

HALF YEARLY REPORT 2012



Partnering with communities
Enabling progress

British American Tobacco Bangladesh believes that the business has a key role to play in helping society to achieve the necessary sustainable balance of economic growth, environmental protection and social progress in ways that will build value for all our stakeholders, including our shareholders. Our Business Principles and our Standards of Business Conduct set out what we require of ourselves and employees in terms of responsible corporate behaviour and personal integrity.

Afforestation

Our flagship CSR activity, Afforestation programme, began in 1980. So far, the company has distributed approximately 7.55 crores saplings throughout Bangladesh, including 40 lakh saplings in 2012. This relentless effort makes our programme one of the largest private sector driven afforestation programmes in the country. We are committed to continue this programme in the future in the wake of a global and national drive as well as Government initiative to combat the adverse effects of climate change. In 2011, the Company received a number of awards for the afforestation drive across the country.

Probaho

Millions of people in Bangladesh face scarcity of safe drinking water due to Arsenic contamination. Probaho, a community project by British American Tobacco Bangladesh, provides 200,000 litres of safe drinking water free from Arsenic and other impurities to arsenic prone rural communities everyday. This initiative is aligned with the Government's aim to achieve the Millennium Development Goal of securing sustainable access to safe drinking water. So far, 39 water filtration plants have been installed, using government approved community based water filtration technology, in Jhenaidah, Chuadanga, Meherpur, Kushtia, Tangail, Manikganj, Satkhira, Gopalganj, Lalmonirhat, Kurigram, Jamalpur and Madaripur districts ensuring pure drinking water for approximately 100,000 people every day.

Deepto

To complement Bangladesh Government's efforts in the renewable energy sector, British American Tobacco Bangladesh (BATB) has undertaken a project to install Solar Home Systems in remote areas of Chittagong Hill Tracts, free of cost. The Project is titled 'Deepto' (meaning lighted). Under Deepto, BATB has already installed 576 units of Solar Home Systems in four remote villages in Bandarban and Khagrachari districts, giving rural families their first access to electricity at home.

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Enabling progress.**

British American Tobacco Bangladesh Company Limited

Statement of Financial Position (Unaudited) as at 30th June 2012

| | <u>30-Jun-2012</u> | <u>31-Dec-2011</u> |
|--------------------------------------|--------------------------|--------------------------|
| | Taka '000s | Taka '000s |
| ASSETS | | |
| Non-current assets: | | |
| Property, plant and equipment | 5,299,870 | 5,376,634 |
| Current assets: | | |
| Inventories | 11,091,143 | 5,373,033 |
| Trade and other receivables | 272,570 | 926,842 |
| Advance deposit and pre-payments | 4,339,185 | 3,907,087 |
| Cash and Cash Equivalents | 299,484 | 837,393 |
| Total current assets | 16,002,382 | 11,044,355 |
| Total assets | <u>21,302,252</u> | <u>16,420,989</u> |
| EQUITY AND LIABILITIES | | |
| Shareholders' equity: | | |
| Share capital | 600,000 | 600,000 |
| Capital reserve | 64,896 | 64,896 |
| Revenue reserve | 4,868,947 | 5,246,404 |
| Total equity | 5,533,843 | 5,911,300 |
| Non-current liabilities: | | |
| Gratuity | 245,028 | 252,089 |
| Deferred tax liability | 659,572 | 669,079 |
| Obligation under finance lease | 11,315 | 17,876 |
| Total non-current liabilities | 915,915 | 939,044 |
| Current liabilities: | | |
| Bank overdraft | 1,893,325 | - |
| Short term bank loans | 2,630,000 | - |
| Provisions for expenses | 1,675,452 | 1,838,021 |
| Trade and other payables | 3,156,779 | 3,437,758 |
| Provision for Corporate Tax | 5,496,938 | 4,294,866 |
| Total current liabilities | 14,852,494 | 9,570,645 |
| Total equity and liabilities | <u>21,302,252</u> | <u>16,420,989</u> |



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 1st January to 30th June 2012

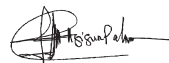
| | 1-Jan-12 To 30-Jun-12 | 1-Jan-11 To 30-Jun-11 | 1-Apr-12 To 30-Jun-12 | 1-Apr-11 To 30-Jun-11 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | Taka '000s | Taka '000s | Taka '000s | Taka '000s |
| Gross Turnover | 44,400,154 | 35,119,930 | 23,115,846 | 18,211,118 |
| Supplementary duty & VAT | <u>31,428,955</u> | <u>24,443,429</u> | <u>16,189,385</u> | <u>12,508,343</u> |
| Net turnover | 12,971,199 | 10,676,501 | 6,926,461 | 5,702,775 |
| Cost of sales | 7,543,425 | 6,075,593 | 3,987,220 | 3,181,697 |
| Gross Profit | 5,427,774 | 4,600,908 | 2,939,241 | 2,521,078 |
| Operating expenses | 2,174,097 | 2,220,584 | 965,625 | 1,205,960 |
| Operating Profit | 3,253,677 | 2,380,324 | 1,973,616 | 1,315,118 |
| Net financial income/(Expenses) | (58,827) | (31,395) | (75,847) | (47,753) |
| | 3,194,850 | 2,348,929 | 1,897,769 | 1,267,365 |
| Workers' profit participation fund | 159,742 | 117,446 | 94,888 | 64,118 |
| Profit before income tax | 3,035,108 | 2,231,483 | 1,802,881 | 1,203,247 |
| Income tax expense: | | | | |
| Current Tax | 1,202,072 | 1,354,114 | 666,702 | 1,000,901 |
| Deferred Tax | (9,507) | 131,815 | (18,179) | 127,247 |
| | 1,192,565 | 1,485,929 | 648,523 | 1,128,148 |
| Profit for the period | 1,842,543 | 745,554 | 1,154,358 | 75,099 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | <u>1,842,543</u> | <u>745,554</u> | <u>1,154,358</u> | <u>75,099</u> |
| Total comprehensive income transfer to revenue reserve | <u>1,842,543</u> | <u>745,554</u> | <u>1,154,358</u> | <u>75,099</u> |
| | Taka | Taka | Taka | Taka |
| Earnings Per Share | <u>30.71</u> | <u>12.43</u> | <u>19.24</u> | <u>1.25</u> |



Arun Kaul
Managing Director



Anthony Yong
Director



Md. Azizur Rahman
Company Secretary

British American Tobacco Bangladesh Company Limited
Statement of Cash Flows (Unaudited)
for the period of 1st January to 30th June 2012

| | 1-Jan-12 To 30-Jun-12 | 1-Jan-11 To 30-Jun-11 |
|---|--------------------------------------|--------------------------------------|
| | Taka '000s | Taka '000s |
| Cash flows from operating activities: | | |
| Collection from distributors, leaf export and others | 44,612,847 | 35,176,129 |
| Payment for costs and expenses | (12,174,989) | (10,165,077) |
| Supplementary duty and VAT paid | (34,304,955) | (25,317,087) |
| Cash generated from operation | (1,867,098) | (306,035) |
| Income tax paid | (684,482) | (463,837) |
| Interest (paid)/received | (58,827) | (31,395) |
| Net cash flows from operating activities | (2,610,406) | (801,267) |
| Cash flows from investing activities: | | |
| Acquisition of property, plant and equipment | (227,714) | (228,138) |
| Proceeds from sale of property, plant and equipment | 357 | 27,977 |
| Net cash used in investing activities | (227,356) | (200,161) |
| Cash flows from financing activities: | | |
| Short term bank loan | 2,630,000 | 1,000,000 |
| Net proceeds from obligation under finance lease | (8,829) | (8,396) |
| Dividend paid | (2,214,642) | (2,572,017) |
| Net cash used in financing activities | 406,529 | (1,580,412) |
| Net (decrease)/increase in cash and cash equivalents for the period | (2,431,234) | (2,581,840) |
| Cash and cash equivalents at the beginning of the Period | 837,393 | 1,343,853 |
| Cash and cash equivalents at the end of the Period | (1,593,841) | (1,237,987) |
| Closing cash and cash equivalents have been arrived at as follows: | | |
| Cash and bank balances | 299,484 | 265,915 |
| Bank overdraft | (1,893,325) | (1,503,902) |
| | (1,593,841) | (1,237,987) |

British American Tobacco Bangladesh Company Limited

Statement of Changes in Equity (Unaudited) for the period of 1st January to 30th June 2012

| | <u>Share capital</u> Taka '000s | <u>Revenue reserve</u> Taka '000s | <u>Capital reserve</u> Taka '000s | <u>Total</u> Taka '000s |
|---|--|--|--|----------------------------|
| Balance as at 1st January 2011 | 600,000 | 5,575,813 | 64,896 | 6,240,709 |
| Dividend Paid | - | (2,580,000) | - | (2,580,000) |
| Profit for the period of 1st January to 30th June 2011 | - | 745,554 | - | 745,554 |
| Balance as at 30th June 2011 | 600,000 | 3,741,367 | 64,896 | 4,406,263 |
| Balance at 1st January 2012 | 600,000 | 5,246,404 | 64,896 | 5,911,300 |
| Dividend Paid | - | (2,220,000) | - | (2,220,000) |
| Profit for the period of 1st January to 30th June 2012 | - | 1,842,543 | - | 1,842,543 |
| Balance as at 30th June 2012 | 600,000 | 4,868,947 | 64,896 | 5,533,843 |



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