

Interim Condensed Unaudited Financial Statement
For The Quarter Ended March 31, 2021

Building A Better
TOMORROW



BritishAmerican Tobacco Bangladesh Company Limited

Condensed Statement of financial position

As at March 31, 2021

	Notes	31 March 2021 BDT (000)	31 December 2020 BDT (000)
Assets			
Non-current assets			
Property, plant and equipment	4	29,293,818	29,571,253
Right of use assets (ROU)	5.1	1,586,960	1,440,480
Total non-current assets		30,880,778	31,011,733
Current assets			
Inventories	6	28,022,018	23,780,680
Trade and other receivables	7	112,165	141,439
Advances, deposits and prepayments	8	3,673,041	3,940,327
Cash and cash equivalents	9	6,523,981	5,873,085
Total current assets		38,331,205	33,735,532
Total assets		69,211,983	64,747,265
Equity and liabilities			
Equity			
Share capital	11	1,800,000	1,800,000
Capital reserve	13	64,896	64,896
Retained earnings		27,006,832	32,134,819
Total equity attributable to owners of the Company		28,871,728	33,999,715
Non-current liabilities			
Net defined benefit plans		44,455	61,442
Deferred tax Liabilities	14.3	5,128,365	5,184,594
Lease liabilities	5.2	1,437,781	1,312,345
Total non-current liabilities		6,610,601	6,558,381
Current liabilities			
Trade and other payables	15	25,424,891	17,798,121
Unclaimed dividend		72,769	75,165
Lease liabilities	5.2	353,069	310,914
Current tax liabilities	16	7,258,935	5,384,973
Provisions		619,990	619,996
Total current liabilities		33,729,654	24,189,169
Total liabilities		40,340,255	30,747,549
Total equity and liabilities		69,211,983	64,747,265

The notes annexed 1 to 27 are an integral part of these financial statements.

Sd /-
Golam Mainuddin
Chairman

Sd /-
Shehzad Munim
Managing Director

Sd /-
A. K. M. Aftab Ul Islam
Director

Sd /-
Stephan Matthiesen
Finance Director

Sd /-
Md. Azizur Rahman
Company Secretary

British American Tobacco Bangladesh Company Limited

Condensed statement of profit or loss and other comprehensive income

For the quarter ended March 31, 2021

	Notes	01 January 2021 to	01 January 2020 to
		31 March 2021	31 March 2020
		BDT (000)	BDT (000)
Gross revenue		95,540,901	86,318,993
Supplementary duty and VAT		(75,120,308)	(68,220,486)
Net revenue from contracts with customers	17	20,420,593	18,098,506
Cost of sales		(9,671,902)	(9,233,327)
Gross profit		10,748,691	8,865,180
Operating expenses		(2,348,491)	(2,246,500)
Operating profit		8,400,199	6,618,680
Net finance income/(expenses)	18	(24,713)	(16,626)
Non-operating income/(expenses)		4,117	11,285
Profit before contribution to WPPF		8,379,604	6,613,338
Contribution to WPPF		(418,980)	(329,193)
Profit before tax		7,960,623	6,284,145
Income tax expense			
Current tax	19	(4,144,838)	(2,865,943)
Deferred tax		56,228	(381,329)
		(4,088,610)	(3,247,272)
Profit for the period		3,872,014	3,036,873
Total comprehensive income for the period		3,872,014	3,036,873
		BDT	BDT
Earnings per share	20.1	21.51	16.87
Earnings per share (after issuance of bonus shares)	20.2	7.17	5.62

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Condensed statement of changes in equity

For the quarter ended 31 March 2021

	Share capital	Capital reserve	Retained earnings	Total equity
	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Balance at 1 January 2021	1,800,000	64,896	32,134,818	33,999,714
	-	-	-	-
Profit for the period	-	-	3,872,014	3,872,014
Other comprehensive income for the period	-	-	-	-
Dividend declared but not paid				
FY 2020 final cash and stock dividend	-	-	(9,000,000)	(9,000,000)
Balance as at 31 March 2021	1,800,000	64,896	27,006,832	28,871,728
Balance at 1 January 2020	1,800,000	64,896	33,928,559	35,793,455
	-	-	-	-
Profit for the period	-	-	3,036,873	3,036,873
Other comprehensive income for the period	-	-	-	-
Balance as at 31 March 2020	1,800,000	64,896	36,965,433	38,830,329

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Condensed statement of cash flows

For the period ended 31 March 2021

	01 January 2021 to 31 March 2021	01 January 2020 to 31 March 2020
	BDT (000)	BDT (000)
Operating activities		
Collection from distributors, leaf export and others	95,576,436	87,245,554
Payment for costs and expenses	(12,356,092)	(5,118,596)
Supplementary duty and VAT paid	(80,103,787)	(79,099,457)
Cash generated from operating activities	3,116,557	3,027,501
Income tax paid	(2,270,876)	(1,862,448)
Interest received	17,903	25,882
Net cash flows from operating activities	863,583	1,190,936
Investing activities		
Purchase of property, plant and equipment	(86,276)	(139,575)
Proceeds from sale of property, plant and equipment	120	-
Net cash flows used in investing activities	(86,156)	(139,575)
Financing activities		
Lease Movement	(123,542)	(134,673)
Dividend paid	(2,396)	(37)
Net cash flows used in financing activities	(125,937)	(134,710)
Net Increase in cash and cash equivalents	651,491	916,651
Cash and cash equivalents at 01 January	5,873,085	5,393,764
Effect of exchange rate fluctuations on cash held	(595)	522
Cash and cash equivalents at 31 March	6,523,981	6,310,937

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British American Tobacco Bangladesh Company Limited

Notes to the Financial Statements for the period ended March 31, 2021

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 - Interim Financial Reporting*, the Companies Act 1994, the Securities and Exchange Rules 1987, Financial Reporting Act 2015, relevant guideline issued by BSEC 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.

These financial statements have been prepared on going concern basis. Unless otherwise specifically mentioned, historical cost principle has been followed for the purpose of these financial statements; 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.

The interim condensed consolidated financial statements should be read in conjunction with the British American Tobacco Company Bangladesh Limited's annual statutory financial statements as at 31 December 2020.

2.1 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.

2.2 Authorisation for Issue

These interim condensed financial statements were authorised for issue by the Board of Directors of the company on 25 May 2021

3 Significant accounting policies

The same accounting policies and methods of computation have been followed in these interim condensed financial statements as were applied in the preparation of the financial statements of British American Tobacco Company Bangladesh Limited, as at and for the year ended 31 December 2020.

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)
Cost											
Balance at 01 January 2020	2,259,082	1,526,496	371,509	447,339	337,978	872,456	1,055,757	24,680,778	1,273,134	7,746,358	40,570,886
Additions	2,708,704	-	49,330	40,773	54,000	243,585	64,874	1,016,633	113,809	1,547,662	5,839,369
Disposals/transfers	(12,458)	-	(8,847)	(96,353)	(7,041)	-	(27,876)	(71,909)	(135,033)	(4,117,313)	(4,476,830)
As at 31 December 2020	4,955,327	1,526,496	411,992	391,759	384,937	1,116,041	1,092,754	25,625,501	1,251,911	5,176,708	41,933,426
Balance at 01 January 2021	4,955,327	1,526,496	411,992	391,759	384,937	1,116,041	1,092,756	25,625,501	1,251,911	5,176,707	41,933,426
Additions	-	-	15,736	3,400	-	11,380	8,280	119,124	59,013	96,338	313,270
Disposals/transfers	-	-	-	-	-	-	(181)	(39,371)	-	(153,812)	(193,364)
As at 31 March 2021	4,955,327	1,526,496	427,728	395,159	384,937	1,127,420	1,100,854	25,705,254	1,310,924	5,119,233	42,053,334
Depreciation and impairment											
Balance at 01 January 2020	246,719	-	262,041	350,089	188,910	199,437	494,426	8,587,762	709,538	-	11,038,923
Depreciation for the year	64,314	-	30,100	57,423	25,235	31,390	182,267	1,069,938	199,091	-	1,659,758
Impairment	-	-	-	-	-	-	-	-	-	-	-
Disposals/transfers	(6,983)	-	(8,515)	(96,304)	(7,040)	-	(27,853)	(56,320)	(133,491)	-	(336,506)
As at 31 December 2020	304,050	-	283,626	311,207	207,105	230,828	648,841	9,601,380	775,138	-	12,362,173
Balance at 01 January 2021	304,050	-	283,626	311,207	207,105	230,828	648,840	9,601,381	775,138	-	12,362,175
Depreciation for the period	26,217	-	7,979	12,433	6,660	13,292	45,171	276,860	46,615	-	435,225
Impairment	-	-	-	-	-	-	-	-	-	-	-
Disposals/transfers	-	-	-	-	-	-	(180)	(37,704)	-	-	(37,884)
As at 31 March 2021	330,266	-	291,604	323,640	213,765	244,119	693,831	9,840,538	821,753	-	12,759,516
Net book value											
As at 31 December 2020	4,651,277	1,526,496	128,367	80,553	177,832	885,213	443,914	16,024,120	476,773	5,176,708	29,571,253
As at 31 March 2021	4,625,061	1,526,496	136,124	71,520	171,172	883,301	407,023	15,864,716	489,171	5,119,233	29,293,818

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.

ROU Assets

	Rented Apartment	Fork Lift	Office	Warehouse	Total
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Cost					
Balance at 01 January 2020	46,330	32,440	79,639	2,004,280	2,162,689
Additions/modifications	45,148	85,285	38,840	248,879	418,152
Disposals	(22,458)	-	(11,821)	(418,628)	(452,907)
As at 31 December 2020	69,021	117,725	106,658	1,834,531	2,127,934
Balance at 01 January 2021	69,021	117,725	106,658	1,834,531	2,127,934
Additions/modifications	-	5,486	6,753	244,423	256,662
Disposals	-	(3,467)	(2,298)	(169,020)	(174,785)
As at 31 March 2021	69,021	119,743	111,114	1,909,934	2,209,811
Depreciation and impairment					
Balance at 01 January 2020	26,961	5,114	19,299	439,092	490,466
Depreciation for the year	20,803	14,787	21,419	391,720	448,728
Impairment	-	-	-	-	-
Disposals/modifications	(20,805)	-	(11,821)	(219,114)	(251,740)
Balance at 31 December 2020	26,959	19,901	28,897	611,698	687,455
Balance at 01 January 2021	26,959	19,901	28,897	611,698	687,455
Depreciation for the period	6,414	5,060	5,500	85,063	102,037
Impairment	-	-	-	-	-
Disposals/modifications	-	(3,467)	(2,298)	(160,875)	(166,640)
As at 31 March 2021	33,373	21,493	32,099	535,886	622,851
Net book value					
As at 31 December 2020	42,062	97,824	77,761	1,222,832	1,440,480
As at 31 March 2021	35,648	98,250	79,015	1,374,048	1,586,960

5.2 Lease Liabilities

	31 March 2021	31 December 2020
	BDT (000)	BDT (000)
Non-current Portion		
Lease Liabilities- Non Current	1,921,795	1,767,551
Interest Liabilities- Non Current	(484,014)	(455,207)
	1,437,781	1,312,345
Current portion		
Lease Liabilities- Current	508,778	449,766
Interest Liabilities- Current	(155,709)	(138,852)
	353,069	310,914
Total Lease Liabilities	1,790,849	1,623,258

6 Inventories

	<u>31 March 2021</u>	<u>31 December 2020</u>
	<u>BDT (000)</u>	<u>BDT (000)</u>
Inventories in Hand	27,574,816	23,110,649
Inventories in Transit	<u>447,202</u>	<u>670,031</u>
	<u>28,022,018</u>	<u>23,780,680</u>
Inventories in Hand		
Leaf	5,778,567	8,425,259
Wrapping materials	1,495,847	1,162,903
Work in process	41,802	69,237
Consumable stores	770,309	639,815
Finished goods		
Cost of finished goods	2,563,925	2,199,237
VAT, SD and HDS on finished goods	<u>16,924,367</u>	<u>10,614,199</u>
	<u>27,574,816</u>	<u>23,110,649</u>
Inventories in Transit		
Leaf	143,232	50,482
Wrapping materials	250,046	502,944
Consumable stores	<u>53,925</u>	<u>116,605</u>
	<u>447,202</u>	<u>670,031</u>

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
	<u>BDT (000)</u>	<u>BDT (000)</u>
7 Trade and other receivables		
Trade receivables	4,119	4,130
Expected credit loss	<u>(4)</u>	<u>(4)</u>
Net trade receivables	<u>4,115</u>	<u>4,126</u>
Intercompany receivables	95,346	128,512
Sundry receivables	<u>12,704</u>	<u>8,801</u>
	<u>112,165</u>	<u>141,439</u>

8 Advances, deposits and prepayments

Advances	3,577,467	3,913,978
Deposits	11,700	24,336
Prepayments	<u>83,873</u>	<u>2,014</u>
	<u>3,673,041</u>	<u>3,940,327</u>

	Notes	31 March 2021	31 December 2020
		BDT (000)	BDT (000)
9 Cash and cash equivalents			
Cash in hand		1,260	2,155
Cash at bank		-	
Dividend account		72,714	75,165
Foreign currency - current accounts		921,588	616,730
Current accounts		2,429,870	1,898,486
Fixed Deposit Receipt (FDR)		422,475	2,594,572
Short Term Deposit (STD)		2,676,074	685,977
		<u>6,522,721</u>	<u>5,870,930</u>
Cash and cash equivalents at statement of financial position		<u>6,523,981</u>	<u>5,873,085</u>

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.

9.2 Reconciliation between net profit with cash flows from operating activities

	Notes	01 January 2021 to 31 March 2021	01 January 2020 to 31 March 2020
		BDT (000)	BDT (000)
Profit for the period (Profit After Tax)		3,872,014	3,036,873
Adjustment for:			
Depreciation and Impairment		537,262	541,992
(Gain)/Loss on fixed asset		1,549	-
Other Adjustments		(4,886,083)	3,263,376
		<u>(475,258)</u>	<u>6,842,241</u>
Changes in:			
(Increase)/decrease in inventories		(4,241,338)	(5,545,318)
(Increase)/decrease in trade receivables and others		29,274	908,845
(Increase)/decrease in advances, deposits and prepayments		194,103	(957,349)
Increase/(decrease) in trade payables and others		7,626,770	2,032,647
Increase/(decrease) in net defined benefit plans		(16,987)	(809,176)
Increase/(decrease) in provisions		(6)	555,613
Income tax & Interest payments		<u>(2,252,973)</u>	<u>(1,836,566)</u>
Net cash generated from operating activities		<u>863,583</u>	<u>1,190,935</u>

	Notes	31 March 2021	31 December 2020
		BDT (000)	BDT (000)
10 Net Asset value (NAV) per share			
The computation of NAV Per Share			
Net Assets Value		28,871,728	33,999,715
Weighted average number of shares outstanding	12	180,000	180,000
NAV per share in BDT		<u>160.40</u>	<u>188.89</u>

10.1 After issuance of bonus shares

The computation of NAV Per Share			
Net Assets Value		28,871,728	33,999,715
Weighted average number of shares outstanding		540,000	540,000
NAV per share in BDT		<u>53.47</u>	<u>62.96</u>

11 Share capital	31 March 2021		31 December 2020	
	BDT		BDT	
Authorised:				
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
		5,400,000,000		5,400,000,000
Issued, subscribed and fully paid up:				
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
		1,800,000,000		1,800,000,000

12 Shareholding position

Name of shareholder	As at 31 March 2021			As at 31 December 2020		
	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	9,298,179	92,981,790	5.16%	10,996,609	109,966,090	6.11%
Sadharan Bima Corporation	5,084,541	50,845,410	2.82%	5,083,991	50,839,910	2.82%
Bangladesh Development Bank Limi	599,838	5,998,380	0.33%	605,688	6,056,880	0.34%
Government of Bangladesh	1,160,472	11,604,720	0.64%	1,160,472	11,604,720	0.64%
Others	32,620,896	326,208,960	18.14%	30,917,166	309,171,660	17.18%
	180,000,000	1,800,000,000	100%	180,000,000	1,800,000,000	100%

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 31 March 2021			As at 31 December 2020		
	Number of shareholders	Total number of shares	Percentage of holding	Number of shareholders	Total number of shares	Percentage of holding
Less than 501 shares	37,299	3,083,861	1.71%	13,786	1,354,340	0.75%
501 to 5,000 shares	3,720	4,969,556	2.76%	2,209	2,886,106	1.60%
5,001 to 10,000 shares	174	1,216,368	0.68%	121	864,131	0.48%
10,001 to 20,000 shares	83	1,184,193	0.66%	66	941,221	0.52%
20,001 to 30,000 shares	38	925,682	0.51%	28	699,710	0.39%
30,001 to 40,000 shares	15	534,695	0.30%	8	289,070	0.16%
40,001 to 50,000 shares	12	556,669	0.31%	8	369,799	0.21%
50,001 to 100,000 shares	17	1,278,071	0.71%	23	1,594,139	0.89%
100,001 to 1,000,000 shares	19	5,880,854	3.27%	26	8,549,758	4.75%
Over 1,000,000 shares	10	160,370,051	89.09%	8	162,451,726	90.25%
	41,387	180,000,000	100%	16,283	180,000,000	100%

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

	31 March 2021 BDT (000)		
	Carrying amount at reporting date	Tax base	Taxable/(deductible) temporary difference
Provision for inventories	(472,008)	-	(472,008)
Provision for gratuity	(44,455)	-	(44,455)
Net temporary difference	(516,463)	-	(516,463)
Applicable tax rate			47.5%
Deferred tax asset			(245,320)

	31 December 2020 BDT (000)		
	Carrying amount at reporting date	Tax base	Taxable/(deductible) temporary difference
Provision for inventories	(256,897)	-	(256,897)
Provision for gratuity	(61,442)	-	(61,442)
Net temporary difference	(318,339)	-	(318,339)
Applicable tax rate			47.5%
Deferred tax asset			(151,211)

14.2 Deferred tax liability

	31 March 2021 BDT (000)		
	Carrying amount at reporting date	Tax base	Taxable/(deductible) temporary difference
Property, plant and ROU Assets	22,452,000	10,935,090	11,516,910
	(203,889)	-	(203,889)
Net temporary difference	22,248,110	10,935,090	11,313,021
Applicable tax rate			47.5%
Deferred tax liabilities			5,373,685

	31 December 2020 BDT (000)		
	Carrying amount at reporting date	Tax base	Taxable/(deductible) temporary difference
Property, plant and ROU Assets	22,665,854	11,249,801	11,416,053
	(182,778)	-	(182,778)
Net temporary difference	22,483,075	11,249,801	11,233,274
Applicable tax rate			47.5%
Deferred tax liabilities			5,335,805

14.3 Net deferred tax liabilities

	31 March 2021 BDT (000)	31 December 2020 BDT (000)
Deferred tax asset	(245,320)	(151,211)
Deferred tax liabilities	5,373,685	5,335,805
Net deferred tax liabilities	5,128,365	5,184,594

			31 March 2021	31 December 2020
			BDT (000)	BDT (000)
15	Trade and other payables			
	Trade payables		3,450,475	4,472,814
	Intercompany payables		6,452,544	6,979,871
	Workers' Profit Participation Fund (WPPF)		418,980	1,110,014
	Wages and other benefits		315,661	429,686
	Accrued expenses		5,137,369	4,566,659
	Dividend payable		9,000,000	-
	Sundry payables		649,862	239,077
			25,424,891	17,798,121
16	Current tax liabilities			
	Opening balance		5,384,973	4,022,936
	Provision made during the year		4,144,838	9,204,416
			9,529,811	13,227,351
	Advance payment of corporate tax		(2,270,876)	(7,842,378)
			7,258,935	5,384,973
			01 January 2021 to	01 January 2020 to
			31 March 2021	31 March 2020
			BDT (000)	BDT (000)
17	Revenue from contracts with customers			
	Quantity in million sticks	17,816.36	16,705.08	
	Gross revenue from domestic sale		95,213,362	86,042,862
	Supplementary duty and VAT		(75,120,308)	(68,220,486)
	Revenue from domestic sale, net		20,093,054	17,822,376
	Quantity in million sticks	10.97	6.85	
	Gross revenue from finished goods export		10,214	7,364
	Revenue from export of finished goods, net		10,214	7,364
	Quantity in million kgs	1.27	2.27	
	Gross revenue from leaf export		317,325	268,767
	Revenue from export of leaf, net		317,325	268,767
	Total revenue from contracts with customers, net		20,420,593	18,098,506
18	Net finance income/(expenses)			
	Interest income		18,498	35,415
	Interest expense			
	Borrowing		-	(9,533)
	IFRS 16		(43,211)	(42,509)
			(24,713)	(16,626)
19	Income tax expenses			
	Current income tax:			
	Current income tax charge		(4,144,838)	(2,865,943)
	Deferred tax:			
	Relating to origination and reversal of temporary differences		56,228	(381,329)
	Income tax expense reported in the statement of profit or loss		(4,088,610)	(3,247,272)

	01 January 2021 to 31 March 2021		01 January 2020 to 31 March 2020	
	%	BDT (000)	%	BDT (000)
19.1 Reconciliation of effective tax rate				
Profit before tax		7,960,623		6,284,145
Current tax expense	52.07%	4,144,838	45.61%	2,865,943
Deferred tax expense	-0.71%	(56,228)	6.07%	381,329
Total tax expense	51.36%	4,088,610	51.67%	3,247,272
Expected income tax using applicable tax rate	47.50%	3,781,296	47.50%	2,984,969
Prior year adjustment	0.00%	-	0.00%	-
Tax on non deductible expenses	4.57%	363,542	-1.89%	(119,026)
Effective current tax	52.07%	4,144,838	45.61%	2,865,943
Effective deferred tax	-0.71%	(56,228)	6.07%	381,329
	51.36%	4,088,610	51.67%	3,247,272

20 Basic earnings per share

	01 January 2021 to 31 March 2021		01 January 2020 to 31 March 2020	
		BDT (000)		BDT (000)
The computation of earning per share is given below:				
Total profit attributable to the ordinary shareholders		3,872,014		3,036,873
Weighted average number of shares outstanding		180,000		180,000
Basic earnings per share in BDT		21.51		16.87

20.2 Assuming issuance of bonus shares

The computation of earning per share is given below:

Total profit attributable to the ordinary shareholders	3,872,014	3,036,873
Weighted average number of shares outstanding	180,000	180,000
Bonus shares authorised but not issued	360,000	360,000
Total*	540,000	540,000
Basic earnings per share in BDT	7.17	5.62

* Prior period figure has been restated to maintain comparability between numbers.

The Board of Directors proposed to issue 1:2 bonus shares on 10 February 2021 which was duly approved by the shareholders at 48th Annual General Meeting on 28 March 2021; As at 31 March 2021 these bonus shares were not issued to the shareholders. The bonus shares have been issued to the shareholders on 18 April 2021. Therefore, the number of issued share capital remain unchanged.

20.3 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.

20.4 Diluted earnings per share

As per IAS 33 para 5, dilution occurs when the company's issuance of new shares reduces the percentage of the existing shareholder's ownership by exercising optionable securities. Since the issuance of bonus shares for the company has not reduced the percentage of the existing shareholding ownership, hence no dilution has occurred.

	Notes	01 January 2021 to 31 March 2021		01 January 2020 to 31 March 2020	
			BDT (000)		BDT (000)
21 Net operating cash flows per share (NOCFPS)					
Net cash flow from operating activities			863,583		1,190,936
Weighted average number of shares outstanding	12		180,000		180,000
Net operating cash flow per share (NOCFPS) in BDT			4.80		6.62
21.1 After issuance of bonus shares					
Net cash flow from operating activities			863,583		1,190,936
Weighted average number of shares outstanding	20.2		540,000		540,000
Net operating cash flow per share (NOCFPS) in BDT			1.60		2.21

22 Related party disclosures

Related party transactions

Relationship	Transaction values for the year ended		Receivable/(payable) outstanding		
	31 March 2021	31 December 2020	31 March 2020	31 December 2019	
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	
Income					
a. Leaf, Cigarette export and sale of goods					
BAT (GLP) Limited	BAT Group company	40,401	1,176,778	(44,512)	467
PTCL	BAT Group company	96,985	130,980	-	114,167
BAT (Singapore) PTE LTD	BAT Group company	10,214	274,409	-	-
Ceylon Tobacco Company PLC	BAT Group company	-	1,354	-	-
Central Manufacturing Company PTE Ltd	BAT Group company	-	(31)	-	-
		147,599	1,583,489	(44,512)	114,634

b. Other fee

Other fee received/to be received from:

BAT Holdings Limited	Holding company	-	-	(0)	(0)
BASS GSD limited	BAT Group company	-	-	(0)	(0)
BAT INVESTMENTS LTD	Holding company	-	-	1,101	1,101
British-American Tobacco Polska S A	BAT Group company	-	-	1,266	1,266
BAT Japan	BAT Group company	(105)	8,853	-	0
BAT DENMARK A/S (HOP A/S)	BAT Group company	-	1,480	1,480	1,480
British-American Tobacco (Singapore)	BAT Group company	-	-	10,214	0
VINA-BAT JV HCMC Branch	BAT Group company	17	12,958	1,727	1,727
British American Tobacco Asia-	BAT Group company	-	-	-	0
BAT KOREA	BAT Group company	-	-	-	-
Commercial Marketers & Distributors	BAT Group company	-	-	-	-
		(88)	23,290	15,788	5,574

Total related party income and balance receivables

147,511 1,606,780 (28,725) 120,208

Expenses

c. Procurement of services

Procurement of information technology, product and other services:

BASS GSD limited	BAT Group company	220,912	801,185	(1,183,067)	(962,155)
BRITISH AMERICAN TOBACCO AUSTRALIA	BAT Group company	-	1,034	(2,469)	(2,469)
BAT GERMANY GMBH	BAT Group company	-	-	(1,703)	(1,703)
BAT (Hamburg International) GmbH	BAT Group company	-	3,731	244	(6,308)
BAT Holdings Limited	Holding company	-	23,909	(27,469)	(27,469)
BAT Asia-Pacific Region Limited	BAT Group company	-	-	(79,542)	(79,542)
BAT AsPac Service Centre Sdn Bhd	BAT Group company	64,083	376,012	(654,309)	(646,630)
BAT GSD (KL) Sdn Bhd	BAT Group company	-	327	(3,151)	(3,151)
BAT Investments LTD	Holding company	-	2,627	(2,627)	(2,627)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	-	2,345	(14,121)	(14,121)
BAT KOREA MANUFACTURING LTD	BAT Group company	-	4,176	(4,176)	(4,176)
British American Tobacco Tutum	BAT Group company	-	-	(47,053)	(47,053)
BAT Japan	BAT Group company	-	10,094	(10,094)	(10,094)
		284,995	1,225,440	(2,029,537)	(1,807,498)

Relationship	Transaction values for the year ended		Receivable/(payable) outstanding		
	31 March 2021	31 December 2020	31 March 2020	31 December 2019	
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	
d. Purchase of leaf & goods					
Purchase of leaf and wrapping materials from:					
BAT Singapore (Private) limited	BAT Group company	2,371	193,544	-	15,785
BAT (GLP) Limited	BAT Group company	10,236	549,021	78,776	8,303
PTCL	BAT Group company	-	3,169	-	(3,169)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	18,887	139,702	1,855	1,855
British American Tobacco Western Europe	BAT Group company	9,595	24,111	538	(10,201)
BAT KOREA MANUFACTURING LTD	BAT Group company	12,227	5,985	-	(4,955)
		53,316	915,532[*]	81,169	7,618
e. Royalty					
Royalty paid/payable to:					
BAT Holdings Limited**	Holding company	142,957	650,620	(2,218,285)	(2,075,329)
		142,957	650,620	(2,218,285)	(2,075,329)
f. Technical and advisory fee					
Payment of fees for technical and advisory support services to:					
BAT Investments Ltd**	BAT Group company	-	1,138,313	(2,152,313)	(3,071,068)
		-	1,138,313	(2,152,313)	(3,071,068)
g. Purchase of equipment					
Purchase of equipment from:					
BAT Singapore (Private) limited	BAT Group company	-	-	-	(15,785)
BAT MARKETING (S) PTE LTD	BAT Group company	-	4,484	(4,484)	(4,484)
BAT Pecsí Dohánygyár KFT	BAT Group company	-	245	-	-
BAT Germany GMBH	BAT Group company	-	-	(2,013)	(2,013)
British-American Tobacco Polska S.A	BAT Group company	-	-	-	-
BRITISH AMERICAN TOBACCO CHILE	BAT Group company	-	-	(69)	(69)
PT Bentoel International Investama,	BAT Group company	-	-	-	-
British American Tobacco Kenya Ltd	BAT Group company	-	94	(166)	(166)
BAT Nigeria Ltd	BAT Group company	-	-	(516)	(516)
BAT Romania Investment	BAT Group company	-	-	(1,093)	(1,093)
British American Tobacco Tutun	BAT Group company	-	891	(986)	(986)
British American Tobacco Mexico	BAT Group company	-	-	(181)	(181)
		-	5,714	(9,507)	(25,292)
Total related party expenses and outstanding balances		481,268	3,935,619[*]	(6,328,473)	(6,971,568)

*Advance paid

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

23 Commitments

Capital expenditure	31 March 2021	31 December 2020
	BDT (000)	BDT (000)
Authorised but not provided for	<u>2,138,237</u>	<u>923,481</u>

24 Contingencies

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

	31 March 2021	31 December 2020
	BDT (000)	BDT (000)
Letter of credit		
Citibank, N.A.	727,889	935,264
Commercial Bank of Ceylon PLC	136,952	250,576
The Hong Kong and Shanghai Banking Corporation Limited	650,405	462,125
Standard Chartered Bank	771,861	860,463
	<u>2,287,107</u>	<u>2,508,428</u>
Bank Guarantee		
Standard Chartered Bank	41,045	41,045
Commercial Bank of Ceylon PLC	127,965	140,600
Eastern Bank Ltd.	13,514	13,514
Citibank, N.A.	2,000	2,000
	<u>184,524</u>	<u>154,114</u>

25 Litigation

The Company has various claims and legal actions arising in the ordinary course of business. In particular, in November 2013, the Company received retrospective notices 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 claims were 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. Against the judgment and order of the Appellate Division, the Government filed civil review petitions in March, 2020. The civil review petitions are pending for hearing.

Further, in January 2019, Abul Khair Tobacco Company Limited (AKTC) filed a writ petition by which it challenged the failure of Government in implementing the closing budget speech dated 27 June 2018 and reserving low segment for local brands and further challenged the legality of a 2018 Special Order of NBR. BATB became an added respondent to this writ petition. Upon hearing, the High Court (HC) did not find any merit in the argument of AKTC in relation to reintroducing discriminatory rates and therefore discharged the Rule on 21 September 2020. However, the Court declared the retrospective application of the 2018 Special Order of NBR illegal and held that any shortfall of revenue under a 2017 Special Order of NBR may be recovered from any party or manufacturer during the period of 01 June 2017 to 6 June 2018. As a result, LTU has demanded approx. BDT 2437 crores as unpaid VAT & SD from BATB for the concerned period. BATB appealed against the HC Judgment dated 21 September, 2020 before the Appellate Division and obtained an order of stay. Since High Court judgment is stayed, the LTU proceedings shall also be deemed to have been stayed. The order of stay has been extended from time to time.

26 Significant deviations

Earning per share (EPS) increased for higher profit after tax compared to same period last year driven by growth in volume and cost optimisation.

27 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.

Padma Bridge

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