

Interim Condensed Financial Information for the quarter ended 30 June 2019



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Balance for a Better Bangladesh



British American Tobacco Bangladesh Company Limited

Condensed statement of financial position

As at 30 June 2019

	Notes	30 Jun 2019 BDT (000)	31 Dec 2018 BDT (000)
Assets			
Non-current assets			
Property, plant and equipment	5	28,829,918	26,483,587
Total non-current assets		28,829,918	26,483,587
Current assets			
Inventories	6	30,928,499	19,429,201
Trade and other receivables	7	1,376,241	4,174,125
Advances, deposits and prepayments	8	9,872,392	4,822,711
Cash and cash equivalents	9	1,768,402	1,633,605
Current assets		43,945,534	30,059,642
Total assets		72,775,452	56,543,229
Equity and liabilities			
Equity			
Share capital		1,800,000	600,000
Capital reserve		64,896	64,896
Retained earnings		30,660,962	28,863,958
Total equity attributable to owners of the Company		32,525,858	29,528,854
Non-current liabilities			
Net defined benefit plans		948,373	978,538
Deferred tax	10	3,118,887	3,112,979
Total non-current liabilities		4,067,260	4,091,517
Current liabilities			
Bank overdrafts		1,015,962	799,880
Short term bank loans		15,600,000	4,380,000
Trade and other payables	11	12,580,998	10,518,444
Current tax liabilities	12	5,192,760	5,918,997
Provision		1,792,614	1,305,537
Current liabilities		36,182,334	22,922,858
Total liabilities		40,249,594	27,014,375
Total equity and liabilities		72,775,452	56,543,229

Sd /-
Golam Mainuddin
Chairman

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Shehzad Munim
Managing Director

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A. K. M. Aftab Ul Islam FCA
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Stephan Matthiesen
Finance Director

Sd /-
Md. Azizur Rahman FCS
Company Secretary

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Condensed statement of profit or loss and other comprehensive income For the quarter ended 30 June 2019

	1 Jan 2019 To 30 Jun 2019	1 Jan 2018 To 30 Jun 2018	1-Apr-19 To 30 Jun 2019	1-Apr-18 To 30 Jun 2018
Notes	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Gross revenue	134,246,165	119,750,572	69,291,542	59,914,269
Supplementary duty and VAT	<u>(108,825,861)</u>	<u>(90,340,479)</u>	<u>(56,196,586)</u>	<u>(45,069,860)</u>
Net revenue from contracts with customers	25,420,304	29,410,093	13,094,956	14,844,409
Cost of sales	<u>(13,870,749)</u>	<u>(13,915,614)</u>	<u>(7,226,869)</u>	<u>(7,012,652)</u>
Gross profit	11,549,555	15,494,479	5,868,087	7,831,757
Operating expenses	<u>(3,512,950)</u>	<u>(2,947,397)</u>	<u>(2,268,899)</u>	<u>(1,448,208)</u>
Operating profit	8,036,605	12,547,082	3,599,188	6,383,549
Net finance income/(expenses)	(209,627)	(172,949)	(168,183)	(142,044)
Non-operating income/(expenses)	13,467	36,467	8,738	31,091
Profit before contribution to WPPF	7,840,445	12,410,600	3,439,743	6,272,596
Contribution to WPPF	<u>(392,020)</u>	<u>(620,530)</u>	<u>(171,987)</u>	<u>(313,630)</u>
Profit before tax	7,448,425	11,790,070	3,267,756	5,958,966
Income tax expense				
Current tax	(3,632,781)	(5,833,743)	(1,615,871)	(2,765,267)
Deferred tax	<u>(5,908)</u>	<u>(131,527)</u>	<u>98,746</u>	<u>(118,253)</u>
	<u>(3,638,689)</u>	<u>(5,965,270)</u>	<u>(1,517,125)</u>	<u>(2,883,520)</u>
Profit for the period	3,809,736	5,824,800	1,750,631	3,075,446
Total comprehensive income/(loss) for the period	3,809,736	5,824,800	1,750,631	3,075,446
	BDT	BDT	BDT	BDT
Earnings per share	<u>21.17</u>	<u>32.36</u>	<u>9.73</u>	<u>17.09</u>

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Condensed statement of changes in equity

For the quarter ended 30 June 2019

	Share capital BDT (000)	Capital reserve BDT (000)	Retained earnings BDT (000)	Total equity BDT (000)
Balance at 1 Jan 2019	600,000	64,896	28,863,958	29,528,854
Profit for the period	-	-	3,809,736	3,809,736
Total comprehensive income for the period ended 30 Jun 2019	600,000	64,896	3,809,736	33,338,590
Dividend Paid				
Stock Dividend for 2018	1,200,000	-	(1,200,000)	-
Cash Dividend for 2018	-	-	(812,732)	(812,732)
Balance at 30 Jun 2019	1,800,000	64,896	30,660,962	32,525,858
Balance at 1 Jan 2018	600,000	64,896	22,447,542	23,112,438
Profit for the period	-	-	5,824,800	5,824,800
Total comprehensive income for the period ended 30 Jun 2018	-	-	5,824,800	28,937,238
Dividends				
Cash Dividend for the year 2017	-	-	(3,600,000)	(3,600,000)
Stock Dividend for the year 2017	-	-	-	-
Balance at 30 Jun 2018	600,000	64,896	24,672,342	25,337,238

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Condensed statement of cash flows

For the quarter ended 30 June 2019

	1 Jan 2019 to 30 Jun 2019	1 Jan 2018 to 30 Jun 2018
	BDT (000)	BDT (000)
Operating activities		
Collection from distributors, leaf export and others	137,057,516	120,669,029
Payment for costs and expenses	(20,126,840)	(22,843,384)
Supplementary duty and VAT paid	(121,997,887)	(97,241,828)
Cash generated from operating activities	(5,067,211)	583,817
Income tax paid	(4,359,018)	(4,138,395)
Interest paid	(220,064)	(172,948)
Net cash flows from operating activities	(9,646,293)	(3,727,527)
	20	
Investing activities		
Purchase of property, plant and equipment	(846,316)	(2,282,794)
Proceeds from sale of property, plant and equipment	-	27,079
Net cash flows used in investing activities	(846,316)	(2,255,715)
Financing activities		
Proceeds from short term loan	15,600,000	9,800,000
Repayment of short term loan	(4,380,000)	(3,057,910)
Dividend paid	(808,677)	(3,594,740)
Net cash flows used in financing activities	10,411,323	3,147,350
Net Increase/(decrease) in cash and cash equivalents	(81,286)	(2,835,892)
Cash and cash equivalents at 01 January	833,726	978,169
Cash and cash equivalents at 30 June	752,440	(1,857,723)

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British American Tobacco Bangladesh Company Limited

Notes to the Financial Statements for the period ended 30 June 2019

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 and markets brands including Benson & Hedges, John Player Gold Leaf, Capstan, Star, 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 reddyng 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, the Companies Act 1994, the Securities and Exchange Rules 1987 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.

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

On 14 December 2017, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this recent adoption will not have any impact on the financial statements of the Company going forward.

3 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the significant accounting policies:

- A. Current versus non-current classification
- B. Property, plant and equipment
- C. Financial Instruments
- D. Share capital
- E. Impairment
- F. Lease
- G. Inventories
- H. Employee benefits
- I. Provisions
- J. Contingencies
- K. Revenue from contracts with customers
- L. Income tax expense
- M. Foreign currency transactions
- N. Finance income and expenses
- O. Earnings per share (EPS)
- P. Statement of cash flows
- Q. Dividends
- R. Materiality and aggregation
- S. Events after the reporting period
- T. Changes in accounting policies and disclosures

4 New standards, interpretations and amendments adopted by the company

IFRS 16 Leases

IFRS 16 eliminates the earlier operating/finance lease dual accounting model for leases. The change interprets a single accounting model on balance sheet, similar to current finance lease accounting. Issued in January 2016, the new IFRS is replaced the existing guidance in IAS 17 Leases. IFRS 16 is effective from or after 1 January 2019.

The Company has implemented the application of IFRS 16 which has an impact in financial statement.

5 Property, plant and equipment	Balance as at 30-Jun-19	Balance as at 31-Dec-18
<i>In thousands of BDT</i>		
Opening balance (WDV)	26,483,587	20,915,160
Addition	3,191,250	7,402,801
Disposal	-	(141,040)
Depreciation	(844,919)	(1,693,334)
	28,829,918	26,483,587

6 Inventories

<i>In thousands of BDT</i>		
Leaf	15,931,606	10,853,048
Wrapping materials	707,219	2,475,352
Work in process	59,091	33,444
Consumable stores	538,202	519,389
Finished goods	13,276,242	5,410,613
Inventories in transit	416,139	137,355
	30,928,499	19,429,201

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

7 Trade and other receivables

<i>In thousands of BDT</i>		
Trade receivables	12,242	3,671,608
Intercompany receivables	387,200	120,750
Sundry receivables	976,799	381,767
	1,376,241	4,174,125

These are all unsecured and considered good; as such no provision was required to be made against these receivables.

8 Advances, deposits and prepayments

<i>In thousands of BDT</i>		
Advances	9,788,988	4,809,523
Deposits	12,636	12,636
Prepayments	70,768	552
	9,872,392	4,822,711

9 Cash and cash equivalents	Balance as at 30-Jun-19	Balance as at 31-Dec-18
<i>In thousands of BDT</i>		
Cash in hand	2,371	810
Cash at bank		
Dividend account	50,444	46,389
Foreign currency accounts	1,081,369	1,167,192
Current accounts	634,218	419,214
	<u>1,766,031</u>	<u>1,632,795</u>
Cash and cash equivalents at statement of financial position	<u>1,768,402</u>	<u>1,633,605</u>

All the above balances are held with scheduled and nationalized banks.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

	1 Jan 2019 to 30 Jun 2019	1 Jan 2018 to 30 Jun 2018
Cash at bank and in hand	1,768,402	654,719
Bank overdrafts used for cash management purpose	<u>(1,015,962)</u>	<u>(2,512,442)</u>
Cash and cash equivalents in the statement of cash flows	<u>752,440</u>	<u>(1,857,723)</u>

10 Deferred tax

In thousands of BDT

	30-Jun-19			31-Dec-18		
	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
10.1 Deferred tax asset						
Provision for inventories	(275,334)		(275,334)	(276,479)	-	(276,479)
Provision for gratuity	(1,007,891)		(1,007,891)	(1,038,057)	-	(1,038,057)
Net temporary difference	<u>(1,283,225)</u>	-	<u>(1,283,225)</u>	<u>(1,314,536)</u>	-	<u>(1,314,536)</u>
Applicable tax rate			47.5%			47.5%
Deferred tax asset			<u>(609,532)</u>			<u>(624,405)</u>
10.2 Deferred tax liability						
Property, plant and equipment excluding land	16,902,585	9,053,281	7,849,304	15,160,801	7,292,624	7,868,177
Net temporary difference	<u>16,902,585</u>	<u>9,053,281</u>	<u>7,849,304</u>	<u>15,160,801</u>	<u>7,292,624</u>	<u>7,868,177</u>
Applicable tax rate			47.5%			47.5%
Deferred tax liabilities			<u>3,728,419</u>			<u>3,737,384</u>
10.3 Net deferred tax liabilities				Balance as at 30-Jun-19		Balance as at 31-Dec-18
Deferred tax asset				(609,532)		(624,405)
Deferred tax liabilities				<u>3,728,419</u>		<u>3,737,384</u>
Net deferred tax liabilities				<u>3,118,887</u>		<u>3,112,979</u>

11 Trade and other payables	Balance as at 30-Jun-19	Balance as at 31-Dec-18
<i>In thousands of BDT</i>		
Trade payables	4,338,814	3,200,709
Intercompany payables	5,378,320	4,730,835
Workers' profit participation fund	392,020	361,543
Wages and other benefits	204,440	507,976
Unclaimed dividend	50,444	46,389
Sundry payables	555,405	1,151,323
Accrued expenses	754,249	519,669
Lease liabilities	907,306	-
	12,580,998	10,518,444

12 Current tax liabilities

<i>In thousands of BDT</i>		
Balance as at 1 January	5,918,997	5,364,697
Provision made during the period	3,632,781	8,985,069
	9,551,778	14,349,766
Advance payment of corporate tax	(4,359,018)	(8,430,769)
	5,192,760	5,918,997

13 Contingencies

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

	Balance as at 30-Jun-19	Balance as at 31-Dec-18
<i>In thousands of BDT</i>		
Letter of credit	<u>1,407,977</u>	<u>2,196,184</u>
Bank guarantee	<u>67,194</u>	<u>62,106</u>

14 Litigation

The Company has various claims and legal actions arising in the ordinary course of business. In particular, in November 2013, the Company received a retrospective notice of imposition and realization of VAT and Supplementary Duty on low price category brands (Pilot & Bristol) from the National Board of Revenue (NBR) alleging to have evaded tax by selling in the low price segments rather than the mid-tier segments. The claim was for approximately BDT 17,806 million against which the Company appealed and subsequently the Appellate Division of the Supreme Court has accepted the Company's appeals by judgement and order dated 25 July 2018. The Company is awaiting the certified copy of the judgement.

	1 Jan 2019 To 30 Jun 2019	1 Jan 2018 To 30 Jun 2018
15 Revenue from contracts with customers		
<i>In thousands of BDT</i>		
15.1 Quantity in million sticks	26,167	30,204
Gross revenue from domestic sale	133,764,860	119,495,333
Supplementary duty and VAT	<u>(108,778,631)</u>	<u>(90,297,194)</u>
Revenue from domestic sale, net	<u>24,986,229</u>	<u>29,198,139</u>
15.2 Quantity in million sticks	16	-
Gross revenue from finished goods export	<u>16,254</u>	<u>-</u>
Revenue from export of finished goods, net	<u>16,254</u>	<u>-</u>
15.3 Quantity in million kgs	1.86	1.28
Gross revenue from leaf export	465,051	255,239
Leaf export duty	<u>(47,230)</u>	<u>(43,285)</u>
Revenue from export of leaf, net	<u>417,821</u>	<u>211,954</u>
Total revenue from contracts with customers, net	<u>25,420,304</u>	<u>29,410,093</u>
16 Income tax expenses		
<i>In thousands of BDT</i>		
Current income tax:		
Current income tax charge	3,632,781	5,833,743
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>5,908</u>	<u>131,527</u>
Income tax expense reported in the statement of profit or loss	<u>3,638,689</u>	<u>5,965,270</u>
17 Basic earnings per share		
<i>In thousands of BDT</i>		
The computation of earning per share is given below:		
Total profit attributable to the ordinary shareholders	3,809,736	5,824,800
Weighted average number of shares outstanding	180,000	180,000
Basic earnings per share in BDT	<u>21.17</u>	<u>32.36</u>

The company recommended 200% stock dividend for the year 2018. The dividend was approved by the shareholders in the 46th annual general meeting held on 28th April, 2019. Subsequently the shares have been allotted to the eligible shareholders on 27th May, 2019.

17.1 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.

17.2 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 Jun 2019.

		1 Jan 2019 To 30 Jun 2019	1 Jan 2018 To 30 Jun 2018
18 Net Asset value (NAV) per share			
<i>In thousands of BDT</i>			
The computation of NAV Per Share			
Net Assets Value		32,525,858	25,337,238
Weighted average number of shares outstanding	17.1	180,000	180,000
NAV Per Share in BDT		180.70	140.76

19 Net operating cash flows per share (NOCFPS)

<i>In thousands of BDT</i>			
Net cash flow from operating activities		(9,646,293)	(3,727,527)
Weighted average number of shares outstanding	17.1	180,000	180,000
Net Operating cash flow per share (NOCFPS) in BDT		(53.59)	(20.71)

20 Reconciliation between net profit with cash flows from operating activities

<i>In thousands of BDT</i>			
Profit for the period (Profit After Tax)		3,809,736	5,824,800
Adjustment for:			
Depreciation and Impairment		844,919	619,981
Income tax expense		3,638,689	5,965,270
Net finance income/(expenses)		209,627	172,949
(Gain)/Loss on fixed asset		-	(25,471)
Other Adjustments		6,381	131,527
		8,509,352	12,689,056
Changes in:			
(Increase)/decrease in inventories		(11,499,298)	(8,643,392)
(Increase)/decrease in trade receivables and others		2,797,884	907,460
(Increase)/decrease in advances, deposits and prepayments		(6,347,943)	(5,137,565)
Increase/(decrease) in trade payables and others		1,015,883	1,084,305
Increase/(decrease) in net defined benefit plans		(30,165)	40,089
Increase/(decrease) in provisions		487,077	(356,137)
Tax payment during the period		(4,359,018)	(4,138,395)
Interest payment during the period		(220,064)	(172,948)
Net cash generated from operating activities		(9,646,292)	(3,727,527)

21 Significant deviations

- 21.1** Earning per share (EPS) decreased for lower profit after tax from same period of previous year. Decline in profit is driven by lower sales volume particularly in low segment, offset by growth in top segments
- 21.2** Net Operating cash flow per share (NOCFPS) decreased from same period previous year because of increase in inventory purchase and higher advance of excise & corporate tax paid to the exchequer

22 General

Figures appearing in these financial statements have been rounded to the nearest thousand taka.

23 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.



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