

**Unaudited Interim Condensed Financial Statement of
British American Tobacco Bangladesh Company Limited
For The Period Ended June 30, 2021**

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British American Tobacco Bangladesh Company Limited

Interim condensed statement of financial position as at June 30, 2021

	Notes	30 June 2021 BDT (000)	31 December 2020 BDT (000)
Assets			
Non-current assets			
Property, plant and equipment	4	29,620,386	29,571,253
Right of use (RoU) assets	5.1	1,811,008	1,440,480
Total non-current assets		31,431,394	31,011,733
Current assets			
Inventories	6	36,003,004	23,780,680
Trade and other receivables	7	259,195	141,439
Advances, deposits and prepayments	8	5,565,329	3,940,328
Cash and cash equivalents	9	1,407,198	5,873,085
Total current assets		43,234,726	33,735,532
Total assets		74,666,120	64,747,265
Equity and liabilities			
Equity			
Share capital	11	5,400,000	1,800,000
Capital reserve	13	64,896	64,896
Retained earnings		31,754,822	32,134,819
Total equity attributable to owners of the company		37,219,718	33,999,715
Non-current liabilities			
Net defined benefit plans		105,306	61,442
Deferred tax Liabilities	14.3	5,065,600	5,184,594
Lease liabilities	5.2	1,669,677	1,312,345
Total non-current liabilities		6,840,583	6,558,381
Current liabilities			
Short term bank loans		5,000,000	-
Trade and other payables	15	16,975,158	17,798,121
Unclaimed dividend		84,437	75,165
Lease liabilities	5.2	384,720	310,914
Current tax liabilities	16	7,445,207	5,384,973
Provisions		716,297	619,996
Total current liabilities		30,605,819	24,189,169
Total liabilities		37,446,402	30,747,550
Total equity and liabilities		74,666,120	64,747,265

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

Sd /-
Golam Moinuddin
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

Interim condensed statement of profit or loss and other comprehensive income for the period ended June 30, 2021

	01 Jan 2021 to 30 Jun 2021	01 Jan 2020 to 30 Jun 2020	01 Apr 2021 to 30 Jun 2021	01 Apr 2020 to 30 Jun 2020
Notes	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Gross revenue	180,840,776	148,168,264	85,299,875	61,849,272
Supplementary duty and VAT	17 (142,429,001)	(117,463,446)	(67,308,693)	(49,242,960)
Net revenue from contracts with customers	38,411,775	30,704,818	17,991,182	12,606,312
Cost of sales	(16,770,977)	(14,506,149)	(7,099,075)	(5,272,822)
Gross profit	21,640,798	16,198,669	10,892,107	7,333,490
Operating expenses	(3,315,044)	(2,604,441)	(966,553)	(357,941)
Operating profit	18,325,754	13,594,228	9,925,554	6,975,550
Net finance income/(expenses)	18 (129,203)	(81,063)	(104,490)	(64,437)
Non-operating income/(expenses)	11,660	18,973	7,543	7,688
Profit before contribution to WPPF	18,208,211	13,532,138	9,828,607	6,918,801
Contribution to WPPF	(910,411)	(676,607)	(491,430)	(347,414)
Profit before tax	17,297,800	12,855,531	9,337,177	6,571,386
Income tax expense				
Current tax	19 (8,796,791)	(6,398,539)	(4,651,953)	(3,532,596)
Deferred tax	118,994	(453,563)	62,766	(72,233)
	(8,677,797)	(6,852,101)	(4,589,186)	(3,604,829)
Profit for the period	8,620,003	6,003,430	4,747,991	2,966,557
Total comprehensive income for the period	8,620,003	6,003,430	4,747,991	2,966,557
	BDT	BDT	BDT	BDT
Earnings per share	20 15.96	11.12	8.79	5.49

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Interim condensed statement of changes in equity for the period ended June 30, 2021

	Share capital	Capital reserve	Retained earnings	Total equity
	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Balance as at 1 January 2021	1,800,000	64,896	32,134,818	33,999,714
Profit for the period	-	-	8,620,003	8,620,003
FY 2020 cash dividend	-	-	(5,400,000)	(5,400,000)
FY 2020 stock dividend	3,600,000	-	(3,600,000)	-
Balance as at 30 June 2021	5,400,000	64,896	31,754,822	37,219,718
Balance as at 1 January 2020	1,800,000	64,896	33,928,559	35,793,455
Profit for the period	-	-	6,003,430	6,003,430
FY 2019 cash dividend	-	-	(7,200,000)	(7,200,000)
Balance as at 30 June 2020	1,800,000	64,896	32,731,989	34,596,885

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Interim condensed statement of cash flows for the period ended June 30, 2021

	01 Jan 2021 to 30 Jun 2021	01 Jan 2020 to 30 Jun 2020
	BDT (000)	BDT (000)
Operating activities		
Collection from distributors, leaf export and others	180,735,677	150,035,714
Payment for costs and expenses	(27,031,980)	(17,665,420)
Supplementary duty and VAT paid	(149,246,654)	(126,832,296)
Cash generated from operating activities	4,457,043	5,537,998
Income tax paid	(6,736,557)	(4,313,294)
Interest received	(39,047)	5,276
Net cash flows from operating activities	(2,318,560)	1,229,980
Investing activities		
Purchase of property, plant and equipment	(1,518,210)	(591,570)
Proceeds from sale of property, plant and equipment	769	31,782
Net cash flows used in investing activities	(1,517,441)	(559,788)
Financing activities		
Proceeds from short term loan	5,000,000	2,500,000
Lease movement	(239,089)	(303,049)
Dividend paid	(5,390,728)	(7,176,189)
Net cash flows used in financing activities	(629,817)	(4,979,238)
Net Increase in cash and cash equivalents	(4,465,818)	(4,309,046)
Cash and cash equivalents at 01 January	5,873,085	5,393,764
Effect of exchange rate fluctuations on cash held	(69)	461
Cash and cash equivalents at 30 June	1,407,198	1,085,178

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British American Tobacco Bangladesh Company Limited

Notes to the Financial Statements for the period ended June 30, 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 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 28 July 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	38,209	-	129,698	111,374	51,284	17,383	37,133	618,575	62,233	611,579	1,677,468
Disposals/transfers	-	-	-	27,687	-	-	1,925	39,371	-	740,899	(809,882)
As at 30 June 2021	4,993,537	1,526,496	541,690	475,446	436,221	1,133,424	1,127,964	26,204,706	1,314,144	5,047,387	42,801,014
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	-	283,625	311,207	207,105	230,828	648,841	9,601,380	775,138	-	12,362,173
Balance at 01 January 2021	304,050	-	283,625	311,207	207,105	230,828	648,841	9,601,380	775,138	-	12,362,173
Depreciation for the period	52,512	-	18,637	27,281	13,904	26,613	90,784	561,078	94,933	-	885,742
Impairment	-	-	-	-	-	-	-	-	-	-	-
Disposals/transfers	-	-	-	27,659	-	-	1,924	37,704	-	-	(67,287)
As at 30 June 2021	356,562	-	302,262	310,829	221,009	257,441	737,701	10,124,755	870,070	-	13,180,628
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 30 June 2021	4,636,975	1,526,496	239,428	164,617	215,212	875,983	390,263	16,079,951	444,074	5,047,387	29,620,386

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)
Balance 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	17,969	564,761	588,216
Disposals	(9,752)	(3,467)	(2,298)	(219,458)	(234,975)
Balance as at 30 June 2021	59,269	119,743	122,330	2,179,834	2,481,175
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 as 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	12,015	10,119	11,440	175,968	209,542
Impairment	-	-	-	-	-
Disposals/modifications	(9,752)	(3,467)	(2,298)	(211,313)	(226,830)
Balance as at 30 June 2021	29,222	26,553	38,039	576,354	670,168
Net book value					
As at 31 December 2020	42,062	97,824	77,761	1,222,832	1,440,480
As at 30 June 2021	30,047	93,190	84,291	1,603,480	1,811,008

5.2 Lease Liabilities

	30 Jun 2021 BDT (000)	31 Dec 2020 BDT (000)
Non-current portion		
Lease Liabilities- Non current	2,244,197	1,767,551
Interest Liabilities- Non current	(574,521)	(455,207)
	1,669,677	1,312,345
Current portion		
Lease Liabilities- Current	565,817	449,766
Interest Liabilities- Current	(181,097)	(138,852)
	384,720	310,914
Total lease liabilities	2,054,396	1,623,258

6 Inventories

	30 Jun 2021	31 Dec 2020
	BDT (000)	BDT (000)
Inventories in hand	35,337,460	23,110,649
Inventories in transit	665,544	670,031
	36,003,004	23,780,680
Inventories in hand		
Leaf	14,267,720	8,425,259
Wrapping materials	1,245,329	1,162,903
Work in process	61,814	69,237
Consumable stores	811,405	639,815
Finished goods		
Cost of finished goods	2,480,716	2,199,237
VAT, SD and HDS on finished goods	16,470,475	10,614,199
	18,951,191	12,813,436
	35,337,460	23,110,649
Inventories in transit		
Leaf	20,698	50,482
Wrapping materials	298,241	502,944
Consumable stores	346,605	116,605
	665,544	670,031

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

	30 Jun 2021	31 Dec 2020
	BDT (000)	BDT (000)
7 Trade and other receivables		
Trade receivables	4,354	4,130
Expected credit loss	(4)	(4)
Net trade receivables	4,349	4,126
Intercompany receivables	226,091	128,512
Sundry receivables	28,754	8,801
	259,195	141,439
8 Advances, deposits and prepayments		
Advances	5,504,263	3,913,978
Deposits	11,700	24,336
Prepayments	49,366	2,014
	5,565,329	3,940,328

	Notes	30 Jun 2021	31 Dec 2020
		BDT (000)	BDT (000)
9 Cash and cash equivalents			
Cash in hand		1,632	2,155
Cash at bank			
Dividend account		84,437	75,165
Foreign currency - current accounts		500,476	616,730
Current accounts		359,984	1,898,486
Fixed Deposit Receipt (FDR)		422,475	2,594,572
Short Term Deposit (STD)		38,194	685,977
		1,405,566	5,870,930
Cash and cash equivalents at statement of financial position		1,407,198	5,873,085

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 Jan 2021 to 30 Jun 2021	01 Jan 2020 to 30 Jun 2020
		BDT (000)	BDT (000)
Profit for the period (Profit after tax)		8,620,003	6,003,430
Adjustment for:			
Depreciation and Impairment		1,095,284	1,070,369
(Gain)/Loss on fixed asset		928	120
Other Adjustments		8,807,068	6,932,705
		18,523,284	14,006,624
Changes in:			
(Increase)/decrease in inventories		(12,222,324)	(11,603,565)
(Increase)/decrease in trade receivables and others		(117,756)	1,848,817
(Increase)/decrease in advances, deposits and prepayments		(1,043,363)	185,048
Increase/(decrease) in trade payables and others		(822,963)	1,896,457
Increase/(decrease) in net defined benefit plans		43,864	(795,382)
Increase/(decrease) in provisions		96,301	-
Income tax & Interest payments		(6,775,604)	(4,308,018)
Net cash generated from operating activities		(2,318,560)	1,229,980

10 Net asset value (NAV) per share

		30 Jun 2021	31 Dec 2020
		BDT (000)	BDT (000)
The computation of NAV per share			
Net asset value		37,219,718	33,999,715
Weighted average number of shares outstanding	20	540,000	540,000
NAV per share in BDT		68.93	62.96

11 Share capital

	30 Jun 2021	31 Dec 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
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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
360,000,000 bonus shares of BDT 10 each	3,600,000,000	-
	5,400,000,000	1,800,000,000

12 Shareholding position

Name of shareholder	As at 30 Jun 2021			As at 31 Dec 2020		
	No. of shares	Value (BDT)	Percentage	No. of shares	Value (BDT)	Percentage
Raleigh Investment Co. Ltd., UK	393,708,222	3,937,082,220	72.91%	131,236,074	1,312,360,740	72.91%
Investment Corporation of Bangladesh	29,918,996	299,189,960	5.54%	10,996,609	109,966,090	6.11%
Sadharan Bima Corporation	15,285,623	152,856,230	2.83%	5,083,991	50,839,910	2.82%
Bangladesh Development Bank Limited	1,819,294	18,192,940	0.34%	605,688	6,056,880	0.34%
Government of Bangladesh	3,481,416	34,814,160	0.64%	1,160,472	11,604,720	0.64%
Others	95,786,449	957,864,490	17.74%	30,917,166	309,171,660	17.18%
	540,000,000	5,400,000,000	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 30 Jun 2021			As at 31 Dec 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	56,282	4,725,013	0.88%	13,786	1,354,340	0.75%
501 to 5,000 shares	7,886	11,562,230	2.14%	2,209	2,886,106	1.60%
5,001 to 10,000 shares	559	4,056,460	0.75%	121	864,131	0.48%
10,001 to 20,000 shares	249	3,622,149	0.67%	66	941,221	0.52%
20,001 to 30,000 shares	81	2,037,409	0.38%	28	699,710	0.39%
30,001 to 40,000 shares	37	1,294,541	0.24%	8	289,070	0.16%
40,001 to 50,000 shares	31	1,393,536	0.26%	8	369,799	0.21%
50,001 to 100,000 shares	67	5,029,209	0.93%	23	1,594,139	0.89%
100,001 to 1,000,000 shares	59	15,896,207	2.94%	26	8,549,758	4.75%
Over 1,000,000 shares	16	490,383,246	90.81%	8	162,451,726	90.25%
	65,267	540,000,000	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

	30 Jun 2021 BDT (000)		
	Carrying amount at reporting date	Tax base	Taxable/(deductible) temporary difference
Provision for inventories	(1,811,715)	(1,569,262)	(242,453)
Provision for gratuity	(2,865,428)	(2,760,122)	(105,306)
Net temporary difference	(4,677,144)	(4,329,385)	(347,759)
Applicable tax rate			47.5%
Deferred tax asset			(165,185)

	31 Dec 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

	30 Jun 2021 BDT (000)		
	Carrying amount at reporting date	Tax base	Taxable/(deductible) temporary difference
Property, plant and equipment excluding land ROU assets	22,868,323 (406,824)	11,449,320	11,419,002 (406,824)
Net temporary difference	22,461,499	11,449,320	11,012,179
Applicable tax rate			47.5%
Deferred tax liabilities			5,230,785

	31 Dec 2020 BDT (000)		
	Carrying amount at reporting date	Tax base	Taxable/(deductible) temporary difference
Property, plant and equipment excluding land ROU assets	22,665,854 (182,778)	11,249,801	11,416,053 (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

	30 Jun 2021	31 Dec 2020
	BDT (000)	BDT (000)
Deferred tax asset	(165,185)	(151,211)
Deferred tax liabilities	5,230,785	5,335,805
Net deferred tax liabilities	5,065,600	5,184,594

15 Trade and other payables

Trade payables	4,668,920	4,472,814
Intercompany payables	7,263,364	6,979,871
Workers' Profit Participation Fund (WPPF)	880,959	1,110,014
Wages and other benefits	258,902	429,686
Accrued expenses	3,266,958	4,566,659
Sundry payables	636,055	239,077
	16,975,158	17,798,121

16 Current tax liabilities

Opening balance	5,384,973	4,022,936
Provision made during the year	8,796,791	9,204,416
	14,181,764	13,227,351
Advance payment of corporate tax	(6,736,557)	(7,842,378)
	7,445,207	5,384,973

	01 Jan 2021 to 30 Jun 2021	01 Jan 2020 to 30 Jun 2020	01 Jan 2021 to 30 Jun 2021	01 Jan 2020 to 30 Jun 2020
			BDT (000)	BDT (000)
17 Revenue from contracts with customers				
Quantity in million sticks	34,500	28,609		
Gross revenue from domestic sale			180,398,454	147,654,256
Supplementary duty and VAT			(142,429,001)	(117,463,446)
Revenue from domestic sale, net			37,969,452	30,190,810
Quantity in million sticks	10.97	117.65		
Gross revenue from finished goods export			30,491	107,008
Revenue from export of finished goods, net			30,491	107,008
Quantity in million kgs	1.66	2.86		
Gross revenue from leaf export			411,832	407,000
Revenue from export of leaf, net			411,832	407,000
Total revenue from contracts with customers, net			38,411,774	30,704,819
18 Net finance income/(expenses)				
Interest income			25,545	172,389
Interest expense				
Borrowing			64,592	167,113
IFRS 16			90,157	86,339
Net finance income/(expenses)			(129,203)	(81,063)
19 Income tax expenses				
Current income tax:				
Current income tax charge			8,796,791	6,398,539
Deferred tax:				
Relating to origination and reversal of temporary differences			(118,994)	453,563
Income tax expense reported in the statement of profit or loss			8,677,797	6,852,101

	01 Jan 2021 to 30 Jun 2021		01 Jan 2020 to 30 Jun 2020	
	%	BDT (000)	%	BDT (000)
19.1 Reconciliation of effective tax rate				
Profit before tax		17,297,800		12,855,531
Current tax expense	50.85%	8,796,791	49.77%	6,398,539
Deferred tax expense	-0.69%	(118,994)	3.53%	453,563
Total tax expense	50.17%	8,677,796	53.30%	6,852,101
Expected income tax using applicable tax rate	47.50%	8,216,455	47.50%	6,106,377
Prior year adjustment	0.00%	-	0.00%	-
Tax on non deductible expenses	3.35%	580,336	2.27%	292,161
Effective current tax	50.85%	8,796,791	49.77%	6,398,539
Effective deferred tax	-0.69%	(118,994)	3.53%	453,563
	50.17%	8,677,797	53.30%	6,852,101

20 Basic earnings per share

	30 Jun 2021 BDT (000)	30 Jun 2020 BDT (000)
The computation of earning per share is given below:		
Total profit attributable to the ordinary shareholders	8,620,003	6,003,430
Weighted average number of shares outstanding	540,000	540,000
Basic earnings per share in BDT	15.96	11.12

The Board of Directors proposed to issue 12 bonus shares on 10 February 2021 which was duly approved by the shareholders at 48th Annual General Meeting on 28 March 2021; Subsequently, the shares have been allotted to the shareholders on 18 April 2021. Consequently, the number of shares increased to 540,000,000.

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 June 2021.

	Notes	30 Jun 2021	30 Jun 2020
		BDT (000)	BDT (000)
21 Net operating cash flows per share (NOCFPS)			
Net cash flow from operating activities		(2,318,560)	1,229,980
Weighted average number of shares outstanding	20	540,000	540,000
Net operating cash flow per share (NOCFPS) in BDT		(4.29)	2.28

22 Related party disclosures

Related party transactions

	Relationship	Transaction values for the year ended		Receivable/(payable) outstanding	
		30 Jun 2021	31 Dec 2020	30 Jun 2020	31 Dec 2020
		BDT (000)	BDT (000)	BDT (000)	BDT (000)

Income

a. Leaf, Cigarette export and sale of goods

BAT (GLP) Limited	BAT Group company	85,799	1,176,778	(19,851)	467
PTCL	BAT Group company	96,985	130,980	-	114,167
BAT (Singapore) PTE LTD	BAT Group company	21,815	274,409	11,602	-
Ceylon Tobacco Company PLC	BAT Group company	-	1,354	-	-
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	8,675	-	8,675	-
Central Manufacturing Company PTE Ltd	BAT Group company	-	(31)	-	-
		213,274	1,583,489	426	114,634

b. Other fee

Other fee received/to be received from:

BAT (GLP) Limited	BAT Group company	1,046	-	-	-
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	8,822	8,853	8,928	-
BAT DENMARK A/S (HOP A/S)	BAT Group company	-	1,480	1,480	1,480
VINA-BAT JV HCMC Branch	BAT Group company	1,459	12,958	3,186	1,727
CTBAT International Co. Limited	BAT Group company	8	-	8	-
		11,335	23,290	15,969	5,574

Total related party income and balance receivables

		224,610	1,606,780	16,395	120,208
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Expenses

c. Procurement of services

Procurement of information technology, product and other services:

BASS GSD limited	BAT Group company	425,916	801,185	(1,388,071)	(962,155)
BRITISH AMERICAN TOBACCO AUSTRALIA	BAT Group company	-	1,034	(2,469)	(2,469)
BAT GERMANY GMBH	BAT Group company	-	-	(1,892)	(1,703)
BAT (Hamburg International) GmbH	BAT Group company	-	3,731	-	(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	119,858	376,012	(655,584)	(646,530)
BAT GSD (KJ) Sdn Bhd	BAT Group company	-	327	(3,151)	(3,151)
BAT Investments LTD	Holding company	-	2,627	916,127	(2,627)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	186,705	2,345	(200,825)	(14,121)
BAT KOREA MANUFACTURING LTD	BAT Group company	-	4,176	(4,176)	(4,176)
British American Tobacco Tutun	BAT Group company	-	-	(47,053)	(47,053)
BAT Japan	BAT Group company	-	10,094	(10,094)	(10,094)
		732,480	1,225,440	(1,504,199)	(1,807,498)

Relationship	Transaction values for the year ended		Receivable/(payable) outstanding		
	30 Jun 2021	31 Dec 2020	30 Jun 2020	31 Dec 2020	
	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	6,856	193,544	15,785	15,785
BAT (GILP) Limited	BAT Group company	218,242	549,021	17,763	8,303
PTCL	BAT Group company	-	3,169	169,755	(3,169)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	22,720	139,702	(1,357)	1,855
British American Tobacco Western Europe	BAT Group company	30,647	24,111	(11,456)	(10,201)
BAT KOREA MANUFACTURING LTD	BAT Group company	218,153	5,985	(199,817)	(4,955)
		496,618	915,532	(9,329)	7,618
e. Royalty					
Royalty paid/(payable) to:					
BAT Holdings Limited	Holding company	374,358	650,620	(2,449,687)	(2,075,329)
		374,358	650,620	(2,449,687)	(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	(3,071,068)	(3,071,068)
		-	1,138,313	(3,071,068)	(3,071,068)
g. Purchase of equipment					
Purchase of equipment from:					
BAT Singapore (Private) limited	BAT Group company	-	-	(15,785)	(15,785)
BAT MARKETING (S) PTE LTD	BAT Group company	-	4,484	(4,484)	(4,484)
BAT Peci Dohanygyar KFT	BAT Group company	-	245	-	-
BAT Germany GMBH	BAT Group company	-	-	1,565	(2,013)
BRITISH AMERICAN TOBACCO CHILE	BAT Group company	-	-	(69)	(69)
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	-	-	(1,933)	(1,933)
British American Tobacco Tutun	BAT Group company	-	891	(986)	(986)
British American Tobacco Mexico	BAT Group company	-	-	(181)	(181)
		-	5,714	(21,714)	(25,292)
Total related party expenses and outstanding balances		1,603,456	3,935,619	(7,055,995)	(6,971,566)

23 Commitments

Capital expenditure

	30 Jun 2021	31 Dec 2020
	BDT (000)	BDT (000)
Authorised but not provided for	1,849,964	923,461

24 Contingencies

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

	30 Jun 2021	31 Dec 2020
	BDT (000)	BDT (000)
Letter of credit		
Citibank, N.A.	1,511,522	935,264
Commercial Bank of Ceylon PLC	251,667	250,576
The Hong Kong and Shanghai Banking Corporation Limited	281,100	462,125
Standard Chartered Bank	983,357	860,463
	3,027,646	2,508,428
Bank Guarantee		
Standard Chartered Bank	41,045	41,045
Commercial Bank of Ceylon PLC	140,600	140,600
Eastern Bank Ltd.	13,514	13,514
Citibank, N.A.	2,000	2,000
	197,159	197,159

25 Litigation

NBR had made three VAT demands, totaling £158 million against BATB to restate Bristol and Pilot brands in the mid-price rather than the low segment. The NBR alleged that Pilot and Bristol should be priced in the mid-tier segment. BATB challenged the legality of these demands by way of filing two writ petitions. Judgment was given by the High Court on 30 March 2016 ordering BATB to pay the demands, except the amount corresponding to the fiscal year of 2009 to 2010. Two Appeals were filed on 12 April 2016 in respect of the judgment of the High Court dated 30 March 2016 and stay obtained for the full amount pending hearing of the application to admit the appeals. The applications for admission of appeals were granted on 13 November 2017. In early July 2018, the Supreme Court of Bangladesh finished the hearing of the appeals, and on 25 July 2018, the Court ruled in BATB's favour. On 25 March 2020, the Government had filed review petitions against the judgment passed by the Appellate Division of the Supreme Court of Bangladesh. Ever since the Government filed the review petitions, the courts remained closed for a long time due to COVID - 19. Even though the courts are now operating on a limited scale, the review petitions are presently not listed in the court's case list.

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

EPS: Earning per share (EPS) increased for higher profit after tax compared to same period last year driven by growth in volume offset by growth in operating expenses.

NOCFPS: Due to higher inventory holding and corporate tax payment NOCFPS decreased compared to same period last year.

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

Connecting People to Prosperity in Bangladesh



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