest Liabilities- Non Current	(499,010)	(520,232)
	1,449,727	1,412,243
Current portion Liabilities	Balance as at 30 Jun 2020	Balance as at 31 Dec 2019
<i>In thousands of BDT</i>		
Lease Liabilities- Current	508,913	542,849
Interest Liabilities- Current	(148,955)	(152,151)
	359,958	390,698
Total Lease Liabilities	1,809,685	1,802,941

6 Inventories	Balance as at 30 Jun 2020	Balance as at 31 Dec 2019
<i>In thousands of BDT</i>		
Leaf	14,979,770	10,468,431
Wrapping materials	1,041,106	743,928
Work in process	47,194	46,970
Consumable stores	658,849	498,097
Finished goods	11,006,334	4,398,038
Inventories in transit	408,197	382,420
	28,141,450	16,537,884

Raw materials and finished goods inventories are measured at the lower of cost and net realizable value. Spare parts are valued at cost.

7 Trade and other receivables	Balance as at 30 Jun 2020	Balance as at 31 Dec 2019
<i>In thousands of BDT</i>		
Trade receivables	455,145	2,304,262
Expected credit loss	(455)	(1,152)
Net trade receivables	454,690	2,303,110
Intercompany receivables	279,407	245,080
Sundry receivables	27,003	61,726
	761,100	2,609,916

These are all unsecured and considered good; as such no provision was required to be made against these receivables.

8 Advances, deposits and prepayments	Balance as at 30 Jun 2020	Balance as at 31 Dec 2019
<i>In thousands of BDT</i>		
Advances	3,395,363	3,669,803
Deposits	12,636	12,636
Prepayments	39,479	2,047
	3,447,478	3,684,485

9 Cash and cash equivalents	Balance as at 30 Jun 2020	Balance as at 31 Dec 2019
<i>In thousands of BDT</i>		
Cash in hand	1,960	776
Cash at bank		
Dividend account	73,634	49,824
Foreign currency - current accounts	277,968	639,441
Current accounts	258,193	1,695,584
Fixed Deposit Receipt (FDR)	419,700	2,419,700
Short Term Deposit (STD)	97,097	588,439
	1,126,592	5,392,987
Cash and cash equivalents at statement of financial position	1,128,552	5,393,764

All the above balances are held with scheduled and nationalized banks. Cash at banks earns interest at floating rates based on daily bank deposit rates.

All the above balances are held with scheduled and nationalized banks.

10 Deferred tax

In thousands of BDT

10.1 Deferred tax asset	30 Jun 2020			31 Dec 2019		
	Carrying amount	Tax base	Taxable/ (deductible) temporary difference	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
	at reporting date			at reporting date		
	BDT (000)		BDT (000)	BDT (000)		BDT (000)
Provision for inventories	(131,728)	-	(131,728)	(112,843)	-	(112,843)
Provision for gratuity	(215,753)	-	(215,753)	(1,011,135)	-	(1,011,135)
Net temporary difference	(347,481)	-	(347,481)	(1,123,978)	-	(1,123,978)
Applicable tax rate			47.5%			47.5%
Deferred tax asset			(165,053)			(533,889)
10.2 Deferred tax liability	30 Jun 2020			31 Dec 2019		
	Carrying amount	Tax base	Taxable/ (deductible) temporary difference	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
	at reporting date			at reporting date		
	BDT (000)		BDT (000)	BDT (000)		BDT (000)
Property, plant and equipment excluding land	19,342,022	9,072,640	10,269,382	20,036,554	9,816,495	10,220,058
ROU Assets	(1,670)	-	(1,670)	(130,718)	-	(130,718)
Net temporary difference	19,340,352	9,072,640	10,267,712	19,905,836	9,816,495	10,089,340
Applicable tax rate			47.5%			47.5%
Deferred tax liabilities			4,877,163			4,792,437
10.3 Net deferred tax liabilities				Balance as at 30 Jun 2020		Balance as at 31 Dec 2019
Deferred tax asset				(165,053)		(533,889)
Deferred tax liabilities				4,877,163		4,792,437
Net deferred tax liabilities				4,712,110		4,258,548

11 Trade and other payables	Balance as at 30 Jun 2020	Balance as at 31 Dec 2019
<i>In thousands of BDT</i>		
Trade payables	3,242,068	1,924,690
Intercompany payables	6,095,107	5,188,972
Workers' Profit Participation Fund (WPPF)	676,607	18,996
Wages and other benefits	226,901	510,212
Unclaimed dividend	73,634	49,824
Accrued expenses	3,770,638	4,466,660
Sundry payables	72,366	77,699
	14,157,321	12,237,053

12 Current tax liabilities	Balance as at 30 Jun 2020	Balance as at 31 Dec 2019
<i>In thousands of BDT</i>		
Opening Balance	4,022,936	5,918,997
Provision made during the year	6,398,539	7,028,523
	10,421,475	12,947,520
Advance payment of corporate tax	(4,313,293)	(8,924,585)
	6,108,182	4,022,936

13 Contingencies

Contingent liabilities of the Company that relate to issue of letter of credit and bank guarantee to third parties are listed below:

	Balance as at 30 Jun 2020	Balance as at 31 Dec 2019
<i>In thousands of BDT</i>		
Letter of credit	1,315,648	1,747,992
Bank guarantee	77,620	77,620

14 Litigation

The Company has various claims and legal actions arising in the ordinary course of business. In particular, in November 2013, the Company received a retrospective notice of imposition and realisation of VAT and Supplementary Duty on low price category brands (Pilot & Bristol) from the National Board of Revenue (NBR) alleging to have evaded tax by selling in the low price segments rather than the mid-tier segments. The claim was for approximately BDT 17,806 million against which the Company appealed and subsequently the Appellate Division of the Supreme Court has accepted the Company's appeals by judgement and order dated 25 July 2018. The Company has received the certified copy of the judgement. There are no other updates in this regard.

	1-Jan-20 to 30-Jun-20	1-Jan-19 to 30-Jun-19
15 Revenue from contracts with customers		
<i>In thousands of BDT</i>		
15.1 Quantity in million sticks	28,609	26,167
Gross revenue from domestic sale	147,654,256	133,764,860
Supplementary duty and VAT	<u>(117,463,446)</u>	<u>(108,778,631)</u>
Revenue from domestic sale, net	<u>30,190,810</u>	<u>24,986,229</u>
15.2 Quantity in million sticks	117.65	15.56
Gross revenue from finished goods export	<u>107,008</u>	<u>16,254</u>
Revenue from export of finished goods, net	<u>107,008</u>	<u>16,254</u>
15.3 Quantity in million kgs	2.86	1.86
Gross revenue from leaf export	407,000	465,051
Leaf export duty	<u>-</u>	<u>(47,230)</u>
Revenue from export of leaf, net	<u>407,000</u>	<u>417,821</u>
Total revenue from contracts with customers, net	<u>30,704,818</u>	<u>25,420,304</u>
16 Income tax expenses		
<i>In thousands of BDT</i>		
Current income tax:		
Current income tax charge	6,398,539	3,632,781
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>453,563</u>	<u>5,908</u>
Income tax expense reported in the statement of profit or loss	<u>6,852,102</u>	<u>3,638,689</u>
17 Basic earnings per share		
<i>In thousands of BDT</i>		
The computation of earning per share is given below:		
Total profit attributable to the ordinary shareholders	6,003,429	3,809,736
Weighted average number of shares outstanding	180,000	180,000
Basic earnings per share in BDT	<u>33.35</u>	<u>21.17</u>
17.1 Weighted average number of ordinary shares outstanding		
The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year. The weighted average number of shares is calculated by assuming that the shares have always been in issue. This means that they have been issued at the start of the year presented as the comparative figures.		
17.2 Diluted earnings per share		
No diluted earnings per share is required to be calculated for this period as there was no scope for dilution till 30 June 2020.		
18 Net Asset value (NAV) per share		
<i>In thousands of BDT</i>		
The computation of NAV Per Share		
Net Assets Value	34,596,885	35,793,455
Weighted average number of shares outstanding	17.1 <u>180,000</u>	<u>180,000</u>
NAV Per Share in BDT	<u>192.20</u>	<u>198.85</u>
19 Net operating cash flows per share (NOCFPS)		
<i>In thousands of BDT</i>		
Net cash flow from operating activities	1,229,980	(9,636,120)
Weighted average number of shares outstanding	17.1 <u>180,000</u>	<u>180,000</u>
Net Operating cash flow per share (NOCFPS) in BDT	<u>6.83</u>	<u>(53.53)</u>

20 Reconciliation between net profit with cash flows from operating activities

	1-Jan-20 to 30-Jun-20	1-Jan-19 to 30-Jun-19
<i>In thousands of BDT</i>		
Profit for the period (Profit After Tax)	6,003,429	3,809,736
Adjustment for:		
Depreciation and Impairment	1,070,369	844,919
(Gain)/Loss on fixed asset	120	-
Other Adjustments	<u>6,932,705</u>	<u>3,864,871</u>
	14,006,623	8,519,526
Changes in:		
(Increase)/decrease in inventories	(11,603,565)	(11,499,298)
(Increase)/decrease in trade receivables and others	1,848,817	2,797,884
(Increase)/decrease in advances, deposits and prepayments	185,048	(6,347,943)
Increase/(decrease) in trade payables and others	1,896,457	1,015,883
Increase/(decrease) in net defined benefit plans	(795,382)	(30,165)
Increase/(decrease) in provisions	-	487,077
Income tax & Interest payments	<u>(4,308,018)</u>	<u>(4,579,082)</u>
Net cash generated from operating activities	<u>1,229,980</u>	<u>(9,636,120)</u>

21 Significant deviations

- 21.1** Earning per share (EPS) increased for higher profit after tax compared to last year driven by higher sales volume & deferral of major initiatives to second half of 2020 due to Covid-19 along with lower interest expenses.
- 21.2** Net Operating cash flow per share (NOCFPS) increased mainly because of higher collection from sales and leaf export partially offset by higher Supplementary duty, VAT and payment to suppliers.

22 General

Figures appearing in these financial statements have been rounded to the nearest thousand taka.

23 Events after the reporting period

There are no other events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.



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