

# HALF YEARLY REPORT 2014

British American Tobacco Bangladesh Company Limited



**OUR PEOPLE  
OUR STRENGTH**

# British American Tobacco Bangladesh Company Limited

## Statement of Financial Position (Unaudited) for the period of 1 January to 30 June 2014

	Notes	30-Jun-2014 Taka '000s	31-Dec-2013 Taka '000s
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	2	9,032,854	8,513,166
<b>Current assets:</b>			
Inventories	3	11,855,321	6,626,703
Trade and other receivables		1,560,278	770,917
Advance deposit and pre-payments		825,893	634,885
Cash and Cash Equivalents		1,598,889	1,918,126
<b>Total current assets</b>		15,840,381	9,950,631
<b>Total assets</b>		<b>24,873,235</b>	<b>18,463,798</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the company:</b>			
Share capital		600,000	600,000
Capital reserve	4	64,896	64,896
Retained earnings	5	7,988,959	8,236,694
<b>Total equity</b>		8,653,855	8,901,590
<b>Non-current liabilities:</b>			
Gratuity	6	458,183	364,063
Deferred tax liability	7	969,993	883,376
Obligation under finance lease (due after one year)		-	-
<b>Total non-current liabilities</b>		1,428,176	1,247,439
<b>Current liabilities:</b>			
Bank overdraft		114,790	-
Short term bank loans		4,600,000	-
Provisions for expenses		3,092,839	2,338,056
Trade and other payables		4,582,015	3,701,889
Income tax liability		2,398,028	2,267,283
Obligation under finance lease (due within one year)		3,531	7,541
<b>Total current liabilities</b>		14,791,205	8,314,769
<b>Total equity and liabilities</b>		<b>24,873,235</b>	<b>18,463,798</b>

The annexed notes 1 to 10 form an integral part of these financial statements.



Shehzad Munim  
Managing Director



William Pegel  
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 2014**

		<b>1-Jan-14 To 30-Jun-14</b>	<b>1-Jan-13 To 30-Jun-13</b>	<b>1-Apr-14 To 30-Jun-14</b>	<b>1-Apr-13 To 30-Jun-13</b>
	Notes	Taka '000s	Taka '000s	Taka '000s	Taka '000s
Gross Turnover		62,689,000	53,870,622	31,618,927	26,819,743
Supplementary duty & VAT		(44,423,731)	(38,333,452)	(22,504,547)	(18,990,026)
<b>Net turnover</b>	8	<b>18,265,270</b>	<b>15,537,170</b>	<b>9,114,380</b>	<b>7,829,717</b>
Cost of sales		(9,594,226)	(8,759,357)	(4,673,618)	(4,378,842)
<b>Gross Profit</b>		<b>8,671,043</b>	<b>6,777,813</b>	<b>4,440,762</b>	<b>3,450,875</b>
Operating expenses		(3,384,604)	(2,041,508)	(1,407,376)	(714,490)
<b>Operating Profit</b>		<b>5,286,439</b>	<b>4,736,305</b>	<b>3,033,386</b>	<b>2,736,385</b>
Other Income		29,971	20,951	21,727	11,514
Net financial Income/(Expenses)		(23,178)	47,971	(39,567)	(14,781)
		<b>5,293,233</b>	<b>4,805,227</b>	<b>3,015,546</b>	<b>2,733,118</b>
Workers' profit participation fund		(264,662)	(240,261)	(147,043)	(136,647)
Profit before income tax		5,028,571	4,564,966	2,868,503	2,596,471
Income tax expense:					
Current Tax	9.1	(2,069,688)	(2,346,841)	(1,112,351)	(1,571,503)
Deferred Tax	9.2	(86,618)	(154,795)	(125,708)	(179,319)
		<b>(2,156,306)</b>	<b>(2,501,636)</b>	<b>(1,238,059)</b>	<b>(1,750,822)</b>
<b>Profit for the period</b>		<b>2,872,266</b>	<b>2,063,330</b>	<b>1,630,444</b>	<b>845,649</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>2,872,266</b>	<b>2,063,330</b>	<b>1,630,444</b>	<b>845,649</b>
<b>Total comprehensive income transfer to revenue reserve</b>		<b>2,872,266</b>	<b>2,063,330</b>	<b>1,630,444</b>	<b>845,649</b>
<b>Appropriations:</b>					
Revenue Reserve		<b>2,872,266</b>	<b>2,063,330</b>	<b>1,630,444</b>	<b>845,649</b>
		Taka	Taka	Taka	Taka
<b>Earnings Per Share</b>	10	<b>47.87</b>	<b>34.39</b>	<b>27.17</b>	<b>14.09</b>

The annexed notes 1 to 10 form an integral part of these financial statements.



Shehzad Munim  
Managing Director



William Pegel  
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 2014**

	<u>Share capital</u> Taka '000s	<u>Retained earning</u> Taka '000s	<u>Capital reserve</u> Taka '000s	<u>Total Equity</u> Taka '000s
Balance as at 1 January 2013	600,000	6,368,044	64,896	7,032,940
Dividend Paid in HI 2013	-	(2,400,000)	-	(2,400,000)
Final dividend for 2012	-	(2,400,000)	-	(2,400,000)
Interim dividend for 2013	-	-	-	-
Profit for the period of 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>
Balance at 1 January 2014	600,000	8,236,694	64,896	8,901,590
Dividend Paid in Q1 2014	-	(3,120,000)	-	(3,120,000)
Final dividend for 2013	-	(3,120,000)	-	(3,120,000)
Interim dividend for 2014	-	-	-	-
Profit for the period of 1 January to 30 June 2014	-	2,872,266	-	2,872,266
<b>Balance as at 30 June 2014</b>	<b>600,000</b>	<b>7,988,959</b>	<b>64,896</b>	<b>8,653,855</b>

The annexed notes 1 to 10 form an integral part of these financial statements.



Shehzad Munim  
Managing Director



William Pegel  
Director



Md. Azizur Rahman  
Company Secretary

**British American Tobacco Bangladesh Company Limited**  
**Statement of Cash Flows (Unaudited)**  
**for the period of 1 January to 30 June 2014**

	<b>1-Jan-14 To 30-Jun-14</b>	<b>1-Jan-13 To 30-Jun-13</b>
	Taka '000s	Taka '000s
<b>Cash flows from operating activities:</b>		
Collection from distributors, leaf export and others	61,899,640	53,765,913
Payment for costs and expenses	(14,763,157)	(11,036,649)
Supplementary duty and VAT paid	(46,115,624)	(42,651,828)
<b>Cash generated from operation</b>	<b>1,020,858</b>	<b>77,436</b>
Income tax paid	(1,961,263)	(1,550,900)
Interest paid	(23,178)	47,971
Net cash flows from operating activities	<b>(963,583)</b>	<b>(1,425,493)</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(934,262)	(619,148)
Proceeds from sale of property, plant and equipment	-	4
<b>Net cash used in investing activities</b>	<b>(934,262)</b>	<b>(619,144)</b>
<b>Cash flows from financing activities:</b>		
Short term bank loan	4,600,000	1,300,000
Finance lease payment	(4,009)	(6,560)
Dividend paid	(3,115,714)	(2,397,729)
<b>Net cash used in financing activities</b>	<b>1,480,276</b>	<b>(1,104,289)</b>
Net increase/(decrease) in cash and cash equivalents for the period	(417,568)	(3,148,926)
Cash and cash equivalents at the beginning of the Period	1,918,126	2,270,567
<b>Cash and cash equivalents at the end of the Period</b>	<b>1,500,558</b>	<b>(878,359)</b>
Closing cash and cash equivalents have been arrived at as follows:		
Cash and bank balances	1,598,889	409,756
Bank overdraft	(114,790)	(1,288,115)
	<b>1,484,099</b>	<b>(878,359)</b>



Shehzad Munim  
Managing Director



William Pegel  
Director



Md. Azizur Rahman  
Company Secretary

# British American Tobacco Bangladesh Company Limited

## Notes to the Financial Statements For the period of 1 January to 30 June 2014

### 1. General Notes

The basis of preparation and significant accounting policies governing the quarterly statutory reporting has not been changed from the last reporting date. Hence no policy related general notes are being provided for H1 2014 accounts.

### 2. Property, plant and equipment

Particulars	Cost at	Disposal/	Accumulated	Disposal/	Accumulated	Cost less
	1 January 2014 Taka '000s	adjustment during the period Taka '000s	depreciation at 1 January 2014 Taka '000s	adjustment during the period Taka '000s	depreciation 30 June 2014 Taka '000s	accumulated depreciation at 30 June 2014 Taka '000s
<b>Original cost:</b>						
Freehold land	343,685	-	-	-	-	343,685
Freehold building	697,251	-	130,681	8,584	139,265	557,987
Leasehold building	376,071	-	101,660	13,287	114,947	216,124
Plant and machinery	7,753,967	2,319,855	3,907,722	243,837	4,151,558	5,922,264
Laboratory equipment	175,354	-	81,676	13,434	95,109	80,245
Office equipment	431,383	7,411	235,420	35,043	270,463	168,330
Furniture and fixtures	225,881	-	117,984	13,652	131,636	94,245
Air conditioners	-	-	-	-	-	-
Vehicles	713,288	183,600	405,836	70,634	476,470	420,418
	10,716,881	2,510,865	4,980,977	398,471	5,379,448	7,848,298
Buildings, plant and machinery etc. under construction	2,841,553	(1,576,603)	-	-	-	1,264,949
30-Jun-2014	<b>13,558,434</b>	<b>934,262</b>	<b>4,980,977</b>	<b>398,471</b>	<b>5,379,448</b>	<b>9,113,248</b>
31-Dec-2013	<b>11,073,579</b>	<b>(836,736)</b>	<b>13,655,981</b>	<b>(837,703)</b>	<b>5,142,815</b>	<b>8,513,166</b>

	<b>30-Jun-2014</b>	<b>31-Dec-2013</b>
	Taka '000s	Taka '000s
<b>3. Inventories</b>		
Leaf	7,756,531	4,165,565
Wrapping materials	693,007	623,328
Work in process	18,724	31,082
Finished goods	2,639,193	1,336,598
Consumable stores	747,866	470,130
	<b>11,855,321</b>	<b>6,626,703</b>
<b>4. Capital reserve</b>	<b>64,896</b>	<b>64,896</b>

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-2014</b>	<b>31-Dec-2013</b>
	Taka '000s	Taka '000s
<b>5. Retained earnings</b>		
Opening balance	8,236,694	6,368,044
Less: Dividend paid	3,120,000	3,000,000
	<b>5,116,694</b>	<b>3,368,044</b>
Add: Net profit transferred from profit and loss account	2,872,266	4,868,649
<b>Closing balance</b>	<b>7,988,959</b>	<b>8,236,694</b>

<b>30-Jun-2014</b>	<b>31-Dec-2013</b>
Taka '000s	Taka '000s

## 6. Gratuity

<b>458,183</b>	<b>364,063</b>
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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-2014</b>	<b>31-Dec-2013</b>
Taka '000s	Taka '000s

## 7. Deferred tax liability

Opening balance	883,376	723,643
Addition	86,618	159,733
Closing balance	<b>969,993</b>	<b>883,376</b>

## 8. Net turnover

	<b>Unit</b>	<b>Qty</b>	<b>H1 2014</b>	<b>H1 2013</b>
Gross Turnover	Million sticks	20,537	61,887,241	53,266,965
Supplementary duty and VAT			(44,342,629)	(38,271,655)
			<b>17,544,612</b>	<b>14,995,310</b>
Turnover from leaf tobacco export	Million Kg	4,131	801,760	603,658
Export duty			(81,102)	(61,798)
			<b>720,658</b>	<b>541,860</b>
			<b>18,265,270</b>	<b>15,537,170</b>



	<b>30-Jun-2014</b>	<b>30-Jun-2013</b>
	<u>Taka '000s</u>	<u>Taka '000s</u>
<b>9. Tax</b>		
<b>9.1 Current Tax</b>		
Provision for the period	2,069,688	2,346,841
	<b><u>2,069,688</u></b>	<b><u>2,346,841</u></b>
<b>9.2 Deferred Tax</b>		
Provision for the period	86,618	154,795
	<b><u>86,618</u></b>	<b><u>154,795</u></b>
<b>10. Earnings per share</b>	<b>47.87</b>	<b>34.39</b>

#### 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 2014.



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