

# Interim Condensed Audited Financial Statement For The Quarter Ended September 30, 2020



# British American Tobacco Bangladesh Company Limited

## Condensed Statement of financial position

### As at September 30, 2020

	Notes	<u>30 Sep 2020</u> BDT (000)	<u>31 Dec 2019</u> BDT (000)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	29,359,784	29,531,965
Right of use assets (ROU)	5.1	1,450,611	1,672,223
<b>Total non-current assets</b>		<b><u>30,810,395</u></b>	<b><u>31,204,188</u></b>
<b>Current assets</b>			
Inventories	6	23,832,947	16,537,884
Trade and other receivables	7	74,649	2,609,916
Advances, deposits and prepayments	8	2,549,032	3,684,485
Cash and cash equivalents	9	8,494,836	5,393,764
<b>Total Current assets</b>		<b><u>34,951,464</u></b>	<b><u>28,226,049</u></b>
<b>Total assets</b>		<b><u>65,761,859</u></b>	<b><u>59,430,237</u></b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	11	1,800,000	1,800,000
Capital reserve	13	64,896	64,896
Retained earnings		35,450,135	33,928,559
<b>Total equity attributable to owners of the Company</b>		<b><u>37,315,031</u></b>	<b><u>35,793,455</u></b>
<b>Non-current liabilities</b>			
Net defined benefit plans		120,490	951,616
Deferred tax Liabilities	14.3	4,806,792	4,258,548
Lease liabilities	5.2	1,317,339	1,412,243
<b>Total non-current liabilities</b>		<b><u>6,244,621</u></b>	<b><u>6,622,407</u></b>
<b>Current liabilities</b>			
Trade and other payables	15	15,124,755	12,237,053
Lease liabilities	5.2	296,866	390,698
Current tax liabilities	16	6,425,772	4,022,936
Provisions		354,814	363,688
<b>Total current liabilities</b>		<b><u>22,202,207</u></b>	<b><u>17,014,375</u></b>
<b>Total liabilities</b>		<b><u>28,446,828</u></b>	<b><u>23,636,782</u></b>
<b>Total equity and liabilities</b>		<b><u>65,761,859</u></b>	<b><u>59,430,237</u></b>

*The notes annexed 1 to 28 are an integral part of these financial statements.*

Sd /-  
Golam Mainuddin  
Chairman

Sd /-  
Shehzad Munim  
Managing Director

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A. K. M. Aftab Ul Islam  
Director

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Stephan Matthiesen  
Finance Director

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Md. Azizur Rahman  
Company Secretary

Sd /-  
A. Qasem & Co.  
Chartered Accountants

# British American Tobacco Bangladesh Company Limited

## Condensed statement of profit or loss and other comprehensive income For the quarter ended September 30, 2020

	Notes	1 Jan 2020	1 Jan 2019	1 July 2020	1 July 2019
		To	To	To	To
		30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
		BDT (000)	BDT (000)	BDT (000)	BDT (000)
Gross revenue		203,801,852	194,360,657	55,633,587	60,114,492
Supplementary duty and VAT		(160,359,876)	(153,754,042)	(42,896,430)	(44,928,180)
<b>Net revenue from contracts with customers</b>	17	<b>43,441,976</b>	<b>40,606,615</b>	<b>12,737,157</b>	<b>15,186,312</b>
Cost of sales		(20,462,745)	(21,005,541)	(5,956,596)	(7,134,792)
<b>Gross profit</b>		<b>22,979,231</b>	<b>19,601,074</b>	<b>6,780,561</b>	<b>8,051,520</b>
Operating expenses		(4,143,059)	(5,310,705)	(1,538,618)	(1,797,755)
<b>Operating profit</b>		<b>18,836,172</b>	<b>14,290,369</b>	<b>5,241,943</b>	<b>6,253,765</b>
Net finance income/(expenses)		(99,713)	(437,161)	(18,650)	(227,535)
Non-operating income/(expenses)		59,704	48,057	40,731	34,590
<b>Profit before contribution to WPPP</b>		<b>18,796,163</b>	<b>13,901,265</b>	<b>5,264,024</b>	<b>6,060,820</b>
Contribution to WPPP		(939,808)	(695,063)	(263,201)	(303,043)
<b>Profit before tax</b>		<b>17,856,355</b>	<b>13,206,202</b>	<b>5,000,823</b>	<b>5,757,777</b>
Income tax expense					
Current tax		(8,586,534)	(6,431,923)	(2,187,995)	(2,799,143)
Deferred tax		(548,245)	(303,186)	(94,682)	(297,277)
		(9,134,779)	(6,735,109)	(2,282,677)	(3,096,420)
<b>Profit for the period</b>		<b>8,721,576</b>	<b>6,471,093</b>	<b>2,718,146</b>	<b>2,661,357</b>
Other comprehensive income/(loss) for the period		-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>		<b>8,721,576</b>	<b>6,471,093</b>	<b>2,718,146</b>	<b>2,661,357</b>
		<b>BDT</b>	<b>BDT</b>	<b>BDT</b>	<b>BDT</b>
<b>Earnings per share</b>		<b>48.45</b>	<b>35.95</b>	<b>15.10</b>	<b>14.79</b>

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## Condensed statement of changes in equity

### For the period ended September 30, 2020

	Share capital BDT (000)	Capital reserve BDT (000)	Retained earnings BDT (000)	Total equity BDT (000)
<b>Balance at 1 January 2020</b>	1,800,000	64,896	33,928,559	35,793,455
Profit for the period	-	-	8,721,576	8,721,576
<b>Total comprehensive income for the period ended September 30, 2020</b>			8,721,576	8,721,576
<b>Dividend Paid</b>				
Stock Dividend for the year 2019	-		-	
Cash Dividend for the year 2019	-		(7,200,000)	(7,200,000)
<b>Balance at September 30, 2020</b>	1,800,000	64,896	35,450,135	37,315,031
<b>Balance at 1 January 2019</b>	600,000	64,896	28,863,958	29,528,854
Profit for the period	-	-	6,471,093	6,471,093
<b>Total comprehensive income for the period ended September 30, 2019</b>			6,471,093	6,471,093
<b>Dividends</b>				
Stock Dividend for the year 2018	1,200,000		(1,200,000)	-
Cash Dividend for the year 2018			(3,000,000)	(3,000,000)
<b>Balance at September 30, 2019</b>	1,800,000	64,896	31,135,050	32,999,946

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## Condensed statement of cash flows

### For the period ended September 30, 2020

	1 Jan 2020 to 30 Sep 2020	1 Jan 2019 to 30 Sep 2019
	<u>BDT (000)</u>	<u>BDT (000)</u>
<b>Operating activities</b>		
Collection from distributors, leaf export and others	206,361,083	197,629,644
Payment for costs and expenses	(27,334,625)	(27,234,974)
Supplementary duty and VAT paid	(161,421,268)	(151,741,323)
<b>Cash generated from operating activities</b>	<u><b>17,605,190</b></u>	<u><b>18,653,347</b></u>
Income tax paid	(6,183,698)	(7,147,417)
Interest Received/(Paid)	28,840	(328,506)
<b>Net cash flows from operating activities</b>	<u><b>11,450,332</b></u>	<u><b>11,177,424</b></u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(771,862)	(1,203,468)
Proceeds from sale of property, plant and equipment	38,169	29,548
<b>Net cash flows used in investing activities</b>	<u><b>(733,693)</b></u>	<u><b>(1,173,920)</b></u>
<b>Financing activities</b>		
Repayment of short term loan	-	(4,380,000)
Lease Movement	(429,805)	(714,914)
Dividend paid	(7,185,254)	(2,996,417)
<b>Net cash flows used in financing activities</b>	<u><b>(7,615,059)</b></u>	<u><b>(8,091,331)</b></u>
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>3,101,580</b>	<b>1,912,173</b>
<b>Cash and cash equivalents at 01 January 2020*</b>	<b>5,393,764</b>	<b>833,726</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>(508)</b>	<b>(7,995)</b>
<b>Cash and cash equivalents at September 30, 2020*</b>	<u><b>8,494,836</b></u>	<u><b>2,737,904</b></u>

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# British American Tobacco Bangladesh Company Limited

## Notes to the Financial Statements for the period ended September 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.

#### Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is both functional and presentational currency of the Company. The amounts in these financial statements have been rounded off to the nearest thousand BDT (000) unless otherwise indicated. Because of these rounding off, in some instance the total may not match the sum of individual balance.

#### Authorisation for Issue

These interim condensed financial statements were authorised for issue by the Board of Directors of the company on 21

### 3 Significant accounting policies

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

	Freehold building	Freehold land	Furniture and fixtures	IT equipment	Laboratory equipment	Leasehold building	Office equipment	Plant and machinery	Vehicles	Assets under construction (AUC)	Total
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
<b>Cost</b>											
Balance at 01 January 2019	1,269,273	428,782	353,408	408,456	313,909	756,078	769,106	20,038,034	1,212,588	10,642,714	36,192,328
Additions	992,737	1,097,734	61,455	50,329	24,175	117,076	311,991	4,659,669	142,298	3,955,685	11,413,168
Disposals/transfers	(2,928)	-	(43,355)	(11,448)	(106)	(68)	(25,339)	(16,945)	(81,751)	(6,852,041)	(7,034,609)
<b>As at 31 December 2019</b>	<b>2,259,082</b>	<b>1,526,496</b>	<b>371,509</b>	<b>447,339</b>	<b>337,978</b>	<b>872,456</b>	<b>1,055,757</b>	<b>24,680,778</b>	<b>1,273,136</b>	<b>7,746,358</b>	<b>40,570,886</b>
Balance at 01 January 2020	2,259,082	1,526,496	371,508	447,338	337,978	872,456	1,055,758	24,680,778	1,273,136	7,746,358	40,570,890
Additions	8,385	-	8,764	(502)	54,033	38,596	23,679	605,876	25,671	1,031,834	1,796,137
Disposals/transfers	-	-	(2,354)	-	-	-	(22,076)	(10,320)	(129,233)	(735,282)	(899,255)
<b>As at 30 September 2020</b>	<b>2,267,467</b>	<b>1,526,496</b>	<b>377,919</b>	<b>446,836</b>	<b>392,011</b>	<b>911,052</b>	<b>1,057,361</b>	<b>25,776,334</b>	<b>1,169,575</b>	<b>8,042,716</b>	<b>41,467,762</b>
<b>Depreciation and impairment</b>											
Balance at 01 January 2019	205,641	-	268,321	293,474	182,272	175,325	370,888	7,676,521	556,299	-	9,708,741
Depreciation for the year	43,292	-	30,538	62,070	26,743	24,432	140,368	920,130	234,094	-	1,481,657
Impairment	-	-	-	-	-	-	-	-	-	-	-
Disposals/transfers	(2,215)	-	(36,819)	(5,455)	(106)	(319)	(16,830)	(8,888)	(80,855)	-	(151,487)
<b>As at 31 December 2019</b>	<b>246,719</b>	<b>-</b>	<b>262,040</b>	<b>350,089</b>	<b>188,910</b>	<b>199,437</b>	<b>494,426</b>	<b>8,587,762</b>	<b>709,538</b>	<b>-</b>	<b>11,038,921</b>
Balance at 01 January 2020	246,719	-	262,041	350,089	188,910	199,437	494,426	8,587,762	709,538	-	11,038,922
Depreciation for the period	41,711	-	22,430	44,080	18,557	20,895	137,257	794,406	151,780	-	1,231,117
Impairment	-	-	-	-	-	-	-	-	-	-	-
Disposals/transfers	-	-	(2,025)	-	-	-	(22,056)	(10,231)	(127,749)	-	(162,051)
<b>As at 30 September 2020</b>	<b>288,430</b>	<b>-</b>	<b>282,446</b>	<b>394,169</b>	<b>207,467</b>	<b>220,332</b>	<b>609,628</b>	<b>9,371,937</b>	<b>733,568</b>	<b>-</b>	<b>12,077,377</b>
<b>Net book value</b>											
As at 31 December 2019	2,012,363	1,526,496	109,469	97,251	149,068	673,018	561,331	16,093,015	563,597	7,746,358	29,511,965
As at 31 September 2020	1,979,037	1,526,496	95,473	92,687	184,544	690,720	447,734	15,904,397	438,006	8,042,716	29,399,784

5.1 Schedule of Lease

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:

ROU Assets

	Rented Apartment		Fork Lift		Office		Warehouse		Total	
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
<b>Cost</b>										
Balance at 01 January 2019			30,297	3,467	22,519	990,388	1,046,671			
Additions/modifications			22,264	28,973	59,733	1,063,260	1,174,230			
Disposals			(6,231)	-	(2,613)	(49,368)	(58,212)			
<b>As at 31 December 2019</b>			<b>46,330</b>	<b>32,440</b>	<b>79,639</b>	<b>2,004,280</b>	<b>2,162,689</b>			
Balance at 01 January 2020			46,330	32,440	79,639	2,004,280	2,162,689			
Additions/modifications			40,599	34,931	34,931	238,154	313,684			
Disposals			(4,958)	-	-	(333,350)	(338,308)			
<b>As at 30 September 2020</b>			<b>81,971</b>	<b>32,440</b>	<b>114,570</b>	<b>1,909,084</b>	<b>2,138,065</b>			
<b>Depreciation and impairment</b>										
Balance at 01 January 2019			-	-	20,381	450,654	503,928			
Depreciation for the period			27,779	5,114	20,381	450,654	503,928			
Impairment			-	-	-	-	-			
Disposals/modifications			(818)	-	(1,082)	(11,562)	(13,462)			
<b>As at 31 December 2019</b>			<b>26,961</b>	<b>5,114</b>	<b>19,299</b>	<b>439,092</b>	<b>490,466</b>			
Balance at 01 January 2020			26,961	5,114	19,299	439,092	490,466			
Depreciation for the period			14,644	5,646	15,858	297,980	334,129			
Impairment			-	-	-	-	-			
Disposals/modifications			(3,306)	-	-	(133,836)	(137,141)			
<b>As at 30 September 2020</b>			<b>38,301</b>	<b>10,760</b>	<b>35,157</b>	<b>603,236</b>	<b>687,454</b>			
<b>Net book value</b>										
As at 31 December 2019			19,369	27,326	60,340	1,565,187	1,672,223			
As at 30 September 2020			43,670	21,680	79,413	1,305,848	1,450,611			

5.2 Lease Liabilities

	As at 30 September 2020	As at 31 December 2019
	BDT (000)	BDT (000)
<b>Non-current Portion</b>		
Lease Liabilities- Non Current	1,778,018	1,932,475
Interest Liabilities- Non Current	(460,679)	(520,232)
	<b>1,317,339</b>	<b>1,412,243</b>
<b>Current portion</b>		
Lease Liabilities- Current	434,484	542,849
Interest Liabilities- Current	(137,618)	(152,151)
	<b>296,866</b>	<b>390,698</b>
<b>Total Lease Liabilities</b>	<b>1,614,205</b>	<b>1,802,941</b>

6 Inventories	As at	As at
	30 Sep 2020	31 Dec 2019
	BDT (000)	BDT (000)
Leaf	15,396,580	10,468,431
Wrapping materials	1,272,504	743,928
Work in process	53,776	46,970
Consumable stores	743,998	498,097
Finished goods	6,158,434	4,398,038
Inventories in transit	207,655	382,420
	<b>23,832,947</b>	<b>16,537,884</b>

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

Trade receivables	4,133	2,304,262
Expected credit loss	(4)	(1,152)
<b>Net trade receivables</b>	<b>4,129</b>	<b>2,303,110</b>
Intercompany receivables	66,581	245,080
Sundry receivables	3,939	61,726
	<b>74,649</b>	<b>2,609,916</b>

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

#### 8 Advances, deposits and prepayments

Advances	2,450,517	3,669,803
Deposits	59,036	12,636
Prepayments	39,479	2,047
	<b>2,549,032</b>	<b>3,684,485</b>

#### 9 Cash and cash equivalents

Cash in hand	1,114	776
Cash at bank		
Dividend account	64,569	49,824
Foreign currency - current accounts	939,339	639,441
Current accounts	2,857,367	1,695,584
Fixed Deposit Receipt (FDR)	1,919,700	2,419,700
Short Term Deposit (STD)	2,712,747	588,439
	<b>8,493,722</b>	<b>5,392,988</b>
<b>Cash and cash equivalents at statement of financial position</b>	<b>8,494,836</b>	<b>5,393,764</b>

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.

#### 9.1 Restricted cash balance

Dividend account is used only to pay dividends to the shareholders. The balance of this account moves with dividend transactions only.

#### 10 Net Asset value (NAV) per share

##### The computation of NAV Per Share

Net Assets Value		37,315,031	35,793,455
Weighted average number of shares outstanding	17.1	180,000	180,000
<b>NAV Per Share in BDT</b>		<b>207.31</b>	<b>198.85</b>



## 11 Share capital

	As at 30 Sep 2020	As at 31 Dec 2019
<b>Authorised:</b>		
60,000,000 ordinary shares of BDT 10 each	600,000,000	600,000,000
4,800,000,000 ordinary shares of BDT 10 each	4,800,000,000	4,800,000,000
	<b>5,400,000,000</b>	<b>5,400,000,000</b>
<b>Issued, subscribed and fully paid up:</b>		
Issued for cash:		
3 ordinary shares of BDT 10 each	30	30
Issued for consideration other than cash:		
59,999,997 ordinary shares of BDT 10 each	599,999,970	599,999,970
120,000,000 bonus shares of BDT 10 each	1,200,000,000	1,200,000,000
	<b>1,800,000,000</b>	<b>1,800,000,000</b>

## 12 Shareholding position

See accounting policy in Note 6D.

Name of shareholder	As at 30 Sep 2020			As at 31 Dec 2019		
	No. of shares	Value (BDT)	Percentage	No. of shares	Value (BDT)	Percentage
Raleigh Investment Co. Ltd., UK	131,236,074	1,312,360,740	72.91%	131,236,074	1,312,360,740	72.91%
Investment Corporation of Bangladesh	10,680,724	106,807,240	5.93%	10,476,132	104,761,320	5.82%
Sadharan Bima Corporation	5,083,991	50,839,910	2.82%	5,083,991	50,839,910	2.82%
Bangladesh Development Bank Limited	603,648	6,036,480	0.34%	598,794	5,987,940	0.33%
Government of Bangladesh	1,160,472	11,604,720	0.64%	1,160,472	11,604,720	0.64%
Others	31,235,091	312,350,910	17.35%	31,444,537	314,445,370	17.47%
	<b>180,000,000</b>	<b>1,800,000,000</b>	<b>100%</b>	<b>180,000,000</b>	<b>1,800,000,000</b>	<b>100%</b>

### 12.1 Share distribution schedule

A distribution schedule of the shares at the reporting date is given below following the requirement of listing regulations:

Shareholder's range	As at 30 Sep 2020			As at 31 Dec 2019		
	Number of shareholders	Total number of shares	Percentage of holding	Number of shareholders	Total number of shares	Percentage of holding
Less than 501 shares	16,192	1,640,441	0.91%	17,295	1,646,057	0.91%
501 to 5,000 shares	2,195	2,920,218	1.62%	1,857	2,328,639	1.29%
5,001 to 10,000 shares	108	765,471	0.43%	74	522,470	0.29%
10,001 to 20,000 shares	62	866,532	0.48%	31	442,517	0.25%
20,001 to 30,000 shares	29	716,688	0.40%	12	297,915	0.17%
30,001 to 40,000 shares	6	221,793	0.12%	4	138,560	0.08%
40,001 to 50,000 shares	6	268,542	0.15%	3	134,026	0.07%
50,001 to 100,000 shares	19	1,349,632	0.75%	13	931,120	0.52%
100,001 to 1,000,000 shares	24	7,903,163	4.39%	18	6,655,419	3.70%
Over 1,000,000 shares	8	163,347,520	90.75%	8	166,903,277	92.72%
	<b>18,649</b>	<b>180,000,000</b>	<b>100%</b>	<b>19,315</b>	<b>180,000,000</b>	<b>100%</b>

## 13 Capital reserve

Capital reserve represents non-remittable reserve of BDT 64.9 million which is 90% of the cumulative post tax profit on disposal of property, plant and equipment as historically defined and directed by Bangladesh Bank. The requirement to create such special reserve on profit from sale of property, plant and equipment has been withdrawn since 1993.

14 Deferred tax

14.1 Deferred tax asset	As at 30 Sep 2020 BDT (000)			As at 31 Dec 2019 BDT (000)		
	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
Provision for inventories	(181,653)	-	(181,653)	(112,843)	-	(112,843)
Provision for gratuity	(180,008)	-	(180,008)	(1,011,135)	-	(1,011,135)
<b>Net temporary difference</b>	<b>(361,661)</b>	<b>-</b>	<b>(361,661)</b>	<b>(1,123,978)</b>	<b>-</b>	<b>(1,123,978)</b>
<b>Applicable tax rate</b>			<b>47.5%</b>			<b>47.5%</b>
<b>Deferred tax asset</b>			<b>(171,789)</b>			<b>(533,889)</b>
14.2 Deferred tax liability						
	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
Property, plant and ROU Assets	19,613,522	8,968,705	10,644,817	20,036,554	9,816,495	10,220,058
	(163,594)	-	(163,594)	(130,718)	-	(130,718)
<b>Net temporary difference</b>	<b>19,449,929</b>	<b>8,968,705</b>	<b>10,481,223</b>	<b>19,905,836</b>	<b>9,816,495</b>	<b>10,089,340</b>
<b>Applicable tax rate</b>			<b>47.5%</b>			<b>47.5%</b>
<b>Deferred tax liabilities</b>			<b>4,978,581</b>			<b>4,792,437</b>
14.3 Net deferred tax liabilities				As at 30 Sep 2020 BDT (000)		As at 31 Dec 2019 BDT (000)
Deferred tax asset				(171,789)		(533,889)
Deferred tax liabilities				4,978,581		4,792,437
<b>Net deferred tax liabilities</b>				<b>4,806,792</b>		<b>4,258,548</b>
15 Trade and other payables						
Trade payables				5,041,200		1,924,890
Intercompany payables				5,208,981		5,188,972
Workers' Profit Participation Fund (WPPF)				939,808		18,996
Wages and other benefits				241,134		510,212
Unclaimed dividend				64,570		49,824
Accrued expenses				2,635,964		4,466,660
Sundry payables				993,098		77,699
				<b>15,124,755</b>		<b>12,237,053</b>
16 Current tax liabilities						
Opening Balance				4,022,936		5,918,997
Provision made during the year				8,586,534		7,028,523
				<b>12,609,470</b>		<b>12,947,520</b>
Advance payment of corporate tax				(6,183,698)		(8,924,585)
				<b>6,425,772</b>		<b>4,022,936</b>

17 Revenue from contracts with customers	1 Jan 2020 to 30 Sep 2020		1 Jan 2019 to 30 Sep 2019	
	BDT (000)		BDT (000)	
Quantity in million sticks		38,470.93		36,609.12
Gross revenue from domestic sale		202,524,656		192,348,310
Supplementary duty and VAT		(160,359,876)		(153,703,074)
<b>Revenue from domestic sale, net</b>		<b>42,164,780</b>		<b>38,645,236</b>
Quantity in million sticks		307.74		20.07
Gross revenue from finished goods export		268,657		20,942
<b>Revenue from export of finished goods, net</b>		<b>268,657</b>		<b>20,942</b>
Quantity in million kgs		4.84		7.44
Gross revenue from leaf export		1,008,539		1,990,988
Leaf export duty				(50,633)
<b>Revenue from export of leaf, net</b>		<b>1,008,539</b>		<b>1,940,355</b>
<b>Total revenue from contracts with customers, net</b>		<b>43,441,976</b>		<b>40,606,533</b>
<b>18 Net finance income/(expenses)</b>				
Interest income		203,417		39,294
Interest expense				
Borrowing		(174,577)		(367,800)
IFRS 16		(128,553)		(108,655)
		<b>(99,713)</b>		<b>(437,161)</b>
<b>19 Income tax expenses</b>				
Current income tax:				
Current income tax charge		8,586,534		6,431,923
Deferred tax:				
Relating to origination and reversal of temporary differences		548,245		303,186
<b>Income tax expense reported in the statement of profit or loss</b>		<b>9,134,779</b>		<b>6,735,109</b>
<b>19.1 Reconciliation of effective tax rate</b>				
	1 Jan 2020 to 30 Sep 2020		1 Jan 2019 to 30 Sep 2019	
	%	BDT (000)	%	BDT (000)
<b>Profit before tax</b>		<b>17,856,355</b>		<b>13,206,202</b>
Current tax expense	48.09%	8,586,534	48.70%	6,431,923
Deferred tax expense	3.07%	548,245	2.30%	303,186
Total tax expense	51.16%	9,134,779	51.00%	6,735,109
Expected income tax using applicable tax rate	47.50%	8,481,768	47.50%	6,272,946
Prior year adjustment	0.00%		0.00%	
Tax on non deductible expenses	0.59%	104,765	1.20%	158,977
<b>Effective current tax</b>	<b>48.09%</b>	<b>8,586,534</b>	<b>48.70%</b>	<b>6,431,923</b>
<b>Effective deferred tax</b>	<b>3.07%</b>	<b>548,245</b>	<b>2.30%</b>	<b>303,186</b>
	<b>51.16%</b>	<b>9,134,779</b>	<b>51.00%</b>	<b>6,735,109</b>

20	Basic earnings per share	1 Jan 2020	1 Jan 2019
		to	to
		30 Sep 2020	30 Sep 2019
		BDT (000)	BDT (000)
	The computation of earning per share is given below:		
	Total profit attributable to the ordinary shareholders	8,721,576	6,471,093
	Weighted average number of shares outstanding	180,000	180,000
	<b>Basic earnings per share in BDT</b>	<b>48.45</b>	<b>35.95</b>

#### 20.1 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.

#### 20.2 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 September 2020.

#### 21 Net operating cash flows per share (NOCFPS)

Net cash flow from operating activities		11,450,332	11,177,424
Weighted average number of shares outstanding	17.1	180,000	180,000
<b>Net Operating cash flow per share (NOCFPS) in BDT</b>		<b>63.61</b>	<b>62.10</b>

#### 22 Related party disclosures

##### Related party transactions

Relationship	Transaction values for the year ended		Receivable/(payable) outstanding		
	As at 30 Sep 2020	As at 31 Dec 2019	As at 30 Sep 2020	As at 31 Dec 2019	
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	
<b>Income</b>					
<b>a. Leaf, Cigarette export and sale of goods</b>					
BAT (GLP) Limited	BAT Group company	378,413	1,534,801	(132,780)	863
PTCL	BAT Group company	11,108	366,309	0	61,077
BAT (Singapore) PTE LTD	BAT Group company	268,657	66,275	-	-
Ceylon Tobacco Company PLC	BAT Group company	1,358	-	(4)	-
Central Manufacturing Company PTE Ltd	BAT Group company	-	23,417	-	-
		<b>659,536</b>	<b>1,990,802</b>	<b>(132,784)</b>	<b>61,940</b>
<b>b. Other fee</b>					
Other fee received/to be received from:					
BAT Holdings Limited	Holding company	-	20,470	(0)	10,235
BASS GSD limited	BAT Group company	-	2,163	(0)	324
BAT INVESTMENTS LTD	Holding company	-	13,606	1,101	13,606
British-American Tobacco Polska S.A	BAT Group company	-	2,532	1,266	1,266
British-American Tobacco (Singapore)	BAT Group company	-	996	46,609	996
VINA-BAT JV HCMC Branch	BAT Group company	12,958	2,224	1,727	2,224
British American Tobacco Asia-	BAT Group company	8,853	1,953	8,853	-
BAT KOREA	BAT Group company	-	4,516	-	-
Commercial Marketers & Distributors	BAT Group company	1,480	12,187	1,480	0
		<b>23,291</b>	<b>60,650</b>	<b>61,036</b>	<b>28,551</b>
<b>Total related party income and balance receivables</b>		<b>682,826</b>	<b>2,051,451</b>	<b>(71,748)</b>	<b>90,591</b>

## Expenses

### c. Procurement of services

Procurement of information technology, product and other services:

BASS GSD limited	BAT Group company	135,147	186,472	(407,756)	(444,748)
BRITISH AMERICAN TOBACCO AUSTRALIA	BAT Group company	389	1,435	(1,824)	(1,435)
BAT GERMANY GMBH	BAT Group company	-	1,703	(1,703)	(1,703)
BAT (Hamburg International) GmbH	BAT Group company	2,323	2,578	(4,901)	(2,578)
BAT Holdings Limited	Holding company	414	498	(3,974)	(4,803)
BAT Asia-Pacific Region Limited	BAT Group company	-	-	(79,542)	(79,542)
BAT AsPac Service Centre Sdn Bhd	BAT Group company	242,068	199,993	(715,698)	(675,265)
BAT GSD (KL) Sdn Bhd	BAT Group company	327	1,120	(3,151)	(2,824)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	2,345	-	(14,121)	(11,775)
British American Tobacco Tutun	BAT Group company	-	47,053	(47,053)	(47,053)
BAT Japan	BAT Group company	10,094	-	(10,094)	-
		<b>393,107</b>	<b>440,852</b>	<b>(1,289,817)</b>	<b>(1,271,526)</b>

Relationship	Transaction values for the year ended		Receivable/(payable) outstanding	
	As at	As at	As at	As at
	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019
	<b>BDT (000)</b>	<b>BDT (000)</b>	<b>BDT (000)</b>	<b>BDT (000)</b>

### d. Purchase of leaf & goods

Purchase of leaf and wrapping materials from:

BAT Singapore (Private) limited	BAT Group company	177,528	43,264	9,487	9,082
BAT (GLP) Limited	BAT Group company	501,934	225,036	(1,992)	154,488
PTCL	BAT Group company	-	-	3,179	-
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	139,702	25,998	15,557	(3,623)
British American Tobacco Western Europe	BAT Group company	13,910	49,848	-	(9,810)
BAT KOREA MANUFACTURING LTD	BAT Group company	1,031	4,303	929	(0)
		<b>834,105</b>	<b>348,449</b>	<b>27,160</b>	<b>150,137</b>

### e. Royalty

Royalty paid/payable to:

BAT Holdings Limited**	Holding company	483,440	762,204	(1,908,149)	(1,959,626)
		<b>483,440</b>	<b>762,204</b>	<b>(1,908,149)</b>	<b>(1,959,626)</b>

### f. Technical and advisory fee

Payment of fees for technical and advisory support services to:

BAT Investments Ltd**	BAT Group company	-	1,014,000	(1,932,755)	(1,932,755)
		<b>-</b>	<b>1,014,000</b>	<b>(1,932,755)</b>	<b>(1,932,755)</b>

### g. Purchase of equipment

Purchase of equipment from:

BAT Singapore (Private) limited	BAT Group company	-	15,785	(15,785)	(15,785)
BAT MARKETING (S) PTE LTD	BAT Group company	4,484	-	(4,484)	-
BAT Germany GMBH	BAT Group company	-	-	(2,013)	(2,013)
British-American Tobacco Polska S.A	BAT Group company	-	(440)	-	-
BRITISH AMERICAN TOBACCO CHILE	BAT Group company	-	-	(69)	(69)
PT Bentoel International Investama,	BAT Group company	-	1,044	-	-
British American Tobacco Kenya Ltd	BAT Group company	94	72	(166)	(72)
BAT Nigeria Ltd	BAT Group company	-	403	(516)	(516)
BAT Romania Investment	BAT Group company	-	-	(1,093)	(1,093)
British American Tobacco Tutun	BAT Group company	891	-	(1,877)	(986)
British American Tobacco Mexico	BAT Group company	-	181	(181)	(181)
		<b>5,469</b>	<b>17,045</b>	<b>(26,184)</b>	<b>(20,714)</b>

### Total related party expenses and outstanding balances

	<b>1,716,121</b>	<b>2,582,550</b>	<b>(5,129,741)</b>	<b>(5,034,484)</b>
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\*Advance paid

\*\*Closing balance consists of royalty of 2018, 2019 and 2020 and technical & advisory fee of 2018 and 2019.

**22 Commitments**

Capital expenditure	As at	As at
	30 Sep 2020	31 Dec 2019
	BDT (000)	BDT (000)
Authorised but not provided for	995,593	1,657,563

**23 Contingencies**

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

**Letter of credit**

Citibank, N.A.	1,113,144	989,567
Commercial Bank of Ceylon PLC	39,309	295,633
The Hong Kong and Shanghai Banking Corporation Limited	43,111	94,204
Standard Chartered Bank	179,629	368,588
	<b>1,375,194</b>	<b>1,747,992</b>

**Bank Guarantee**

Standard Chartered Bank	41,045	41,045
Commercial Bank of Ceylon PLC	487,600	21,061
Eastern Bank Ltd.	13,514	13,514
Citibank, N.A.	2,000	2,000
	<b>544,159</b>	<b>62,106</b>

**24 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. The Government has filed review petitions on 25 March 2020 against the judgment passed by the Appellate Division of the Supreme Court of Bangladesh.

**25 Reconciliation between net profit with cash flows from operating activities**

	1 Jan 2020	1 Jan 2019
	to	to
	30 Sep 2020	30 Sep 2019
	BDT (000)	BDT (000)
<b>Profit for the period (Profit After Tax)</b>	8,721,576	6,471,093
<b>Adjustment for:</b>		
Depreciation and Impairment	1,565,245	1,429,383
(Gain)/Loss on fixed asset	(36,247)	(28,259)
Other Adjustments	9,235,000	7,180,265
	<b>19,485,573</b>	<b>15,052,481</b>
<b>Changes in:</b>		
(Increase)/decrease in inventories	(7,295,063)	(2,650,812)
(Increase)/decrease in trade receivables and others	2,535,267	3,241,196
(Increase)/decrease in advances, deposits and prepayments	846,460	628,951
Increase/(decrease) in trade payables and others	2,872,955	2,019,027
Increase/(decrease) in net defined benefit plans	(831,126)	4,967
Increase/(decrease) in provisions	(8,876)	357,537
Income tax & Interest payments	(6,154,858)	(7,475,923)
<b>Net cash generated from operating activities</b>	<b>11,450,332</b>	<b>11,177,424</b>

**26 Significant deviations**

26.1 Earning per share (EPS) increased for higher profit after tax compared to last year driven by higher sales volume along with lower interest expenses.

**27 General**

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

**28 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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