

# HALF YEARLY REPORT 2013



BRITISH AMERICAN  
TOBACCO  
BANGLADESH

SUCCESS AND RESPONSIBILITY GO TOGETHER

# British American Tobacco Bangladesh Company Limited

## Statement of Financial Position (Unaudited)

### as at 30 June 2013

|  | Notes | <b>30-Jun-2013</b><br>Taka '000s | <b>31-Dec-2012</b><br>Taka '000s |
|--|-------|----------------------------------|----------------------------------|
| <b>ASSETS</b>  |       |                                  |                                  |
| <b>Non-current assets:</b>                           |       |                                  |                                  |
| Property, plant and equipment                        | 2     | 6,031,111                        | 5,861,627                        |
| <b>Current assets:</b>                               |       |                                  |                                  |
| Inventories  | 3     | 10,465,062                       | 4,956,887                        |
| Trade and other receivables                          |       | 503,370                          | 937,873                          |
| Advance deposit and pre-payments                     |       | 1,556,005                        | 1,007,539                        |
| Cash and Cash Equivalents                            |       | 409,756                          | 2,270,567                        |
| <b>Total current assets</b>                          |       | <b>12,934,193</b>                | <b>9,172,866</b>                 |
| <b>Total assets</b>                                  |       | <b>18,965,304</b>                | <b>15,034,493</b>                |
| <b>EQUITY AND LIABILITIES</b>                        |       |                                  |                                  |
| <b>Shareholders' equity:</b>                         |       |                                  |                                  |
| Share capital  |       | 600,000                          | 600,000                          |
| Capital reserve                                      | 4     | 64,896                           | 64,896                           |
| Revenue reserve                                      | 5     | 6,031,374                        | 6,368,044                        |
| <b>Total equity</b>                                  |       | <b>6,696,270</b>                 | <b>7,032,940</b>                 |
| <b>Non-current liabilities:</b>                      |       |                                  |                                  |
| Gratuity   | 6     | 255,361                          | 240,592                          |
| Deferred tax liability                               | 7     | 878,438                          | 723,643                          |
| Obligation under finance lease (due after one year)  |       | 3,531                            | 7,541                            |
| <b>Total non-current liabilities</b>                 |       | <b>1,137,330</b>                 | <b>971,776</b>                   |
| <b>Current liabilities:</b>                          |       |                                  |                                  |
| Bank overdraft                                       |       | 1,288,115                        | -                                |
| Short term bank loans                                |       | 1,300,000                        | -                                |
| Provisions for expenses                              |       | 2,617,169                        | 2,188,035                        |
| Trade and other payables                             |       | 3,536,964                        | 3,245,676                        |
| Provision for Corporate Tax                          |       | 2,381,672                        | 1,585,731                        |
| Obligation under finance lease (due within one year) |       | 7,784                            | 10,335                           |
| <b>Total current liabilities</b>                     |       | <b>11,131,704</b>                | <b>7,029,777</b>                 |
| <b>Total equity and liabilities</b>                  |       | <b>18,965,304</b>                | <b>15,034,493</b>                |



Arun Kaul  
Managing Director



Anthony Yong  
Director



Md. Azizur Rahman  
Company Secretary

# British American Tobacco Bangladesh Company Limited

## Statement of Comprehensive Income (Unaudited)

### for the period of 1 January to 30 June 2013

|   |       | <b>1-Jan-13<br/>To<br/>30-Jun-13</b> | <b>1-Jan-12<br/>To<br/>30-Jun-12</b> | <b>1-Apr-13<br/>To<br/>30-Jun-13</b> | <b>1-Apr-12<br/>To<br/>30-Jun-12</b> |
|---|-------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|   | Notes | Taka '000s                           | Taka '000s                           | Taka '000s                           | Taka '000s                           |
| Gross Turnover  |       | 53,870,622                           | 44,400,154                           | 26,819,743                           | 23,115,846                           |
| Supplementary duty & VAT                                      |       | 38,333,452                           | 31,428,955                           | 18,990,026                           | 16,189,385                           |
| <b>Net turnover</b>   | 8     | 15,537,170                           | 12,971,199                           | 7,829,717                            | 6,926,461                            |
| Cost of sales   |       | 8,759,357                            | 7,548,725                            | 4,378,842                            | 3,992,520                            |
| <b>Gross Profit</b>   |       | 6,777,813                            | 5,422,474                            | 3,450,875                            | 2,933,941                            |
| Operating expenses  |       | 2,041,508                            | 2,180,556                            | 714,490                              | 967,250                              |
| <b>Operating Profit</b>                                       |       | 4,736,305                            | 3,241,918                            | 2,736,385                            | 1,966,691                            |
| Other Income  |       | 20,951                               | 11,758                               | 11,514                               | 6,924                                |
| Net financial Income/(Expenses)                               |       | 47,971                               | (58,827)                             | (14,781)                             | (75,847)                             |
|   |       | 4,805,227                            | 3,194,849                            | 2,733,118                            | 1,897,768                            |
| Workers' profit participation fund                            |       | 240,261                              | 159,742                              | 136,647                              | 94,888                               |
| Profit before income tax                                      |       | 4,564,966                            | 3,035,107                            | 2,596,471                            | 1,802,880                            |
| Income tax expense:   |       |                                      |                                      |                                      |                                      |
| Current Tax   | 9.1   | 2,346,841                            | 1,202,072                            | 1,571,503                            | 666,702                              |
| Deferred Tax  | 9.2   | 154,795                              | (9,507)                              | 179,319                              | (18,179)                             |
|   |       | 2,501,636                            | 1,192,565                            | 1,750,822                            | 648,523                              |
| <b>Profit for the period</b>                                  |       | 2,063,330                            | 1,842,542                            | 845,649                              | 1,154,357                            |
| Other comprehensive income                                    |       | -                                    | -                                    | -                                    | -                                    |
| <b>Total comprehensive income for the period</b>              |       | 2,063,330                            | 1,842,542                            | 845,649                              | 1,154,357                            |
| <b>Total comprehensive income transfer to revenue reserve</b> |       | <b>2,063,330</b>                     | <b>1,842,542</b>                     | <b>845,649</b>                       | <b>1,154,357</b>                     |
| <b>Appropriations:</b>  |       |                                      |                                      |                                      |                                      |
| Revenue Reserve   |       | <b>2,063,330</b>                     | <b>1,842,542</b>                     | <b>845,649</b>                       | <b>1,154,357</b>                     |
|   |       | Taka                                 | Taka                                 | Taka                                 | Taka                                 |
| <b>Earnings Per Share</b>                                     | 10    | <b>34.39</b>                         | <b>30.71</b>                         | <b>14.09</b>                         | <b>19.24</b>                         |



Arun Kaul  
Managing Director



Anthony Yong  
Director



Md. Azizur Rahman  
Company Secretary

**British American Tobacco Bangladesh Company Limited**  
**Statement of Changes in Equity (Unaudited)**  
**for the period of 1 January to 30 June 2013**

|   | <u>Share<br/>capital</u><br>Taka '000s | <u>Revenue<br/>reserve</u><br>Taka '000s | <u>Capital<br/>reserve</u><br>Taka '000s | <u>Total Equity</u><br>Taka '000s |
|---|--|--|--|-----------------------------------|
| Balance as at 1 January 2012                          | 600,000                                | 5,246,404                                | 64,896                                   | 5,911,300                         |
| Dividend Paid in H1 2012                              | -                                      | (2,220,000)                              | -  | (2,220,000)                       |
| Profit for the period of 1 January<br>to 30 June 2012 | -                                      | 1,842,542                                | -  | 1,842,542                         |
| <b>Balance as at 30 June 2012</b>                     | <b>600,000</b>                         | <b>4,868,946</b>                         | <b>64,896</b>                            | <b>5,533,842</b>                  |
| Balance at 1 January 2013                             | 600,000                                | 6,368,044                                | 64,896                                   | 7,032,940                         |
| Dividend Paid in H1 2013                              | -                                      | (2,400,000)                              | -  | (2,400,000)                       |
| Profit for the period of<br>1 January to 30 June 2013 | -                                      | 2,063,330                                | -  | 2,063,330                         |
| <b>Balance as at 30 June 2013</b>                     | <b>600,000</b>                         | <b>6,031,374</b>                         | <b>64,896</b>                            | <b>6,696,270</b>                  |



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# British American Tobacco Bangladesh Company Limited

## Statement of Cash Flows (Unaudited)

### for the period of 1 January to 30 June 2013

|   | 1-Jan-13<br>To<br>30-Jun-13<br>Taka '000s | 1-Jan-12<br>To<br>30-Jun-12<br>Taka '000s |
|---|---|---|
| <b>Cash flows from operating activities:</b>                        |   |   |
| Collection from distributors, leaf export and others                | 53,765,913                                | 44,612,847                                |
| Payment for costs and expenses                                      | (11,036,649)                              | (12,174,989)                              |
| Supplementary duty and VAT paid                                     | (42,651,828)                              | (34,304,955)                              |
| <b>Cash generated from operation</b>                                | <b>77,436</b>                             | <b>(1,867,097)</b>                        |
| Income tax paid   | (1,550,900)                               | (684,482)                                 |
| Interest received/(paid)  | 47,971                                    | (58,827)                                  |
| Net cash flows from operating activities                            | <b>(1,425,493)</b>                        | <b>(2,610,406)</b>                        |
| <b>Cash flows from investing activities:</b>                        |   |   |
| Acquisition of property, plant and equipment                        | (619,148)                                 | (227,714)                                 |
| Proceeds from sale of property, plant and equipment                 | 4   | 357                                       |
| <b>Net cash used in investing activities</b>                        | <b>(619,144)</b>                          | <b>(227,357)</b>                          |
| <b>Cash flows from financing activities:</b>                        |   |   |
| Short term bank loan  | 1,300,000                                 | 2,630,000                                 |
| Finance lease obligation  | (6,560)                                   | (8,829)                                   |
| Dividend paid   | (2,397,729)                               | (2,214,642)                               |
| <b>Net cash used in financing activities</b>                        | <b>(1,104,289)</b>                        | <b>406,529</b>                            |
| Net increase/(decrease) in cash and cash equivalents for the period | (3,148,926)                               | (2,431,234)                               |
| Cash and cash equivalents at the beginning of the Period            | 2,270,567                                 | 837,393                                   |
| <b>Cash and cash equivalents at the end of the Period</b>           | <b>(878,359)</b>                          | <b>(1,593,841)</b>                        |
| Closing cash and cash equivalents have been arrived at as follows:  |   |   |
| Cash and bank balances  | 409,756                                   | 299,484                                   |
| Bank overdraft  | (1,288,115)                               | (1,893,325)                               |
|   | <b>(878,359)</b>                          | <b>(1,593,841)</b>                        |



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Company Secretary

# British American Tobacco Bangladesh Company Limited

## Notes to the Financial Statements

For the period of 1 January to 30 June 2013

### 1. General Notes

The basis of preparation and significant accounting policies governing the half yearly statutory reporting has not been changed from the last reporting date. Hence no policy related general notes are being provided for Q2 2013 financial statements.

### 2. Property, plant and equipment

| Particulars  | Cost at                         | Additions   | Disposal/  | Accumulated   | Depreciation                           | Disposal/  | Accumulated                                   | Cost less  |
|--|---------------------------------|---|--|---|--|--|---|--|
|  | 1 January<br>2013<br>Taka '000s | and transfers<br>from WIP<br>during<br>the period<br>Taka '000s | adjustment<br>during<br>the period<br>Taka '000s | depreciation<br>at<br>1 January<br>2013<br>Taka '000s | charge for<br>the period<br>Taka '000s | adjustment<br>during<br>the period<br>Taka '000s | depreciation<br>30 June<br>2013<br>Taka '000s | accumulated<br>depreciation<br>30 June<br>2013<br>Taka '000s |
| <b>Original cost:</b>                                  |                                 |   |  |   |  |  |   |  |
| Freehold land  | 343,685                         | -   | -  | -   | -                                      | -  | -   | 343,685  |
| Freehold building                                      | 824,510                         | 2,607   | (837)  | 116,384   | 10,203                                 | (688)  | 125,899                                       | 700,381  |
| Leasehold building                                     | 222,719                         | -   | (261)  | 92,709  | 4,746                                  | (259)  | 97,196  | 125,261  |
| Plant and machinery                                    | 7,493,121                       | 266,205   | (120,544)  | 4,236,665   | 325,847                                | (118,952)  | 4,443,560                                     | 3,195,222  |
| Laboratory equipment                                   | 106,475                         | 13,508  | (163)  | 46,395  | 3,661                                  | (158)  | 49,897  | 69,923   |
| Office equipment                                       | 352,921                         | 8,652   | (963)  | 225,072   | 26,256                                 | (627)  | 250,701                                       | 109,910  |
| Furniture and fixtures                                 | 11,984                          | 318   | -  | 6,549   | 489                                    | -  | 7,039   | 5,263  |
| Air conditioners                                       | 212,396                         | 851   | (2,221)  | 160,294   | 13,364                                 | (2,199)  | 171,459                                       | 39,567   |
| Vehicles   | 577,173                         | 107,284   | (1,613)  | 327,885   | 62,779                                 | (1,401)  | 389,263                                       | 293,581  |
|  | 10,144,983                      | 399,425   | (126,602)  | 5,211,952   | 447,345                                | (124,283)  | 5,535,015                                     | 4,882,792  |
| Buildings, plant and machinery etc. under construction | 928,596                         | 219,723   | -  | -   | -                                      | -  | -   | 1,148,319  |
| 30-Jun-2013  | <b>11,073,579</b>               | <b>619,148</b>  | <b>(126,602)</b>                                 | <b>5,211,952</b>                                      | <b>447,345</b>                         | <b>(124,283)</b>                                 | <b>5,535,015</b>                              | <b>6,031,111</b>   |
| 31-Dec-2012  | <b>10,021,425</b>               | <b>1,116,245</b>  | <b>(64,091)</b>                                  | <b>4,644,791</b>                                      | <b>627,605</b>                         | <b>(60,443)</b>                                  | <b>5,211,952</b>                              | <b>5,861,627</b>   |

|                           | <b>30-Jun-2013</b> | <b>31-Dec-2012</b> |
|---------------------------|--------------------|--------------------|
|                           | Taka '000          | Taka '000          |
| <b>3. Inventories</b>     |                    |                    |
| Leaf                      | 6,327,192          | 3,331,867          |
| Wrapping materials        | 414,324            | 413,728            |
| Work in process           | 26,780             | 25,154             |
| Finished goods            | 3,282,752          | 917,440            |
| Consumable stores         | 414,014            | 268,698            |
|                           | <b>10,465,062</b>  | <b>4,956,887</b>   |
| <b>4. Capital reserve</b> | 64,896             | 64,896             |

Capital reserve represents non-remittable reserve of Tk 64,896 thousands which are 90% of the cumulative post tax profit on disposal of property, plant and equipment as 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.

|  | <b>30-Jun-2013</b> | <b>31-Dec-2012</b> |
|--|--------------------|--------------------|
|  | Taka '000          | Taka '000          |
| <b>5. Revenue reserve</b>                                |                    |                    |
| Opening balance  | 6,368,044          | 5,246,404          |
| Less: Dividend paid                                      | 2,400,000          | 2,820,000          |
|  | 3,968,044          | 2,426,404          |
| Add: Net profit transferred from profit and loss account | 2,063,330          | 3,941,640          |
| <b>Closing balance</b>                                   | <b>6,031,374</b>   | <b>6,368,044</b>   |

| <b>30-Jun-2013</b> | <b>31-Dec-2012</b> |
|--------------------|--------------------|
| Taka '000          | Taka '000          |

## 6. Gratuity

|                |                |
|----------------|----------------|
| <b>255,361</b> | <b>240,592</b> |
|----------------|----------------|

This represents total liability of the Company on account of gratuity that would be payable if all eligible employees retire on the reporting date.

| <b>30-Jun-2013</b> | <b>31-Dec-2012</b> |
|--------------------|--------------------|
| Taka '000          | Taka '000          |

## 7. Deferred tax liability

|                 |                |                |
|-----------------|----------------|----------------|
| Opening balance | 723,643        | 669,079        |
| Addition        | 154,795        | 54,564         |
| Closing balance | <b>878,438</b> | <b>723,643</b> |

## 8. Net turnover

|                                   | <b>Unit</b>    | <b>Qty</b> | <b>30-Jun-2013</b> | <b>30-Jun-2012</b> |
|-----------------------------------|----------------|------------|--------------------|--------------------|
| Gross Turnover                    | Million sticks | 17,830     | 53,266,965         | 43,743,597         |
| Supplementary duty and VAT        |                |            | (38,271,655)       | (31,359,893)       |
|                                   |                |            | <b>14,995,310</b>  | <b>12,383,704</b>  |
| Turnover from leaf tobacco export | Million Kg     | 2,775      | 603,658            | 656,557            |
| Export duty                       |                |            | (61,798)           | (69,062)           |
|                                   |                |            | <b>541,860</b>     | <b>587,495</b>     |
|                                   |                |            | <b>15,537,170</b>  | <b>12,971,199</b>  |



|                          | <b>30-Jun-2013</b>      | <b>30-Jun-2012</b>      |
|--------------------------|-------------------------|-------------------------|
|                          | <u>Taka '000</u>        | <u>Taka '000</u>        |
| <b>9. Tax</b>            |                         |                         |
| <b>9.1 Current Tax</b>   |                         |                         |
| Provision for the period | 2,346,841               | 1,202,072               |
|                          | <b><u>2,346,841</u></b> | <b><u>1,202,072</u></b> |
| <b>9.2 Deferred Tax</b>  |                         |                         |
| Provision for the period | 154,795                 | (9,507)                 |
|                          | <b><u>154,795</u></b>   | <b><u>(9,507)</u></b>   |

## 10. Earnings per share

### 10.1 Basic earnings per share

Basic earning per share has been calculated taking a capital base of 60,000,000 ordinary share of Tk. 10 each as issued up to 30 June 2013.



**British American Tobacco Bangladesh Company Limited**

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