

Un-audited interim condensed financial statements as at and for the period ended 31 March 2023



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British American Tobacco Bangladesh Company Limited

Statement of financial position

<i>In thousands of BDT</i>	<i>Notes</i>	31 March 2023	31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	4	35,997,728	35,788,002
Right of use (ROU) assets	5	2,630,494	2,790,767
Total non-current assets		38,628,222	38,578,769
Current assets			
Inventories	6	41,847,670	28,769,599
Trade and other receivables	7	75,854	682,195
Advances, deposits and prepayments	8	8,187,067	10,486,985
Cash and cash equivalents	9	4,349,094	4,912,340
Total current assets		54,459,685	44,851,119
Total assets		93,087,907	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		34,881,236	35,718,708
Total equity attributable to owners of the Company		40,346,132	41,183,604
Non-current liabilities			
Net defined benefit plans		129,216	95,175
Deferred tax	12	6,688,063	6,699,365
Lease liabilities	5.2	2,614,454	2,714,161
Total non-current liabilities		9,431,733	9,508,701
Current liabilities			
Short term bank loans		2,000,000	-
Trade and other payables	13	26,824,993	17,656,262
Unclaimed Dividend		1,863,346	2,203,083
Lease liabilities	5.2	451,969	470,207
Current tax liabilities	14	11,609,148	10,391,270
Provisions		560,586	2,016,761
Total current liabilities		43,310,042	32,737,583
Total liabilities		52,741,775	42,246,284
Total equity and liabilities		93,087,907	83,429,888

The notes on pages 5 to 16 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/- Amun Mustafiz 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 three-month period ended 31 March 2023

<i>In thousands of BDT</i>	<i>Notes</i>	2023	2022
Gross revenue		98,996,199	87,678,172
Supplementary duty and VAT		(76,312,143)	(68,147,946)
Net revenue from contracts with customers	15	22,684,056	19,530,225
Cost of sales		(11,088,986)	(8,971,217)
Gross profit		11,595,070	10,559,009
Operating expenses		(2,061,921)	(1,626,864)
Operating profit		9,533,149	8,932,145
Net finance income/(expenses)	16	(70,543)	(161,635)
Non-operating income/(expenses)		6,659	6,942
Profit before contribution to WPPF		9,469,265	8,777,452
Contribution to WPPF		(473,463)	(438,873)
Profit before tax		8,995,802	8,338,579
Current tax	17	(4,444,576)	(4,131,563)
Deferred tax		11,302	(37,552)
Income tax expense		(4,433,274)	(4,169,115)
Profit for the year		4,562,528	4,169,464
Total comprehensive income for the year, net of tax		4,562,528	4,169,464
<i>In BDT</i>			
Earnings per share	18	8.44	7.73

The notes on pages 5 to 16 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/-
Amun Mustafiz
Finance Director

Sd/-
Md. Azizur Rahman, FCS
Company Secretary

British American Tobacco Bangladesh Company Limited

Statement of changes in equity

For the three-month period ended 31 March 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	-	-	4,169,464	4,169,464
Total comprehensive income for the year	-	-	4,169,464	4,169,464
Transactions with owners of the Company				
Contributions and distributions				
Final cash dividend 2021 (Declared but not paid)	-	-	(8,100,000)	(8,100,000)
Total transactions with owners of the Company	-	-	(8,100,000)	(8,100,000)
Balance at 31 March 2022	5,400,000	64,896	27,395,342	32,860,238
Balance at 1 January 2023	5,400,000	64,896	35,718,708	41,183,604
Profit for the period	-	-	4,562,528	4,562,528
Total comprehensive income for the year	-	-	4,562,528	4,562,528
Transactions with owners of the Company				
Contributions and distributions				
Final cash dividend 2022 (Declared but not paid)	-	-	(5,400,000)	(5,400,000)
Total transactions with owners of the Company	-	-	(5,400,000)	(5,400,000)
Balance at 31 March 2023	5,400,000	64,896	34,881,236	40,346,133

The notes on pages 5 to 16 are an integral part of these financial statements.

British American Tobacco Bangladesh Company Limited

Statement of cash flows

For the three-month period ended 31 March 2023

<i>In thousands of BDT</i>	2023	2022
Operating activities		
Collection from distributors, leaf export and others	99,544,207	90,313,877
Payment for costs and expenses	(10,902,443)	(10,340,466)
Supplementary duty and VAT paid	(86,548,170)	(73,516,224)
Cash generated from operating activities	2,093,594	6,457,187
Income tax paid	(3,226,698)	(3,057,787)
Interest received/(paid)	4,475	(103,353)
Net cash flows from operating activities	(1,128,629)	3,296,047
Investing activities		
Purchase of property, plant and equipment	(975,684)	(911,733)
Proceeds from sale of property, plant and equipment	79	923
Net cash flows used in investing activities	(975,605)	(910,810)
Financing activities		
Repayment of short term loan	-	(300,000)
Proceeds from short term loan	2,000,000	-
Lease movement	(188,957)	(149,317)
Dividend paid	(339,737)	(6,694)
Net cash flows used in financing activities	1,471,306	(456,011)
Net Increase/(decrease) in cash and cash equivalents	(632,928)	1,929,226
Cash and cash equivalents at 1 January	4,912,340	1,406,980
Effect of exchange rate fluctuations on cash held	69,682	4,970
Cash and cash equivalents at 31 March	4,349,094	3,341,176

The notes on pages 5 to 16 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 31 March 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, Flag 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 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 10 May 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

		Freehold building	Freehold land	Furniture and fixtures	IT equipment	Laboratory equipment	Leasehold building	Office equipment	Plant and machinery	Vehicles	Assets under construction (AUC)	Total
	<i>In thousands of BDT</i>											
Cost												
Balance as at 1 January 2022		5,581,744	1,526,496	556,298	492,444	443,983	1,143,921	1,188,129	29,733,005	1,257,792	3,542,977	45,417,376
Additions		31,409	-	19,839	118,702	44,745	35,165	175,096	2,735,523	380,838	5,055,849	8,597,166
Disposals/transfers		(5,689)	-	(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		5,577,464	1,526,496	560,215	539,387	487,518	1,174,327	1,320,155	32,399,995	1,498,233	6,421,193	81,465,205
Balance as at 1 January 2023		5,577,464	1,526,496	560,215	539,387	487,518	1,174,327	1,320,155	32,399,995	1,498,233	6,421,193	81,465,205
Additions		201,461	81,160	15,717	25,006	10,292	5,229	46,740	93,255	5,200	763,045	1,247,105
Disposals/transfers		-	-	(1,112)	(949)	-	(8,715)	(6,348)	-	-	(470,025)	(468,749)
Balance as at 31 March 2023		5,778,945	1,607,656	574,821	564,044	497,810	1,170,841	1,360,547	32,453,250	1,503,433	6,714,212	92,225,559
Accumulated depreciation												
Balance as at 1 January 2022		413,924	-	317,700	347,170	229,676	282,638	819,307	10,678,074	823,958	-	13,913,067
Depreciation for the year		117,668	-	47,666	82,772	34,418	54,904	145,012	1,432,379	193,872	-	2,107,891
Disposals/transfers		(5,251)	-	(13,481)	(70,080)	(1,195)	(2,916)	(17,949)	(98,495)	(134,388)	-	(343,795)
Balance as at 31 December 2022		526,341	-	351,885	359,362	262,899	334,646	946,370	12,011,958	883,442	-	15,677,203
Balance as at 1 January 2023		526,341	-	351,885	359,362	262,899	334,646	946,370	12,011,958	883,442	-	15,677,203
Depreciation for the period		30,658	-	12,281	24,531	9,421	14,717	36,271	379,620	55,084	-	562,584
Disposals/transfers		-	-	(1,112)	(549)	-	(4,986)	(5,298)	-	-	-	(11,955)
Balance as at 31 March 2023		556,999	-	363,055	383,345	272,020	344,366	977,942	12,391,579	938,527	-	16,227,832
Net book value												
As at 31 December 2022		5,051,143	1,526,496	208,330	180,225	224,619	839,681	373,165	20,348,037	614,791	6,421,193	35,788,002
As at 31 March 2023		5,221,946	1,607,656	211,766	180,699	225,790	826,475	382,605	20,061,671	564,906	6,714,212	35,997,728

5 Schedule of lease

The Company has leases for warehouse, forklift, office and rented apartment 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:

5.1 ROU assets

<i>In thousands of BDT</i>	Rented apartment	Forklift	Office	Warehouse	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	4,215,926
Additions/modifications	(4,006)	-	-	-	(4,006)
Disposals	-	-	-	-	-
Balance as at 31 March 2023	73,854	356,996	193,170	3,587,900	4,211,920
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	6,525	13,791	7,946	128,004	156,266
Disposals/modifications	-	-	-	-	-
Balance as at 31 March 2023	63,542	96,496	79,501	1,341,887	1,581,426
Net book value					
As at 31 December 2022	20,843	274,291	121,615	2,374,017	2,790,767
As at 31 March 2023	10,312	260,500	113,669	2,246,013	2,630,494

5.2 Lease liabilities

<i>In thousands of BDT</i>	31 March 2023	31 December 2022
Non-current		
Lease liabilities	3,598,187	3,762,175
Interest liabilities	(983,733)	(1,048,014)
	2,614,454	2,714,161
Current		
Lease liabilities	734,827	763,998
Interest liabilities	(282,858)	(293,791)
	451,969	470,207
Total lease liabilities	3,066,423	3,184,368

6 Inventories

<i>In thousands of BDT</i>	<i>Note</i>	<u>31 March</u> 2023	<u>31 December</u> 2022
Inventories in hand	6.1	40,890,303	28,009,389
Inventories in transit	6.2	957,367	760,210
		<u>41,847,670</u>	<u>28,769,599</u>

6.1 Inventories in hand

<i>In thousands of BDT</i>		<u>31 March</u> 2023	<u>31 December</u> 2022
Leaf		6,349,616	9,802,364
Wrapping materials		1,949,230	1,434,336
Work in process		101,620	96,516
Finished goods		31,519,796	16,066,405
<i>Cost of finished goods</i>		5,189,463	3,347,756
<i>VAT, Supplementary Duty and HDS* on finished goods</i>		26,330,333	12,718,649
Consumable stores		970,041	609,768
		<u>40,890,303</u>	<u>28,009,389</u>

*Health development surcharge

6.2 Inventories in transit

<i>In thousands of BDT</i>		<u>31 March</u> 2023	<u>31 December</u> 2022
Leaf		30,046	4,539
Wrapping materials		795,943	331,402
Consumable stores		131,378	424,269
		<u>957,367</u>	<u>760,210</u>

7 Trade and other receivables

<i>In thousands of BDT</i>		<u>31 March</u> 2023	<u>31 December</u> 2022
Trade receivables		4,843	551,956
Expected credit loss		(228)	(552)
Net trade receivables		4,615	551,404
Intercompany receivables		68,185	74,123
Sundry receivables		3,054	56,668
		<u>75,854</u>	<u>682,195</u>

8 Advances, deposits and prepayments

<i>In thousands of BDT</i>		<u>31 March</u> 2023	<u>31 December</u> 2022
Advances		8,060,318	10,351,989
		<u>8,060,318</u>	<u>10,351,989</u>
Security deposit		-	11,700
		<u>-</u>	<u>11,700</u>
Prepayments		126,749	123,296
Insurance		126,749	123,296
		<u>126,749</u>	<u>123,296</u>
Advances, deposits and prepayments		8,187,067	10,486,985

9 Cash and cash equivalents

<i>In thousands of BDT</i>	<i>Note</i>	<u>31 March</u> 2023	<u>31 December</u> 2022
Cash in hand		6	6
		<u>6</u>	<u>6</u>
Cash at bank			
Dividend account	9.1	1,863,346	2,203,083
Foreign currency accounts		990,335	1,686,912
Current accounts		1,327,058	(194,345)
Fixed deposit receipt (FDR)			
<i>Local</i>		-	-
<i>Foreign</i>		-	-
Short term deposit (STD)		168,349	1,216,684
		<u>4,349,088</u>	<u>4,912,334</u>
		<u>4,349,094</u>	<u>4,912,340</u>

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 Banking facility arrangements

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

9.3 Reconciliation of net operating cash flow

<i>In thousands of BDT</i>	For the period ended 31 March	
	2023	2022
Profit after tax	4,562,528	4,169,464
Adjustment for:		
Depreciation and impairment	718,850	635,661
(Gain)/loss of sale of assets	4,691	1,643
Other adjustments	4,434,134	(3,767,528)
	9,720,203	1,039,240
Changes in:		
(Increase)/decrease in inventories	(13,078,071)	(3,380,731)
(Increase)/decrease in trade receivables and others	608,387	2,632,090
(Increase)/decrease in advances, deposits and prepayments	2,496,476	(940,552)
Increase/(decrease) in trade payables and others	3,768,732	7,234,661
Increase/(decrease) in net defined benefit plans	34,041	32,629
Increase/(decrease) in provisions	(1,456,174)	(160,150)
Income tax & interest payments	(3,222,223)	(3,161,139)
Net cash generated from operating activities	(1,128,628)	3,296,047

10 Share capital

<i>In thousands of BDT</i>	31 March	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	31 March 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	30,539,167	305,391,670	5.66%	30,539,217	305,392,170	5.66%
Sadharan 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	95,177,909	951,779,090	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	31 March 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	73,433	6,934,845	1.28%	73,027	6,901,978	1.28%
501 to 5,000 shares	10,553	15,817,147	2.93%	10,502	15,741,865	2.92%
5,001 to 10,000 shares	758	5,437,977	1.01%	743	5,368,651	0.99%
10,001 to 20,000 shares	330	4,658,985	0.86%	325	4,636,510	0.86%
20,001 to 30,000 shares	100	2,437,682	0.45%	97	2,360,730	0.44%
30,001 to 40,000 shares	50	1,725,066	0.32%	51	1,755,247	0.33%
40,001 to 50,000 shares	45	2,054,644	0.38%	43	1,961,314	0.36%
50,001 to 100,000 shares	87	6,035,712	1.12%	87	6,049,619	1.12%
100,001 to 1,000,000 shares	82	21,928,028	4.06%	82	21,940,227	4.06%
Over 1,000,000 shares	5	472,969,894	87.59%	14	473,283,859	87.65%
	85,443	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.

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
31 March 2023			
Provision for inventories	(52,291)	-	(52,291)
Provision for gratuity	(129,217)	-	(129,217)
Net temporary difference	(181,508)	-	(181,508)
Applicable tax rate			47.5%
Deferred tax asset			(86,216)

<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
31 March 2023			
Property, plant and equipment excluding land.	27,387,084	12,689,516	14,697,568
Net, right of use assets	(435,927)	-	(435,927)
Net temporary difference	26,951,157	12,689,516	14,261,641
Applicable tax rate			47.5%
Deferred tax liabilities			6,774,279

<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>	31 March 2023	31 December 2022
Deferred tax asset	(86,216)	(99,761)
Deferred tax liabilities / (asset) (ROU Assets)	(207,066)	(186,960)
Deferred tax liabilities (other than ROU assets)	6,981,345	6,986,086

13 Trade and other payables

<i>In thousands of BDT</i>	<u>31 March</u> 2023	<u>31 December</u> 2022
Trade payables	5,399,430	4,017,714
Intercompany payables	9,868,413	9,850,420
Dividend payable	5,400,000	
Workers' Profit Participation Fund (WPPF)	471,417	-
Wages and other benefits	489,717	678,775
Accrued expenses	4,404,326	2,900,278
Sundry payables	791,691	209,075
	<u>26,824,994</u>	<u>17,656,262</u>

14 Current tax liabilities

<i>In thousands of BDT</i>	<u>31 March</u> 2023	<u>31 December</u> 2022
Opening balance	10,391,270	7,485,580
Provision made during the year	4,444,576	16,431,144
	<u>14,835,846</u>	<u>23,916,724</u>
Advance payment of corporate tax	(3,226,698)	(13,525,453)
Closing balance	11,609,148	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>	<u>For the period ended 31 March</u>	
	2023	2022
Quantity in million sticks	17,996	16,201
Gross revenue from domestic sale	98,039,917	87,204,043
Supplementary duty and VAT	(76,312,143)	(68,147,946)
Revenue from domestic sale, net	21,727,774	19,056,096
Quantity in million sticks	-	9.52
Gross revenue from finished goods export	-	8,647
Revenue from export of finished goods, net	-	8,647
Quantity in million kgs	2.45	1.06
Gross revenue from tobacco leaf export	956,282	465,482
Revenue from leaf export, net	956,282	465,482
Total revenue from contracts with customers, net	22,684,056	19,530,225

16 Net finance income/(expenses)

<i>In thousands of BDT</i>	<u>For the period ended 31 March</u>	
	2023	2022
Finance income	12,864	4,597
Finance costs		
Debt and borrowing	(8,390)	(107,950)
Lease liabilities	(75,018)	(58,282)
	<u>(70,543)</u>	<u>(161,635)</u>

17 Income tax expenses

<i>In thousands of BDT</i>	For the period ended 31 March		
	Note	2023	2022
Current income tax:			
Current period income tax charge		4,444,576	4,131,563
Deferred tax:			
Deferred tax (income)/expense relating to origination and reversal of temporary differences		(11,302)	37,552
Income tax expense reported in the statement of profit or loss		4,433,274	4,169,115

17.1 Reconciliation of effective tax rate

<i>In thousands of BDT</i>	For the period ended 31 March	
	2023	2022
Profit before tax	8,995,802	8,338,579
Current tax expense	49.41% 4,444,576	49.55% 4,131,563
Deferred tax expense	-0.13% (11,302)	0.45% 37,552
Total tax expense	49.28% 4,433,274	50.00% 4,169,115
Expected income tax using applicable tax rate	47.50% 4,273,006	47.50% 3,960,825
Prior year adjustment	0.00% -	0.00% -
Tax on non deductible expenses	1.91% 171,570	2.05% 170,738
Effective current tax	49.41% 4,444,576	49.55% 4,131,563
Effective deferred tax	-0.13% (11,302)	0.45% 37,552
	49.28% 4,433,274	50.00% 4,169,115

18 Earnings per share

18.1 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 period ended 31 March	
	2023	2022
Total profit attributable to shareholders	4,562,528	4,169,464
Weighted average number of shares outstanding	540,000	540,000
Earning per share in BDT	8.44	7.73

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.

18.2 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.

19 Net operating cash flows per share (NOCFPS)

<i>In thousands of BDT</i>	For the period ended 31 March	
	2023	2022
Net cash flow from operating activities	(1,128,629)	3,296,047
Weighted average number of shares outstanding	540,000	540,000
Net operating cash flows per share in BDT	(2.09)	6.11

20 Net asset value (NAV) per share

<i>In thousands of BDT</i>	31 March	31 December
	2023	2022
Net asset value	40,346,132	41,183,604
Weighted average number of shares outstanding	540,000	540,000
NAV per share in BDT	74.71	76.27

21 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	
		31 March 2023	31 March 2022	31 March 2023	31 December 2022
Income					
a. Leaf, Cigarette export and sale of goods					
BAT (GLP) Limited	BAT Group company	696,190	256,167	(830,523)	(134,378)
PTCL	BAT Group company	-	-	(0)	38,069
BAT (Singapore) PTE LTD	BAT Group company	-	7,654	23,486	15,751
Ceylon Tobacco Company PLC	BAT Group company	-	993	(0)	474
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	-	-	-	-
		696,190	264,814	(807,037)	(80,084)
b. Other fee					
Other fee received/to be received from:					
BAT (GLP) Limited	BAT Group company	-	-	-	-
BAT Holdings Limited	Holding company	15,477	-	15,477	-
BAT INVESTMENTS LTD	Holding company	-	12,445	-	0
British-American Tobacco Polska S.A	BAT Group company	-	2,241	-	-
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	-	-	-	-
BAT Japan	BAT Group company	-	-	-	(0)
British American Tobacco Exports Ltd	BAT Group company	-	-	-	-
Solomon Islands Tobacco Co. Ltd.	BAT Group company	-	-	-	-
BAT Global Travel Retail Limited	BAT Group company	722	-	722	-
BAT DENMARK A/S (HOP A/S)	BAT Group company	-	-	1,480	1,480
British American Tobacco Taiwan	BAT Group company	-	-	1,599	1,599
British American Tobacco Asia-	BAT Group company	-	-	-	-
British-American Tobacco (Singapore)	BAT Group company	7,735	4,035	-	-
EAA Services	BAT Group company	-	-	1,879	1,879
British American Tobacco (PNG) Ltd	BAT Group company	-	-	6,619	6,619
VINA-BAT JV HCMC Branch	BAT Group company	-	-	1,727	1,727
BAT Co. (HK) Ltd	BAT Group company	212	-	2,478	2,266
BAT AsPac Service Centre Sdn Bhd	BAT Group company	1,554	-	1,554	-
BAT MARKETING (S) PTE LTD	BAT Group company	-	-	-	-
British American Tobacco ME DMCC	BAT Group company	-	-	-	-
PT Bentoel Internasional Investama	BAT Group company	6,906	-	6,906	-
Nicoventures Trading Limited	BAT Group company	-	-	-	-
		32,606	18,721	40,441	15,570
Total related party income and balance		728,795	283,535	(766,596)	(64,514)

In thousands of BDT	Relationship	Transaction Values		Balance Outstanding	
		31 March 2023	31 March 2022	31 March 2023	31 December 2022
Expenses					
c. Procurement of services					
Procurement of information technology, product and other services:					
BASS GSD limited	BAT Group company	61,200	281,552	(1,078,043)	(1,016,843)
BRITISH AMERICAN TOBACCO AUSTRALIA	BAT Group company	-	-	(8,056)	(8,056)
BAT GERMANY GMBH	BAT Group company	-	-	(327)	(327)
BAT Holdings Limited	Holding company	-	-	-	-
BAT AsPac Service Centre Sdn Bhd	BAT Group company	75,055	43,308	(780,850)	(715,277)
BAT GSD (KL) Sdn Bhd	BAT Group company	-	-	(3,151)	(3,151)
BAT Investments LTD	Holding company	-	3,079	(50,527)	(50,527)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	-	23,736	(10,962)	(10,962)
BAT MARKETING (S) PTE LTD	BAT Group company	-	2,311	-	-
PAKISTAN TOBACCO CO LTD	BAT Group company	-	-	(415)	(415)
British American Tobacco Tutun	BAT Group company	-	-	(47,053)	(47,053)
BAT (GLP) Limited	BAT Group company	-	-	(103)	(103)
British American Tobacco Western Europe	BAT Group company	-	-	(1,270)	(1,270)
BAT KOREA MANUFACTURING LTD	BAT Group company	-	-	(10,870)	(10,870)
BAT (Singapore) PTE LTD	BAT Group company	-	-	-	(1,788)
BAT Peci Dohanygyar KFT	BAT Group company	-	-	-	-
Souza Cruz Ltda.	BAT Group company	-	-	(1,817)	(1,817)
BAT Japan	BAT Group company	-	-	(10,094)	(10,094)
		136,255	353,986	(1,983,536)	(1,858,553)
d. Purchase of leaf & goods					
Purchase of leaf and wrapping materials from:					
BAT Singapore (Private) limited	BAT Group company	16,249	2,089	(13,611)	(1,679)
BAT (GLP) Limited	BAT Group company	46,029	82,148	(2,986)	(2,986)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	59,125	23,084	(29,563)	-
British American Tobacco Western Europe	BAT Group company	1,112	-	(1,112)	(0)
BAT KOREA MANUFACTURING LTD	BAT Group company	-	-	-	-
British American Tobacco South	BAT Group company	34,512	-	(20,999)	-
		157,027	107,321	(67,370)	(3,765)
e. Royalty					
Royalty paid/payable to:					
BAT Holdings Limited	Holding company	209,059	145,684	(3,377,732)	(3,230,845)
		209,059	145,684	(3,377,732)	(3,230,845)
f. Technical and advisory fee					
Payment of fees for technical and advisory support services to:					
BAT Investments Ltd	BAT Group company	-	-	(3,598,511)	(4,612,512)
		-	-	(3,598,511)	(4,612,512)
g. Purchase of equipment					
Purchase of equipment from:					
BAT MARKETING (S) PTE LTD	BAT Group company	-	84,925	4,258	4,258
BAT Peci Dohanygyar KFT	BAT Group company	-	-	-	-
BRITISH AMERICAN TOBACCO CHILE	BAT Group company	-	-	(69)	(69)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	-	533,080	(3,332)	(3,332)
British American Tobacco Kenya Ltd	BAT Group company	-	-	(538)	(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	-	-	(4,026)	(4,026)
BAT KOREA MANUFACTURING LTD	BAT Group company	-	-	-	-
British American Tobacco Mexico	BAT Group company	-	-	(181)	(181)
		-	618,005	(6,482)	(6,111)
Total related party expenses and outstanding balances		502,341	1,224,996	(9,033,632)	(9,711,786)

22 Commitments

22.1 Capital expenditure

<i>In thousands of BDT</i>	31 March 2023	31 Dec 2022
Authorised but not provided for	2,246,564	2,730,676

22.2 Letter of credit

<i>In thousands of BDT</i>	31 March 2023	31 Dec 2022
Citibank, N.A.	1,120,859	1,049,374
Commercial Bank of Ceylon PLC	66,664	-
The Hongkong and Shanghai Banking Corporation Limited	883,010	729,169
Standard Chartered Bank	2,001,093	1,676,783
	4,071,627	3,455,326

23 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>	31 March 2023	31 Dec 2022
Bank Guarantee		
Standard Chartered Bank	202,659	202,659
Commercial Bank of Ceylon PLC	10,965	127,965
Eastern Bank Ltd.	29,302	29,302
Citibank, N.A.	2,000	2,000
	244,926	361,926

23.1 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:

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 revived 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 against 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.

24 Significant deviations

Earnings per share (EPS) increased from same period last year driven by volume growth and higher leaf export. Net operating cash flow per share (NOCFPS) decreased from same period last year due to higher excise and tax payments.

25 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.



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