

**Un-audited interim condensed financial statements
as at and for the nine-month period ended 30 September 2023**



SUSTAINABLE DEVELOPMENT
for a better tomorrow



British American Tobacco Bangladesh Company Limited

Statement of financial position

<i>In thousands of BDT</i>	<i>Notes</i>	30 September 2023	31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	4	36,351,669	35,788,002
Right of use (ROU) assets	5	3,414,059	2,790,767
Total non-current assets		39,765,728	38,578,769
Current assets			
Inventories	6	43,228,388	28,769,599
Trade and other receivables	7	1,115,512	682,195
Advances, deposits and prepayments	8	11,086,467	10,486,985
Cash and cash equivalents	9	4,428,379	4,912,340
Total current assets		59,858,746	44,851,119
Total assets		99,624,474	83,429,888
Equity and liabilities			
Equity			
Share capital	10	5,400,000	5,400,000
Capital reserve	11	64,896	64,896
Retained earnings		43,872,991	35,718,708
Total equity attributable to owners of the Company		49,337,887	41,183,604
Non-current liabilities			
Net defined benefit plans		123,103	95,175
Deferred tax	12	6,665,321	6,699,365
Lease liabilities	5.1	3,430,206	2,714,161
Total non-current liabilities		10,218,630	9,508,701
Current liabilities			
Trade and other payables	13	23,863,254	17,656,262
Unclaimed dividend		3,621,318	2,203,083
Lease liabilities	5.1	498,154	470,207
Current tax liabilities	14	11,685,754	10,391,270
Provisions		399,477	2,016,761
Total current liabilities		40,067,957	32,737,583
Total liabilities		50,286,587	42,246,284
Total equity and liabilities		99,624,474	83,429,888

The notes on pages 6 to 20 are an integral part of these financial statements.

Sd /-
Golam Mainuddin
Chairman

Sd /-
Shehzad Munim
Managing Director

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

Sd /-
Nirala Singh
Finance Director

Sd /-
Md. Azizur Rahman FCS
Company Secretary

British American Tobacco Bangladesh Company Limited

Statement of profit or loss and other comprehensive income

For the nine-month period & quarter ended 30 September, 2023

<i>In thousands of BDT</i>	Notes	01 January 2023 to 30 September 2023	01 January 2022 to 30 September 2022	01 July 2023 to 30 September 2023	01 July 2022 to 30 September 2022
Gross revenue		293,499,694	265,719,757	81,204,346	79,336,100
Supplementary duty and VAT		(225,573,639)	(204,111,085)	(62,481,557)	(59,065,524)
Net revenue from contracts with customers	15	67,926,055	61,608,672	18,722,789	20,270,576
Cost of sales		(33,564,640)	(27,926,506)	(9,324,580)	(9,605,809)
Gross profit		34,361,415	33,682,166	9,398,209	10,664,767
Operating expenses		(6,419,680)	(5,659,792)	(1,595,110)	(2,583,178)
Operating profit		27,941,735	28,022,374	7,803,099	8,081,589
Net finance income/(expenses)	16	(295,487)	(448,654)	(73,172)	(72,540)
Non-operating income/(expenses)		22,728	17,424	8,131	10,543
Profit before contribution to WPPF		27,668,976	27,591,144	7,738,058	8,019,592
Contribution to WPPF		(1,383,449)	(1,379,557)	(386,903)	(401,460)
Profit before tax		26,285,527	26,211,587	7,351,155	7,618,132
Current tax	17	(12,760,526)	(12,835,289)	(3,296,223)	(3,469,932)
Deferred tax	17	31,782	(134,358)	4,222	(45,834)
Income tax expense		(12,728,744)	(12,969,647)	(3,292,001)	(3,515,766)
Profit for the period		13,556,783	13,241,940	4,059,154	4,102,366
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Remeasurement loss on defined benefit plans	18	(4,762)	(1,551)	-	-
Deferred tax impact on defined benefit plans	18	2,262	737	-	-
Other comprehensive loss for the period, net of tax		(2,500)	(814)	-	-
Total comprehensive income for the period, net of tax		13,554,283	13,241,126	4,059,154	4,102,366
<i>In BDT</i>					
Earnings per share	19	25.11	24.52	7.52	7.59

The notes on pages 6 to 20 are an integral part of these financial statements.

Sd /-
Golam Moinuddin
Chairman

Sd /-
Shehzad Munim
Managing Director

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

Sd /-
Nirala Singh
Finance Director

Sd /-
Md. Azizur Rahman FCS
Company Secretary

British American Tobacco Bangladesh Company Limited

Statement of changes in equity

For the nine-month period ended 30 September 2023

<i>In thousands of BDT</i>	Attributable to owners of the Company			
	Share capital	Capital reserve	Retained earnings	Total equity
Balance at 1 January 2022	5,400,000	64,896	31,325,878	36,790,774
Profit for the period	-	-	13,241,940	13,241,940
Other comprehensive income for the period	-	-	(814)	(814)
Total comprehensive income for the period	-	-	13,241,126	13,241,126
Transactions with owners of the Company				
Final cash dividend 2021	-	-	(8,100,000)	(8,100,000)
Total transactions with owners of the Company	-	-	(8,100,000)	(8,100,000)
Balance at 30 September 2022	5,400,000	64,896	36,467,004	41,931,900
Balance at 1 January 2023	5,400,000	64,896	35,718,708	41,183,604
Profit for the period	-	-	13,556,783	13,556,783
Other comprehensive income for the period	-	-	(2,500)	(2,500)
Total comprehensive income for the period	-	-	13,554,283	13,554,283
Transactions with owners of the Company				
Contributions and distributions				
Final cash dividend 2022	-	-	(5,400,000)	(5,400,000)
Total transactions with owners of the Company	-	-	(5,400,000)	(5,400,000)
Balance at 30 September 2023	5,400,000	64,896	43,872,991	49,337,887

The notes on pages 6 to 20 are an integral part of these financial statements.

Sd /-

 Golam Mainuddin
 Chairman

Sd /-

 Shehzad Munim
 Managing Director

Sd /-

 A. K. M. Aftab Ul Islam FCA
 Director

Sd /-

 Nirala Singh
 Finance Director

Sd /-

 Md. Azizur Rahman FCS
 Company Secretary

British American Tobacco Bangladesh Company Limited

Statement of cash flows

For the nine-month period ended 30 September

<i>In thousands of BDT</i>	2023	2022
Operating activities		
Collection from distributors, leaf export and others	293,007,999	268,227,697
Payment for costs and expenses	(43,363,943)	(37,067,878)
Supplementary duty and VAT paid	(232,000,367)	(199,218,046)
Cash generated from operating activities	17,643,689	31,941,773
Income tax paid	(11,466,042)	(10,349,634)
Interest received/(paid)	(31,535)	(232,644)
Net cash flows from operating activities	6,146,112	21,359,495
Investing activities		
Purchase of property, plant and equipment	(4,309,525)	(2,982,388)
Proceeds from sale of property, plant and equipment	79	2,785
Net cash flows used in investing activities	(4,309,446)	(2,979,603)
Financing activities		
Net proceeds from short term loan	-	(5,600,000)
Lease movement	1,575,344	(433,792)
Dividend paid	(3,981,764)	(8,093,310)
Net cash flows used in financing activities	(2,406,420)	(14,127,102)
Net Increase/(decrease) in cash and cash equivalents	(569,754)	4,252,790
Cash and cash equivalents at 1 January	4,912,340	1,406,979
Effect of exchange rate fluctuations on cash held	85,795	169,455
Cash and cash equivalents at 30 September	4,428,379	5,829,224

The notes on pages 6 to 20 are an integral part of these financial statements.

British American Tobacco Bangladesh Company Limited

Notes to the financial statements

as at and for the period ended 30 September, 2023

1 Corporate information

1.1 Company profile

British American Tobacco Bangladesh Company Limited (the "Company" or "BATB") is a public limited company incorporated in Bangladesh and its shares are quoted on the 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 immediate parent company of BATB is Raleigh Investment Co. Ltd. and the ultimate parent company of BATB is B.A.T plc.

1.2 Nature of business

The Company manufactures tobacco products and market brands including Benson & Hedges, John Player Gold Leaf, Capstan, Star, Royals, Lucky Strike, Derby, Pilot and Hollywood. The Company has its head office in Dhaka and the cigarette factories in Dhaka and Savar, 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

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 2020, Financial Reporting Act, 2015 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 2020.

The financial statements have been prepared on a historical cost basis, except for financial assets and contingent considerations that have been measured at fair value where applicable. The financial statements provide comparative information in respect of the previous period and have been prepared on a going concern basis.

The condensed interim financial statements should be read in conjunction with the British American Tobacco Company Bangladesh Limited's annual statutory financial statements as at 31 December 2022.

2.2 Date of authorisation

The financial statements were authorised for issue by the Board of Directors on 25 October 2023 for publication.

3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (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 such rounding off, in some instances the total may not match the sum of individual balances.

Notes to the financial statements (continued)

4 Property, plant and equipment

In thousands of BDT	Assets under construction (AUC)							Total			
	Freehold building	Freehold land	Furniture and fixtures	IT equipment	Laboratory equipment	Leasehold building	Office equipment		Plant and machinery	Vehicles	
Cost											
Balance as at 1 January 2022	5,551,744	1,526,496	556,298	492,444	443,968	1,143,921	1,188,129	29,733,605	1,257,792	3,542,977	45,417,276
Additions	31,409	-	19,839	118,702	44,745	35,165	175,096	2,795,523	300,838	5,055,849	8,597,166
Disposals/transfers	(5,669)	-	(15,922)	(71,559)	(1,195)	(4,759)	(23,070)	(109,133)	(140,397)	(2,177,633)	(2,549,337)
Balance as at 31 December 2022	5,577,484	1,526,496	560,215	539,587	487,518	1,174,327	1,320,155	32,369,995	1,488,233	6,421,193	51,465,205
Balance as at 1 January 2023	5,577,484	1,526,496	560,215	539,587	487,518	1,174,327	1,320,155	32,369,995	1,488,233	6,421,193	51,465,205
Additions	286,815	81,160	107,922	49,185	25,296	5,229	105,414	229,330	84,349	2,178,613	3,153,314
Disposals/transfers	-	-	(1,112)	(549)	-	(8,715)	(6,348)	-	-	(864,771)	(881,494)
Balance as at 30 September 2023	5,864,299	1,607,656	667,025	588,223	512,814	1,170,841	1,419,221	32,598,925	1,592,582	7,735,035	53,737,025
Accumulated depreciation											
Balance as at 1 January 2022	413,924	-	317,700	347,170	229,676	282,658	819,907	10,678,074	823,958	-	13,913,067
Depreciation for the year	117,668	-	47,666	82,272	34,118	54,904	145,012	1,432,379	193,872	-	2,107,891
Disposals/transfers	(5,251)	-	(13,461)	(70,080)	(1,195)	(2,916)	(17,949)	(98,495)	(134,388)	-	(343,755)
Balance as at 31 December 2022	526,341	-	351,885	359,362	262,599	334,646	946,970	12,011,958	883,442	-	15,677,203
Balance as at 1 January 2023	526,341	-	351,885	359,362	262,599	334,646	946,970	12,011,958	883,442	-	15,677,203
Depreciation for the period	93,457	-	44,046	77,406	28,688	59,362	114,393	1,140,822	161,945	-	1,720,108
Disposals/transfers	-	-	(1,112)	(549)	-	(4,936)	(5,298)	-	-	-	(11,955)
Balance as at 30 September 2023	619,798	-	394,820	436,219	291,286	389,001	1,066,064	13,152,780	1,045,388	-	17,395,556
Netbook value											
As at 31 December 2022	5,051,143	1,526,496	208,330	180,225	224,919	839,681	373,185	20,348,037	614,791	6,421,193	35,788,002
As at 30 September 2023	5,244,502	1,607,656	272,205	162,004	221,627	781,840	363,157	19,436,546	537,195	7,735,035	36,351,669

5 Schedule of lease

The Company has leases for warehouse, forklift, office, rented apartment and equipments which have been capitalised and accounted for in accordance with IFRS 16: Leases. Information related to right-of-use asset and lease liability are depicted below:

Right of use (ROU) assets

<i>In thousands of BDT</i>	Rented apartment	Forklift	Office	Warehouse	Equipments	Total
Cost						
Balance as at 1 January 2022	66,625	284,117	119,475	2,385,799	-	2,856,017
Additions/modifications	11,235	72,879	73,695	1,207,075	-	1,364,884
Disposals	-	-	-	(4,974)	-	(4,974)
Balance as at 31 December 2022	77,860	356,996	193,170	3,587,900	-	4,215,927
Balance as at 1 January 2023	77,860	356,996	193,170	3,587,900	-	4,215,927
Additions/modifications	36,482	6,581	23,391	938,622	90,229	1,095,305
Disposals	(68,534)	-	(3,918)	(78,952)	-	(151,403)
Balance as at 30 September 2023	45,808	363,577	212,643	4,447,570	90,229	5,159,829
Accumulated depreciation						
Balance as at 1 January 2022	34,033	39,632	47,161	774,908	-	895,734
Depreciation for the year	22,984	43,073	24,394	443,949	-	534,400
Disposals/modifications	-	-	-	(4,974)	-	(4,974)
Balance as at 31 December 2022	57,017	82,705	71,555	1,213,883	-	1,425,160
Balance as at 1 January 2023	57,017	82,705	71,555	1,213,883	-	1,425,160
Depreciation for the period	18,873	28,993	19,352	402,059	2,738	472,014
Disposals/modifications	(68,534)	-	(3,918)	(78,952)	-	(151,404)
Balance as at 30 September 2023	7,356	111,698	86,989	1,536,990	2,738	1,745,770
Net book value						
As at 31 December 2022	20,843	274,291	121,615	2,374,017	-	2,790,767
As at 30 September 2023	38,452	251,879	125,654	2,910,580	87,491	3,414,059

5.1 Lease liabilities

<i>In thousands of BDT</i>	30 September 2023	31 December 2022
Non-current		
Lease liabilities	4,794,616	3,762,175
Interest liabilities	(1,364,410)	(1,048,014)
	3,430,206	2,714,161
Current		
Lease liabilities	865,761	763,998
Interest liabilities	(367,607)	(293,791)
	498,154	470,207
Total lease liabilities	3,928,360	3,184,368

Notes to the financial statements (continued)
6 Inventories

<i>In thousands of BDT</i>	<i>Note</i>	30 September 2023	31 December 2022
Inventories in hand	6.1	42,346,271	28,009,389
Inventories in transit	6.2	882,117	760,210
		43,228,388	28,769,599

6.1 Inventories in hand

<i>In thousands of BDT</i>	30 September 2023	31 December 2022
Leaf	17,652,589	9,802,364
Wrapping materials	2,539,494	1,434,336
Work in process	136,751	96,516
Finished goods	20,507,003	16,066,405
Cost of finished goods	3,878,607	3,347,756
VAT, Supplementary Duty and HDSC* on finished goods	16,628,396	12,718,649
Consumable stores	1,510,434	609,768
	42,346,271	28,009,389

*Health development surcharge

6.2 Inventories in transit

<i>In thousands of BDT</i>	30 September 2023	31 December 2022
Leaf	-	4,539
Wrapping materials	435,484	331,402
Consumable stores	446,633	424,269
	882,117	760,210

7 Trade and other receivables

<i>In thousands of BDT</i>	30 September 2023	31 December 2022
Trade receivables	1,062,636	551,956
Expected credit loss	(1,178)	(552)
Net trade receivables	1,061,458	551,404
Intercompany receivables	39,364	74,123
Sundry receivables	14,690	56,668
	1,115,512	682,195

8 Advances, deposits and prepayments

<i>In thousands of BDT</i>	30 September 2023	31 December 2022
Advances	11,024,174	10,351,989
	11,024,174	10,351,989
Security deposit	-	11,700
	-	11,700
Prepayments		
Insurance	62,293	123,296
	62,293	123,296
Advances, deposits and prepayments	11,086,467	10,486,985

9 Cash and cash equivalents

<i>In thousands of BDT</i>	<i>Note</i>	30 September	31 December
		2023	2022
Cash in hand		6	6
		6	6
Cash at bank			
Dividend account	9.1	77,936	2,203,083
Foreign currency accounts		825,496	1,686,912
Current accounts		1,787,380	(194,345)
Fixed deposit receipt (FDR)		500,000	-
<i>Local</i>		500,000	-
<i>Foreign</i>		-	-
Short term deposit (STD)		1,237,561	1,216,684
		4,428,373	4,912,334
		4,428,379	4,912,340

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.

Restricted cash balance

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

Banking facility arrangements

Short term running funded facilities available with the banks amount to BDT 17,021 million. Facilities are renewable on annual basis.

Reconciliation of net operating cash flow

<i>In thousands of BDT</i>	For the nine-month period ended 30 September	
	2023	2022
Profit after tax	13,556,783	13,241,940
Adjustment for:		
Depreciation and impairment	2,192,122	1,953,778
(Gain)/loss of sale of assets	4,691	9,571
Other adjustments	12,938,434	13,248,849
	28,692,030	28,454,138
Changes in:		
(Increase)/decrease in inventories	(14,458,790)	(2,643,568)
(Increase)/decrease in trade receivables and others	(431,271)	2,650,399
(Increase)/decrease in advances, deposits and prepayments	(775,917)	(486,375)
Increase/(decrease) in trade payables and others	6,206,993	4,413,777
Increase/(decrease) in net defined benefit plans	27,928	99,439
Increase/(decrease) in provisions	(1,617,283)	(546,036)
Income tax & interest payments	(11,497,578)	(10,582,278)
Net cash generated from operating activities	6,146,112	21,359,495

10 Share capital

<i>In BDT</i>	30 September	31 December
	2023	2022
Authorized:		
60,000,000 ordinary shares of BDT 10 each	600,000,000	600,000,000
480,000,000 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
360,000,000 bonus shares of BDT 10 each	3,600,000,000	3,600,000,000
	5,400,000,000	5,400,000,000

Notes to the financial statements (continued)

10.1 Shareholding position

Name of shareholder	30 September 2023			31 December 2022		
	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%	393,708,222	3,937,082,220	72.91%
Investment Corporation of Bangladesh	30,552,217	305,522,170	5.66%	30,539,217	305,392,170	5.66%
Sadhana Bima Corporation	15,285,423	152,854,230	2.83%	15,285,423	152,854,230	2.83%
Bangladesh Development Bank Limited	1,807,863	18,078,630	0.33%	1,807,863	18,078,630	0.33%
Government of Bangladesh	3,481,416	34,814,160	0.64%	3,481,416	34,814,160	0.64%
Others	95,164,859	951,648,590	17.63%	95,177,859	951,778,590	17.63%
	540,000,000	5,400,000,000	100%	540,000,000	5,400,000,000	100%

10.2 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	30 September 2023			31 December 2022		
	Number of shareholders	Total number of shares	Percentage of holding	Number of shareholders	Total number of shares	Percentage of holding
Less than 501 shares	73,885	6,977,723	1.29%	73,027	6,901,978	1.28%
501 to 5,000 shares	10,669	15,949,961	2.95%	10,502	15,741,865	2.92%
5,001 to 10,000 shares	750	5,391,126	1.00%	743	5,368,651	0.99%
10,001 to 20,000 shares	340	4,775,448	0.88%	325	4,636,510	0.86%
20,001 to 30,000 shares	102	2,490,675	0.46%	97	2,360,730	0.44%
30,001 to 40,000 shares	46	1,579,571	0.29%	51	1,755,247	0.33%
40,001 to 50,000 shares	48	2,178,884	0.40%	43	1,961,314	0.36%
50,001 to 100,000 shares	84	5,860,484	1.09%	87	6,049,619	1.12%
100,001 to 1,000,000 shares	87	22,741,849	4.21%	82	21,940,227	4.06%
Over 1,000,000 shares	14	472,054,279	87.43%	14	473,283,859	87.65%
	86,025	540,000,000	100%	84,971	540,000,000	100%

11 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.

Notes to the financial statements (continued)

12 Deferred tax

12.1 Deferred tax asset

<i>In thousands of BDT</i>	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
30 September 2023			
Provision for inventories	(56,636)	-	(56,636)
Provision for gratuity	(123,103)	-	(123,103)
Net temporary difference	(179,739)	-	(179,739)
Applicable tax rate			47.5%
Deferred tax asset			(85,376)

<i>In thousands of BDT</i>	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
31 December 2022			
Provision for inventories	(114,847)	-	(114,847)
Provision for gratuity	(95,176)	-	(95,176)
Net temporary difference	(210,023)	-	(210,023)
Applicable tax rate			47.5%
Deferred tax Asset			(99,761)

12.2 Deferred tax liabilities

<i>In thousands of BDT</i>	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
30 September 2023			
Property, plant and equipment excluding land.	26,741,995	12,000,498	14,741,497
Net, right of use assets	(529,503)	-	(529,503)
Net temporary difference	26,212,492	12,000,498	14,211,994
Applicable tax rate			47.5%
Deferred tax liabilities			6,750,697

<i>In thousands of BDT</i>	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
31 December 2022			
Property, plant and equipment excluding land.	27,529,081	12,821,531	14,707,550
Net, right of use assets	(393,601)	-	(393,601)
Net temporary difference	27,135,480	12,821,531	14,313,949
Applicable tax rate			47.5%
Deferred tax liabilities			6,799,126

12.3 Deferred tax liabilities, net

<i>In thousands of BDT</i>	30 September 2023	31 December 2022
Deferred tax asset	(85,376)	(99,761)
Deferred tax liabilities / (asset) (ROU Assets)	(251,514)	(186,960)
Deferred tax liabilities (other than ROU assets)	7,002,211	6,986,086
Net deferred tax liabilities	6,665,321	6,699,365

13 Trade and other payables

<i>In thousands of BDT</i>	30 September		31 December	
	2023		2022	
Trade payables	8,239,778		4,017,714	
Intercompany payables	11,433,064		9,850,420	
Workers' Profit Participation Fund (WPPF)	435,485		-	
Wages and other benefits	449,715		678,775	
Accrued expenses	2,416,587		2,900,278	
Sundry payables	888,625		209,075	
	23,863,254		17,656,262	

14 Current tax liabilities

<i>In thousands of BDT</i>	30 September		31 December	
	2023		2022	
Opening balance	10,391,270		7,485,580	
Provision made during the period/year	12,760,526		16,431,144	
	23,151,796		23,916,724	
Advance payment of corporate tax	(11,466,042)		(13,525,453)	
Closing balance	11,685,754		10,391,270	

15 Revenue from contracts with customers

Set out below is the disaggregation of the Company's revenue from contracts with customers:

<i>In thousands of BDT</i>	For the nine-month period ended 30 September	
	2023	2022
Quantity in million sticks	52,291.45	48,597.27
Gross revenue from domestic sale	290,509,204	263,137,176
Supplementary duty and VAT	(225,573,639)	(204,111,085)
Revenue from domestic sale, net	64,935,565	59,026,091
Quantity in million sticks	-	12.42
Gross revenue from finished goods export	-	11,218
Revenue from export of finished goods, net	-	11,218
Quantity in million kgs	7.76	8.56
Gross revenue from tobacco leaf export	2,990,490	2,571,363
Revenue from leaf export, net	2,990,490	2,571,363
Total revenue from contracts with customers, net	67,926,055	61,608,672

16 Net finance income/(expenses)

<i>In thousands of BDT</i>	For the nine-month period ended 30 September	
	2023	2022
Finance income	87,343	36,448
Finance costs		
Debt and borrowing	(118,878)	(269,092)
Lease liabilities	(263,952)	(216,010)
	(295,487)	(448,654)

Notes to the financial statements (continued)

17 Income tax expenses

<i>In thousands of BDT</i>	For the nine-month period ended 30 September	
	2023	2022
Current income tax:		
Current period income tax charge	12,760,526	12,835,289
Deferred tax:		
Deferred tax (income)/expense relating to origination and reversal of temporary differences	(31,782)	134,358
Income tax expense reported in the statement of profit or loss	12,728,744	12,969,647

17.1 Reconciliation of effective tax rate

<i>In thousands of BDT</i>	For the nine-month period ended 30 September			
		2023		2022
Profit before tax		26,285,527		26,211,587
Current tax expense	48.55%	12,760,526	48.97%	12,835,289
Deferred tax expense	-0.12%	(31,782)	0.51%	134,358
Total tax expense	48.42%	12,728,744	49.48%	12,969,647
Expected income tax using applicable tax rate	47.50%	12,485,625	47.50%	12,450,504
Prior year adjustment	-0.95%	(249,664)	0.00%	-
Tax on non deductible expenses	2.00%	524,565	1.47%	384,785
Effective current tax	48.55%	12,760,526	48.97%	12,835,289
Effective deferred tax	-0.12%	(31,782)	0.51%	134,358
	48.42%	12,728,744	49.48%	12,969,647

18 Other comprehensive income

<i>In thousands of BDT</i>	For the nine-month period ended 30 September	
	2023	2022
Actuarial gain/(loss) on defined benefit plans - Gratuity fund	(4,237)	(1,033)
Actuarial gain/(loss) on defined benefit plans - Pension fund	(525)	(518)
	(4,762)	(1,551)
Less: deferred tax on actuarial gain/(loss) on defined benefit plans @ 47.5%	2,262	737
Net actuarial gain/(loss) on defined benefit plans charged to OCI	(2,500)	(814)

19 Earnings per share

19.1 Basic earnings per share

Earnings Per Share (EPS) is calculated in accordance with the International Accounting Standard (IAS) 33: *Earnings Per Share*. The composition of EPS is given below:

<i>In thousands of BDT</i>	For the nine-month period ended 30 September	
	2023	2022
Total profit attributable to shareholders	13,556,783	13,241,126
Weighted average number of shares outstanding	540,000	540,000
Earning per share in BDT	25.11	24.52

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.

19.2 Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year.

20 Net operating cash flows per share (NOCFPS)

<i>In thousands of BDT</i>	For the nine-month period ended 30 September	
	2023	2022
Net cash flow from operating activities	6,146,112	21,359,495
Weighted average number of shares outstanding	540,000	540,000
Net operating cash flows per share in BDT	11.38	39.55

21 Net asset value (NAV) per share

<i>In thousands of BDT</i>	30 September	31 December
	2023	2022
Net asset value	49,337,887	41,183,604
Weighted average number of shares outstanding	540,000	540,000
NAV per share in BDT	91.37	76.27

22 Related party disclosures

The Company carried out a number of transactions with related parties in the normal course of business on arms length basis. The name of these related parties, nature of transactions and their total value have been set in accordance with the provisions of IAS 24: *Related party disclosures*.

<i>In thousands of BDT</i>	Relationship	Transaction Values		Balance Outstanding	
		30 September 2023	30 September 2022	30 September 2023	31 December 2022
Income					
a. Leaf, Cigarette export and sale of goods					
BAT (GLP) Limited	BAT Group company	1,763,160	943,069	(398,967)	(134,378)
PTCL	BAT Group company	-	260,422	-	38,069
BAT (Singapore) PTE LTD	BAT Group company	-	9,568	16,773	15,751
Ceylon Tobacco Company PLC	BAT Group company	-	1,649	-	474
		1,763,160	1,214,710	(382,194)	(80,084)
b. Other fee					
Other fee received/to be received from:					
BAT (GLP) Limited	BAT Group company	-	12,764	-	-
BAT Holdings Limited	Holding company	15,477	-	-	-
BAT INVESTMENTS LTD	BAT Group company	21,802	12,445	-	-
British-American Tobacco Polska S.A	BAT Group company	-	2,241	-	-
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	-	13,215	-	-
BASS GSD Ltd	BAT Group company	1,430	-	1,430	-
BAT Japan	BAT Group company	-	11,028	-	-
BAT Global Travel Retail Limited	BAT Group company	722	18,660	-	-
BAT DENMARK A/S (HOP A/S)	BAT Group company	-	-	1,480	1,480
British American Tobacco Taiwan	BAT Group company	-	10,792	-	1,599
British American Tobacco Asia-	BAT Group company	639	17,294	639	-
British-American Tobacco (Singapore)	BAT Group company	8,757	8,183	-	-
EAA Services	BAT Group company	-	1,879	-	1,879
British American Tobacco (PNG) Ltd	BAT Group company	950	6,619	7,569	6,619
VINA-BAT JV HCMC Branch	BAT Group company	-	-	-	1,727
BAT Co. (HK) Ltd	BAT Group company	212	2,945	2,266	2,266
British American Tobacco (Malaysia)	BAT Group company	2,491	-	2,491	-
BAT AsPac Service Centre Sdn Bhd	BAT Group company	3,128	-	1,574	-
RAI Services Company	BAT Group company	5,143	-	5,143	-
BAT MARKETING (S) PTE LTD	BAT Group company	-	2,897	-	-
British American Tobacco ME DMCC	BAT Group company	-	2,902	-	-
PT Bentoel Internasional Investama	BAT Group company	6,906	-	-	-
		67,657	123,866	22,592	15,570
Total related party income and balance		1,830,817	1,338,576	(359,602)	(64,514)

<i>In thousands of BDT</i>	Relationship	Transaction Values		Balance Outstanding	
		30 September 2023	30 September 2022	30 September 2023	31 December 2022
Expenses					
c. Procurement of services					
Procurement of information technology, product and other services:					
BASS GSD limited	BAT Group company	397,153	861,543	(1,226,176)	(1,016,843)
BRITISH AMERICAN TOBACCO AUSTRALIA	BAT Group company	1,399	5,587	(9,455)	(8,056)
BAT GERMAN Y GMBH	BAT Group company	-	-	(327)	(327)
BAT AsPac Service Centre Sdn Bhd	BAT Group company	356,891	138,167	(926,755)	(715,277)
BAT GSD (KL) Sdn Bhd	BAT Group company	-	-	(3,151)	(3,151)
BAT Investments LTD	BAT Group company	-	3,079	(30,527)	(30,527)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	-	52,949	(10,962)	(10,962)
BAT MARKETING (S) PTE LTD	BAT Group company	-	2,311	-	-
PAKISTAN TOBACCO CO LTD	BAT Group company	-	3,107	(415)	(415)
British American Tobacco Tutun	BAT Group company	-	-	(47,053)	(47,053)
BAT (GLP) Limited	BAT Group company	-	103	(103)	(103)
British American Tobacco Exports Ltd	BAT Group company	7,918	1,270	(9,188)	(1,270)
BAT KOREA MANUFACTURING LTD	BAT Group company	-	-	(10,870)	(10,870)
BAT (Singapore) PTE LTD	BAT Group company	-	1,788	(1,788)	(1,788)
Souza Cruz Ltda.	BAT Group company	-	-	(1,817)	(1,817)
BAT Japan	BAT Group company	-	-	(10,094)	(10,094)
		763,361	1,069,904	(2,288,679)	(1,858,553)
d. Purchase of leaf & goods					
Purchase of leaf and wrapping materials from:					
BAT Singapore (Private) limited	BAT Group company	20,067	2,089	2,564	(1,679)
BAT (GLP) Limited	BAT Group company	118,677	386,361	(2,086)	(2,086)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	67,953	34,916	(38,390)	-
British American Tobacco Exports Ltd	BAT Group company	1,112	-	(1,112)	-
British American Tobacco South	BAT Group company	34,512	-	-	-
British American Tobacco Kenya Ltd	BAT Group company	17,596	-	-	-
		259,917	423,366	(39,024)	(3,765)
e. Royalty					
Royalty paid/payable to:					
BAT Holdings Limited	Holding company	696,082	653,273	(3,864,755)	(3,230,845)
British American Tobacco Exports Ltd	BAT Group company	49,150	-	(49,150)	-
		745,232	653,273	(3,913,905)	(3,230,845)
f. Technical and advisory fee					
Payment of fees for technical and advisory support services to:					
BAT Investments Ltd	BAT Group company	1,128,235	565,503	(4,726,747)	(4,612,512)
		1,128,235	565,503	(4,726,747)	(4,612,512)
g. Purchase of equipment					
Purchase of equipment from:					
BAT MARKETING (S) PTE LTD	BAT Group company	-	198,906	-	4,258
BAT Peci Dohanygyar KFT	BAT Group company	-	19,849	-	-
BRITISH AMERICAN TOBACCO CHILE	BAT Group company	-	-	(69)	(69)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	-	556,709	(3,332)	(3,332)
British American Tobacco Kenya Ltd	BAT Group company	-	-	(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	-	-	(986)	(986)
BAT (Singapore) PTE LTD	BAT Group company	55,374	4,026	(59,400)	(4,026)
British American Tobacco Mexico	BAT Group company	-	-	(181)	(181)
		55,374	779,490	(65,742)	(6,111)
Total related party expenses and outstanding balances		2,952,119	3,491,536	(11,034,097)	(9,711,786)

Notes to the financial statements (continued)**23 Commitments****23.1 Capital expenditure**

<i>In thousands of BDT</i>	30 September 2023	31 December 2022
Authorised but not provided for	2,432,615	2,730,676

23.2 Letter of credit

<i>In thousands of BDT</i>	30 September 2023	31 December 2022
Citibank, N.A.	721,314	1,049,374
Commercial Bank of Ceylon PLC	232,294	
The Hongkong and Shanghai Banking Corporation Limited	1,472,015	729,169
Standard Chartered Bank	2,990,219	1,676,783
	5,415,842	3,455,326

24 Contingencies

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

<i>In thousands of BDT</i>	30 September 2023	31 December 2022
Bank Guarantee		
Standard Chartered Bank	226,705	202,659
Commercial Bank of Ceylon PLC	8,425	127,965
Eastern Bank Ltd.	29,303	29,302
Citibank, N.A.	2,000	2,000
	266,433	361,926

24.1 Litigation

The Company has various claims and legal actions arising in the ordinary course of business. Management believes that there is a strong defence against such claims and legal actions and is not expected to have a material impact on Company's financial statements. Such claims and legal actions include the following:

- (a) In January 2019, a competitor filed a writ petition against Government and NBR by which it initially challenged the failure of Government to implement the closing budget speech of the Hon'ble Finance Minister dated 27 June 2018 and reserving low segment for local brands. Thereafter, the competitor instead challenged the exclusion of protection given to local brands of cigarette manufactured by local manufacturers and sought a direction to continue the protection so granted to the local manufacturers of cigarettes in pursuance of a 2017 Special Order. The competitor further challenged the legality of a 2018 Special Order of NBR through which the said protection was revoked. BATB was initially not a party to the writ petition, subsequently it became a party through an addition of party application. Upon hearing on multiple occasions, the High Court (HC) passed judgment in the matter on 21 September 2020. By holding the prospective portion of the 2018 Special Order legal, the court did not allow the discriminatory regime to continue. However, by holding illegal the retrospective portion of the 2018 Special Order, the Court revoked the discriminatory regime for only one year, that is from 01 June 2017 to 06 June 2018 and held that any shortfall of revenue under the 2017 Special Order may be recovered from any party or manufacturer during the period of 01 June 2017 to 06 June 2018.

Subsequently, the LTU-VAT issued a Show Cause Notice dated 24 September 2020 following the High Court judgment claiming unpaid VAT & SD of BDT 24,371 million from 01 June 2017 to 06 June 2018. BATB appealed the HC Judgment before the Appellate Division and obtained an order of stay. Since High Court judgment is stayed, the LTU proceeding shall also be deemed to have been stayed.

- (b) LTU issued a show-cause notice to BATB dated 23 Mar'20 claiming BDT 2,054 crore as VAT & SD for allegedly producing 18 bn extra cigarettes using an undisclosed purchase of local leaf based on Annual Report of 2016 and VAT-1 submission discrepancy. BATB participated in the LTU hearing and the claim was withdrawn post full inquiry on 19 Aug'21 in favor of BATB. On 24 Aug'23, a memo was issued from NBR that they had initiated a re-examination of the matter. As per the VAT Act, revisiting a claim that was previously resolved in favor of the VAT payer must be completed within two years. BATB is challenging the matter via necessary legal proceedings. The matter is sub judice since it is pending before the high court.

25 Significant deviations

Earnings per share (EPS) increased from same period last year driven by volume growth, decline in net finance and current tax expenses partially offset by increased cost of sales and operating costs. Net operating cash flow per share (NOCFPS) decreased from same period last year due to receipts from sales offset by higher VAT, SD, HDSC, supplier and tax payments.

26 Events after 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.



TOWARDS A BETTER TOMORROW



Scan for Digital Version
of our Annual Report 2021



BAT Bangladesh Company Limited
New DOHS Road, Mohakhali
Dhaka-1206, Bangladesh
Telephone: (+880) 248811279-83
www.batbangladesh.com