

**Audited Condensed Interim Financial Statement for the
Quarter and nine-month period ended September 30, 2022**



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Independent Auditor's Report

To the Shareholders of British American Tobacco Bangladesh Company Limited

Report on the Audit of the Condensed Interim Financial Statements

Opinion

We have audited the condensed interim financial statements of British American Tobacco Bangladesh Company Limited ("the Company"), which comprise the condensed interim statement of financial position as at 30 September 2022, and the condensed interim statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the quarter and nine month period then ended, and notes to the condensed interim financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying condensed interim financial statements give true and fair view of the financial position of the Company as at 30 September 2022, and of financial performance and its cash flows for the quarter and nine month period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Condensed Interim Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 25.1 to the condensed interim financial statements, related to a Show Cause Notice issued by Large Taxpayer Unit - VAT dated 24 September 2020 following a High Court judgment claiming unpaid Value Added Tax and Supplementary Duties of BDT 24,371 million for low segment brands from 1 June 2017 to 6 June 2018. The Company has filed an appeal against this ruling with the Appellate Division of the Supreme Court and obtained a stay on the matter. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the condensed interim financial statements of the current period. These matters were addressed in the context of our audit of the condensed interim financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

1. Inventories:

See Note 7 to the condensed interim financial statements.

The key audit matter	How the matter was addressed in our audit
The Company has significant volume of inventory (30 September 2022: BDT 37 billion; 31 December 2021: BDT 34 billion) across multiple product lines, held at its plants and at various warehouses and third party locations throughout the country.	We have evaluated design and implementation of key controls around management of inventories and tested operating effectiveness thereof.
The storage and distribution of inventories across different locations increases the susceptibility to loss, misappropriation and erroneous counting. Hence, existence and completeness of inventories has been considered as a key audit matter.	We have attended and observed management count and performed physical verification in selected locations to check the existence and completeness of inventory reported. We have reconciled physical count data to period end quantities reported.

2. Litigation and contingent liabilities in relation to indirect tax

See Note 25.1 to the condensed interim financial statements.

The key audit matter	How the matter was addressed in our audit
The Company has various indirect tax related claims and legal actions arising in the normal course of business. The potential amounts in question are significant. Determining whether there is a liability, and if so, the amount thereof, is inherently subjective. This renders claims and legal actions as a key audit matter.	Our audit procedures included, on all such significant claims and litigations: <ul style="list-style-type: none">- Review of the Company's correspondence with the tax authorities, court verdicts obtained to date and management's assessment of the merits of each such matter.- Obtaining formal confirmations from the Company's external legal counsel.- Assessment of adequacy of disclosures.

Responsibilities of Management and Those Charged with Governance for the Condensed Interim Financial Statements

Management is responsible for the preparation of the condensed interim financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the condensed interim financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed interim financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Condensed Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the condensed interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed interim financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the condensed interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the condensed interim financial statements, including the disclosures, and whether the condensed interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the condensed interim financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 2020, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statements of condensed interim financial position and condensed interim statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

The engagement partner on the audit resulting in this independent auditor's report is M Mehedi Hasan.

Sd/-

M Mehedi Hasan, Partner
Enrolment number: 1000
Rahman Rahman Huq, Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Dhaka,

DVC: 2210311000A0294873

British American Tobacco Bangladesh Company Limited

Audited Condensed Interim Statement of Financial Position As At September 30, 2022

<i>In thousands of BDT</i>	<i>Note</i>	30 September 2022	31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	5	34,040,000	31,504,309
Right-of-use assets (RoU)	6.1	2,794,432	1,960,283
Total non-current assets		36,834,432	33,464,592
Current assets			
Inventories	7	37,068,670	34,425,100
Trade and other receivables	8	118,520	2,768,918
Advances, deposits and prepayments	9	4,851,881	5,490,291
Cash and cash equivalents	10	5,829,224	1,406,979
Total current assets		47,868,295	44,091,288
Total assets		84,702,727	77,555,880
Equity and liabilities			
Equity			
Share capital	11	5,400,000	5,400,000
Capital reserve	12	64,896	64,896
Retained earnings		36,467,004	31,325,878
Total equity attributable to owners of the Company		41,931,900	36,790,774
Liabilities			
Net defined benefit plans		255,375	155,931
Deferred tax liabilities, net	13	6,124,303	5,990,682
Lease liabilities	6.2	2,709,590	1,842,192
Non-current liabilities		9,089,268	7,988,805
Short term bank loans		-	5,600,000
Trade and other payables	14	22,944,657	18,530,880
Unclaimed dividend		68,294	61,603
Lease liabilities	6.2	519,548	374,383
Current tax liabilities	15	9,971,235	7,485,580
Provisions		177,825	723,855
Current liabilities		33,681,559	32,776,301
Total liabilities		42,770,827	40,765,106
Total equity and liabilities		84,702,727	77,555,880

The notes on pages 9 to 21 are an integral part of these condensed interim 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
Company Secretary

As per our report on the same date.

Sd/-
M Mehedi Hasan, Partner
Enrolment number: 1000
Rahman Rahman Huq
Chartered Accountants

British American Tobacco Bangladesh Company Limited

Audited Condensed Interim statement of Profit or Loss and other Comprehensive Income for the quarter and nine-month period ended 30 September 2022

<i>In thousands of BDT</i>	Note	For the nine month period ended 30 September		For the three month period ended 30 September	
		2022	2021	2022	2021
Gross revenue		265,719,757	244,430,683	79,336,100	63,589,907
Supplementary duty and VAT		(204,111,085)	(191,348,749)	(59,065,524)	(48,919,748)
Net revenue from contracts with customers	16	61,608,672	53,081,934	20,270,576	14,670,159
Cost of sales		(27,926,506)	(23,235,979)	(9,605,809)	(6,465,002)
Gross profit		33,682,166	29,845,955	10,664,767	8,205,157
Operating expenses		(5,659,792)	(5,427,985)	(2,583,178)	(2,112,941)
Operating profit		28,022,374	24,417,970	8,081,589	6,092,216
Net finance income/(expenses)	17	(448,654)	(214,174)	(72,540)	(84,971)
Non-operating income/(expenses)		17,424	14,926	10,543	3,266
Profit before contribution to WPPF		27,591,144	24,218,722	8,019,592	6,010,511
Contribution to WPPF		(1,379,557)	(1,210,936)	(401,460)	(300,526)
Profit before tax		26,211,587	23,007,786	7,618,132	5,709,986
Current tax	18	(12,835,289)	(10,745,705)	(3,469,932)	(1,948,915)
Deferred tax	18	(134,358)	(698,354)	(45,834)	(817,348)
Income tax expense		(12,969,647)	(11,444,059)	(3,515,766)	(2,766,263)
Profit for the period		13,241,940	11,563,726	4,102,366	2,943,723
Other comprehensive income/(loss) for the period	19	(814)	-	-	-
Total comprehensive income for the period		13,241,126	11,563,726	4,102,366	2,943,723
<i>In BDT</i>					
Earnings per share	20	24.52	21.41	7.59	5.45

The notes on pages 9 to 21 are an integral part of these condensed interim 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 Company Secretary	Sd/- M Mehedi Hasan, Partner Enrolment number: 1000 Rahman Rahman Huq Chartered Accountants	As per our report on the same date.

British American Tobacco Bangladesh Company Limited

Audited Condensed Interim statement of Changes in Equity for nine-month period ended 30 September 2022

For the nine month period ended 30 September 2022

<i>In thousands of BDT</i>	Attributable to owners of the Company			
	Share capital	Capital reserve	Retained earnings	Total equity
Balance as at 1 January 2022	5,400,000	64,896	31,325,878	36,790,774
Total comprehensive income for the period				
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				
Contributions and distributions				
Final cash dividend (FY 2021)	-	-	(8,100,000)	(8,100,000)
Total contributions and distributions	-	-	(8,100,000)	(8,100,000)
Balance as at 30 September 2022	5,400,000	64,896	36,467,004	41,931,900

For the nine month period ended 30 September 2021

<i>In thousands of BDT</i>	Attributable to owners of the Company			
	Share capital	Capital reserve	Retained earnings	Total equity
Balance as at 1 January 2021, as previously reported	1,800,000	64,896	32,134,818	33,999,714
Total comprehensive income for the period				
Profit for the period	-	-	11,563,726	11,563,726
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	11,563,726	11,563,726
Transactions with owners of the Company				
Contributions and distributions				
Final cash dividend (FY 2020)	-	-	(5,400,000)	(5,400,000)
Final stock dividend (FY 2020)	3,600,000	-	(3,600,000)	-
Total contributions and distributions	3,600,000	-	(9,000,000)	(5,400,000)
Balance as at 30 September 2021	5,400,000	64,896	34,698,544	40,163,441

The notes on pages 9 to 21 are an integral part of these condensed interim financial statements.

British American Tobacco Bangladesh Company Limited

Audited Condensed Interim statement of Cash Flows for nine-month period ended 30 September 2022

For the nine month period ended 30 September

<i>In thousands of BDT</i>	2022	2021
Cash flow from operating activities		
Collection from distributors, leaf export and others	268,227,697	244,471,319
Payment for costs and expenses	(37,067,878)	(33,318,936)
Supplementary duty and VAT paid	(199,218,046)	(201,442,021)
Cash generated from operating activities	31,941,773	9,710,362
Interest received/(paid)	(232,644)	(71,281)
Income tax paid	(10,349,634)	(8,988,581)
Net cash generated from operating activities	21,359,495	650,500
Cash flow from investing activities		
Purchase of property, plant and equipment	(2,982,388)	(2,759,502)
Proceeds from sale of property, plant and equipment	2,785	782
Net cash used in investing activities	(2,979,603)	(2,758,720)
Cash flow from financing activities		
Net proceeds from short term loan	(5,600,000)	6,000,000
Lease movement	(433,792)	(422,477)
Dividend paid	(8,093,310)	(5,402,056)
Net cash generated from/(used in) financing activities	(14,127,102)	175,468
Net increase/(decrease) in cash and cash equivalents	4,252,790	(1,932,752)
Cash and cash equivalents at 1 January	1,406,979	5,873,085
Effect of exchange rate fluctuations on cash held	169,455	9,114
Cash and cash equivalents at 30 September	5,829,224	3,949,446

The notes on pages 9 to 21 are an integral part of these condensed interim financial statements.

British American Tobacco Bangladesh Company Limited

Notes to the condensed interim financial statements For the nine-month period ended 30 September 2022

1 Reporting entity

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.

1.2 Nature of business

The Company manufactures tobacco product and market brands including Benson & Hedges, John Player Gold Leaf, Capstan, Star, Royals, Derby, Pilot, Hollywood, Lucky Strike and Flag. The Company has its head office and cigarette factory 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.

1.3 Immediate and ultimate parent Company

The immediate parent company of BATB is Raleigh Investment Co. Ltd and the ultimate parent company of BATB is B.A.T Plc.

2 Basis of preparation

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the International Accounting Standard IAS 34: *Interim Financial Reporting*, the Companies Act 1994, the Securities and Exchange Rules 2020, Financial Reporting Act 2015, relevant guidelines issued by Bangladesh Securities and Exchange Commission ("BSEC") and other applicable laws and regulations in Bangladesh.

The condensed interim financial statements have been prepared on a historical cost basis, except for financial assets and contingent consideration that have been measured at fair value where applicable. The condensed interim financial statements provide comparative information in respect of the previous period and have been prepared on 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 2021.

2.2 Authorisation for issue

These condensed interim financial statements were authorised for issue by the Board of Directors on 31 October, 2022

3 Functional and presentational currency and level of

These condensed interim financial statements are presented in Bangladeshi Taka (BDT), which is both functional and presentational currency of the Company. The amounts in these condensed interim financial statements have been rounded off to the nearest thousand BDT (000) unless otherwise indicated. Because of these rounding off, in some instance the total may not match the sum of individual balances.

4 Significant accounting policies

The same accounting policies and methods of computation have been followed in these interim condensed financial statements as were applied in the preparation of the financial statements of British American Tobacco Company Bangladesh Limited as at and for the year ended 31 December 2021.

5 Property, plant and equipment

In thousands of BDT		Freehold building	Freehold land and fixtures	Furniture and fixtures	IT Laboratory equipment	Leasehold building	Office equipment	Plant and machinery	Vehicles	Assets under construction (AUC)	Total
Cost											
Balance as at 1 January 2021	4,955,327	1,526,496	411,982	391,759	384,937	1,116,041	1,092,754	25,625,501	1,251,911	5,176,707	41,833,426
Additions	598,417	-	158,720	128,586	66,749	37,369	81,452	4,308,883	146,893	3,145,646	8,671,714
Disposals/transfers	-	-	(14,414)	(27,901)	(7,717)	(9,488)	(6,077)	(201,779)	(141,012)	(4,778,376)	(5,187,764)
Balance as at 31 December 2021	5,551,744	1,526,496	558,288	492,444	443,968	1,143,921	1,168,129	29,733,605	1,257,792	3,542,977	45,417,376
Balance as at 1 January 2022	5,551,744	1,526,496	558,288	492,444	443,968	1,143,921	1,168,129	29,733,605	1,257,792	3,542,977	45,417,376
Additions	8,135	-	13,016	53,606	17,640	19,509	156,594	1,190,332	159,873	3,117,024	4,735,729
Disposals/transfers	(5,669)	-	(2,197)	-	(1,195)	-	(9,383)	(104,933)	-	(630,105)	(753,452)
Balance as at 30 September 2022	5,554,210	1,526,496	567,117	546,050	460,413	1,163,430	1,316,370	30,819,004	1,417,665	6,029,896	49,399,653
Accumulated depreciation											
Balance as at 1 January 2021	304,050	-	283,625	311,207	207,105	230,828	646,841	9,601,380	775,137	-	12,362,173
Depreciation for the year	109,874	-	46,116	63,823	30,288	53,612	176,602	1,222,057	188,597	-	1,860,969
Disposals/transfers	-	-	(12,041)	(27,860)	(7,717)	(1,782)	(5,536)	(145,363)	(193,776)	-	(340,075)
Balance as at 31 December 2021	413,924	-	317,700	347,170	229,676	282,658	819,907	10,678,074	823,958	-	13,813,067
Balance as at 1 January 2022	413,924	-	317,700	347,170	229,676	282,658	819,907	10,678,074	823,958	-	13,813,067
Depreciation for the period	88,156	-	35,947	89,680	25,038	40,833	107,518	1,088,552	141,888	-	1,357,582
Disposals/transfers	(5,251)	-	(2,180)	-	(1,195)	-	(7,525)	(84,656)	-	-	(110,995)
Balance as at 30 September 2022	496,829	-	351,479	406,650	253,519	323,491	919,900	11,641,770	965,816	-	15,359,654
Carrying amount											
As at 31 December 2021	5,137,820	1,526,496	238,588	145,274	214,292	861,263	348,222	19,065,531	433,834	3,542,977	31,504,309
As at 30 September 2022	5,057,381	1,526,496	215,638	139,199	206,894	839,939	395,470	19,177,234	451,849	6,029,896	34,040,000

6 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:

6.1 Right-of-use assets (RoU)

<i>In thousands of BDT</i>	Rented apartment	Fork lift	Office	Warehouse	Total
Cost					
Balance as at 1 January 2021	69,021	117,725	106,658	1,834,531	2,127,934
Additions/modifications	12,898	169,860	17,969	775,469	976,196
Disposals/modifications	(15,293)	(3,467)	(5,152)	(224,200)	(248,113)
Balance as at 31 December 2021	66,625	284,117	119,475	2,385,799	2,856,017
Balance as at 1 January 2022	66,625	284,117	119,475	2,385,799	2,856,017
Additions/modifications	11,235	12,990	20,616	1,185,504	1,230,345
Disposals/modifications	-	-	-	(4,974)	(4,974)
Balance as at 30 September 2022	77,860	297,107	140,091	3,566,329	4,081,388
Accumulated depreciation					
Balance as at 1 January 2021	26,959	19,901	28,897	611,698	687,455
Depreciation for the year	20,851	23,199	23,416	376,301	443,767
Disposals/modifications	(13,777)	(3,467)	(5,152)	(213,091)	(235,487)
Balance as at 31 December 2021	34,033	39,632	47,161	774,908	895,734
Balance as at 1 January 2022	34,033	39,632	47,161	774,908	895,734
Depreciation for the period	16,460	30,280	18,954	330,502	396,196
Disposals/modifications	-	-	-	(4,974)	(4,974)
Balance as at 30 September 2022	50,493	69,912	66,115	1,100,436	1,286,956
Carrying amount					
As at 31 December 2021	32,592	244,485	72,315	1,610,891	1,960,283
As at 30 September 2022	27,367	227,195	73,976	2,465,893	2,794,432

6.2 Lease liabilities

<i>In thousands of BDT</i>	30 September 2022	31 December 2021
Non-current		
Lease liabilities	3,788,430	2,479,789
Interest liabilities	(1,078,840)	(637,597)
	2,709,590	1,842,192
Current		
Lease liabilities	812,117	576,885
Interest liabilities	(292,569)	(202,502)
	519,548	374,383
Total lease liabilities	3,229,138	2,216,575

7 Inventories

<i>In thousands of BDT</i>	<i>Note</i>	30 September 2022	31 December 2021
Inventories in hand	7.1	36,827,294	34,079,474
Inventories in transit	7.2	241,376	345,626
		37,068,670	34,425,100

7.1 Inventories in hand

<i>In thousands of BDT</i>	2022	2021
Leaf	17,500,135	8,377,904
Wrapping materials	1,103,516	1,340,617
Work-in-process	76,831	79,612
Finished goods	17,496,461	23,639,126
Cost of finished goods	2,627,887	3,700,337
VAT, SD and HDS on finished goods*	14,868,574	19,938,789
Consumable stores	650,351	642,215
	36,827,294	34,079,474

*VAT: Value Added Tax

SD: Supplementary Duty

HDS: Health Development Surcharge

7.2 Inventories in transit

<i>In thousands of BDT</i>	2022	2021
Leaf	10,445	66,434
Wrapping materials	122,015	223,772
Consumable stores	108,916	55,420
	241,376	345,626

8 Trade and other receivables

<i>In thousands of BDT</i>	30 September 2022	31 December 2021
Trade receivables	10,633	2,496,376
Expected credit loss	(733)	(2,497)
Net trade receivables	9,900	2,493,879
Intercompany receivables	162,085	243,006
Sundry receivables	(53,465)	32,033
	118,520	2,768,918

9 Advances, deposits and prepayments

<i>In thousands of BDT</i>	30 September 2022	31 December 2021
Advances	4,779,290	5,365,658
Deposits	11,700	11,700
Prepayments	60,891	112,933
	4,851,881	5,490,291

10 Cash and cash equivalents

<i>In thousands of BDT</i>	<i>Note</i>	30 September 2022	31 December 2021
Cash in hand		86	781
		86	781
Cash at bank			
Dividend account	10.1	68,294	61,603
Foreign currency - current accounts		1,347,952	1,153,086
Current accounts		2,659,986	(250,337)
Fixed deposit receipt (FDR)		-	422,475
Short term deposit (STD)		1,752,906	19,371
		5,829,138	1,406,198
		5,829,224	1,406,979

All the above balances are held with scheduled and nationalised banks. Cash at banks earns interest at floating rates based on daily bank deposit rates.

10.1 Restricted cash balance

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

10.2 Reconciliation between net profit with cash flows from operating activities

<i>In thousands of BDT</i>	For the nine month period ended 30 September	
	2022	2021
Profit for the period (profit after tax)	13,241,940	11,563,726
Adjustment for:		
Depreciation	1,953,778	1,711,981
(Gain)/loss on fixed asset	9,571	3,823
Other adjustments	13,248,849	11,649,120
	28,454,138	24,928,651
Changes in:		
(Increase)/decrease in inventories	(2,643,568)	(18,320,382)
(Increase)/decrease in trade receivables and others	2,650,399	31,001
(Increase)/decrease in advances, deposits and prepayments	(486,375)	674,517
Increase/(decrease) in trade payables and others	4,413,777	2,287,996
Increase/(decrease) in net defined benefit plans	99,439	74,614
Increase/(decrease) in provisions	(546,036)	33,966
Cash generated from operating activities	31,941,773	9,710,362
Income tax and interest payments	(10,582,278)	(9,059,861)
Net cash generated from operating activities	21,359,495	650,500

11 Share capital

<i>In BDT</i>	30 September 2022	31 December 2021
Authorised:		
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

11.1 Shareholding position

	30 September 2022			31 December 2021		
	No. of shares	Value (BDT)	Percentage	No. of shares	Value (BDT)	Percentage
Name of shareholder						
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	30,521,545	305,215,450	5.65%	30,231,537	302,315,370	5.60%
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%	1,807,502	18,075,020	0.33%
Government of Bangladesh	3,481,416	34,814,160	0.64%	3,481,416	34,814,160	0.64%
Others	95,195,531	951,955,310	17.63%	95,485,900	954,859,000	17.68%
	540,000,000	5,400,000,000	100%	540,000,000	5,400,000,000	100%

11.2 Share distribution schedule

A distribution schedule of the shares at the reporting date is given below following the requirement of listing regulations:

	30 September 2022			31 December 2021		
	Number of shareholders	Total number of shares	Percentage of holding	Number of shareholders	Total number of shares	Percentage of holding
Shareholder's range						
Less than 501 shares	72,613	6,852,013	1.27%	54,968	5,064,942	0.94%
501 to 5,000 shares	10,386	15,546,213	2.88%	9,716	14,376,243	2.66%
5,001 to 10,000 shares	739	5,334,772	0.99%	631	4,523,479	0.84%
10,001 to 20,000 shares	322	4,587,534	0.85%	315	4,461,929	0.83%
20,001 to 30,000 shares	102	2,480,968	0.46%	95	2,352,739	0.44%
30,001 to 40,000 shares	57	1,962,849	0.36%	40	1,397,384	0.26%
40,001 to 50,000 shares	39	1,785,459	0.33%	34	1,559,997	0.29%
50,001 to 100,000 shares	84	5,820,821	1.08%	67	4,712,779	0.87%
100,001 to 1,000,000 shares	79	21,083,992	3.90%	63	18,140,843	3.36%
Over 1,000,000 shares	15	474,545,379	87.88%	16	483,409,665	89.52%
	84,436	540,000,000	100%	65,945	540,000,000	100%

12 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.

13 Deferred tax

Deferred tax liabilities, net

<i>In thousands of BDT</i>	<i>Note</i>	30 September 2022	31 December 2021
Deferred tax asset	13.1	(208,810)	(209,657)
Deferred tax liabilities/(asset) (RoU assets)	13.2	(206,485)	(121,739)
Deferred tax liabilities (other than RoU assets)	13.2	6,539,598	6,322,078
Net deferred tax liabilities		6,124,303	5,990,682

13.1 Deferred tax asset

<i>In thousands of BDT</i>	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
30 September 2022			
Provision for inventories	(184,228)	-	(184,228)
Provision for gratuity	(255,371)	-	(255,371)
Net temporary difference	(439,599)	-	(439,599)

Applicable tax rate	47.5%
Deferred tax asset	(208,810)

<i>In thousands of BDT</i>	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
31 December 2021			
Provision for inventories	(285,451)	-	(285,451)
Provision for gratuity	(155,932)	-	(155,932)
Net temporary difference	(441,383)	-	(441,383)

Applicable tax rate	47.5%
Deferred tax asset	(209,657)

13.2 Deferred tax liability

<i>In thousands of BDT</i>	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
30 September 2022			
Property, plant and equipment excluding land and AUC	26,258,552	12,490,977	13,767,575
Right-of-use assets, net	(434,706)	-	(434,706)
Lease liabilities	2,794,432 (3,229,138)	-	2,794,432 (3,229,138)
Net temporary difference	25,823,846	12,490,977	13,332,869

Applicable tax rate	47.5%
Deferred tax liabilities	6,333,113

<i>In thousands of BDT</i>	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
31 December 2021			
Property, plant and equipment excluding land and AUC	26,252,241	12,942,604	13,309,637
Right-of-use assets, net	(256,291)	-	(256,291)
Lease liabilities	1,960,283 (2,216,575)	- -	1,960,283 (2,216,575)
Net temporary difference	25,995,950	12,942,604	13,053,346
Applicable tax rate			47.5%
Deferred tax liabilities			6,200,339

14 Trade and other payables

<i>In thousands of BDT</i>	30 September 2022	31 December 2021
Trade payables	7,024,927	3,831,760
Intercompany payables	11,042,465	9,301,730
Workers' Profit Participation Fund (WPPF)	429,557	994,321
Wages and other benefits	436,409	599,015
Accrued expenses	3,455,923	3,493,701
Sundry payables	555,376	310,353
	22,944,657	18,530,880

15 Current tax liabilities

<i>In thousands of BDT</i>	30 September 2022	31 December 2021
Opening balance	7,485,580	5,384,973
Provision made during the period	12,835,289	14,102,215
	20,320,869	19,487,188
Advance payment of corporate tax	(10,349,634)	(12,001,608)
	9,971,235	7,485,580

16 Revenue from contracts with customers

<i>In thousands of BDT</i>	For the nine month period ended 30 September	
	2022	2021
Quantity in million sticks	48,597.27	45,343.57
Gross revenue from domestic sale	263,137,176	243,403,021
Supplementary duty and VAT	(204,111,085)	(191,348,749)
Revenue from domestic sale, net	59,026,091	52,054,272
Quantity in million sticks	12.42	15.97
Gross revenue from finished goods export	11,218	35,167
Revenue from export of finished goods, net	11,218	35,167

Quantity in million kgs	8.56	3.77
Gross revenue from leaf export	2,571,363	992,495
Revenue from export of leaf, net	2,571,363	992,495
Total revenue from contracts with customers, net	61,608,672	53,081,934

17 Net finance income/(expenses)

<i>In thousands of BDT</i>	For the nine month period ended 30 September	
	2022	2021
Interest income	36,448	42,630
Interest expense		
Borrowing	(269,092)	(113,911)
IFRS 16	(216,010)	(142,893)
Net finance income/(expenses)	(448,654)	(214,174)

18 Income tax expenses

<i>In thousands of BDT</i>	For the nine month period ended 30 September	
	2022	2021
Current income tax:		
Current income tax charge	12,835,289	10,745,705
Deferred tax:		
Relating to origination and reversal of temporary differences	134,358	698,354
Income tax expense reported in the statement of profit or loss	12,969,647	11,444,059

18.1 Reconciliation of effective tax rate

<i>In thousands of BDT</i>	For the nine month period ended			
		30 September 2022		30 September 2021
Profit before tax		26,211,587		23,007,786
Current tax expense	48.97%	12,835,289	46.70%	10,745,705
Deferred tax expense	0.51%	134,358	3.04%	698,354
Total tax expense	49.48%	12,969,647	49.74%	11,444,059
Expected income tax using applicable tax rate	47.50%	12,450,504	47.50%	10,928,700
Tax on non deductible expenses	1.47%	384,785	-0.80%	(182,995)
Effective current tax	48.97%	12,835,289	46.70%	10,745,705
Effective deferred tax	0.51%	134,358	3.04%	698,354
	49.48%	12,969,647	49.74%	11,444,059

19 Other comprehensive income

<i>In thousands of BDT</i>	For the nine month period ended 30 September	
	2022	2021
Actuarial gain/(loss) on defined benefit plans - gratuity fund	(1,033)	-
Actuarial gain/(loss) on defined benefit plans - pension fund	(518)	-
	(1,551)	-
Less: Deferred tax on actuarial gain/(loss) on defined benefit plans @ 47.5%	737	-
Net actuarial gain/(loss) on defined benefit plans charged to OCI	(814)	-

An estimate review has been performed on 30 June 2022 and reflected in the period ended 30 September 2022.

20 Basic earnings per share

<i>In thousands of BDT</i>	For the nine month period ended 30 September	
	2022	2021
Computation of earning per share		
Total profit attributable to the ordinary shareholders	13,241,126	11,563,726
Weighted average number of shares outstanding	540,000	540,000
Basic earnings per share in BDT	24.52	21.41

20.1 Weighted average number of ordinary shares outstanding

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year. The weighted average number of shares is calculated by assuming that the shares have always been in issue. This means that they have been issued at the start of the year presented as the comparative figures.

20.2 Diluted earnings per share

No diluted earnings per share is required to be calculated for this period as there was no scope for dilution till 30 September 2022.

21 Net operating cash flows per share (NOCFPS)

<i>In thousands of BDT</i>	Note	For the nine month period ended 30 September	
		2022	2021
Net cash flow from operating activities		21,359,495	650,500
Weighted average number of shares outstanding	20	540,000	540,000
Net operating cash flow per share (NOCFPS) in BDT		39.55	1.20

22 Net asset value (NAV) per share

<i>In thousands of BDT</i>	Note	30 September	31 December
		2022	2021
Net assets value		41,931,900	36,790,774
Weighted average number of shares outstanding	20	540,000	540,000
NAV per share in BDT		77.65	68.13

23 Related party disclosures

Other related party transactions

The Company carries 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*.

In thousands of BDT	Relationship	Transaction values for the nine month period ended		Balance outstanding as at	
		30 September 2022	30 September 2021	30 September 2022	31 December 2021
Income					
a. Leaf, Cigarette export and sale of goods					
BAT (GLP) Limited	BAT Group company	943,069	265,895	(326,698)	(46,642)
PTCL	BAT Group company	260,422	96,985	58,152	144,690
BAT (Singapore) PTE LTD	BAT Group company	9,568	26,492	15,751	11,602
Ceylon Tobacco Company PLC	BAT Group company	1,649	-	648	-
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	-	8,675	-	-
		1,214,710	398,046	(252,148)	109,650
b. Other fee					
Other fee received/to be received from:					
BAT (GLP) Limited	BAT Group company	12,764	1,046	-	3,017
BAT Holdings Limited	BAT Group company	-	-	-	19,217
BAT INVESTMENTS LTD	Holding company	12,445	-	-	1,101
British-American Tobacco Polska S.A	BAT Group company	2,241	-	2,241	-
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	13,215	-	-	-
BAT Japan	BAT Group company	11,028	20,592	-	14,798
British American Tobacco Exports Ltd	BAT Group company	-	3,267	-	4,364
Solomon Islands Tobacco Co. Ltd.	BAT Group company	-	4,553	-	1,633
BAT Global Travel Retail Limited	BAT Group company	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	-	10,792	-
British American Tobacco Asia-	BAT Group company	17,294	-	-	-
British-American Tobacco (Singapore)	BAT Group company	8,183	-	-	-
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	-	3,095	1,727	4,822
BAT Co. (HK) Ltd	BAT Group company	2,945	-	2,266	-
BAT AsPac Service Centre Sdn Bhd	BAT Group company	-	-	-	8,673
BAT MARKETING (S) PTE LTD	BAT Group company	2,897	1,175	2,897	-
British American Tobacco ME DMCC	BAT Group company	2,902	-	2,902	-
Ncoventures Trading Limited	BAT Group company	-	-	-	27,032
		123,866	33,728	32,804	86,137
Total related party income and outstanding balance		1,338,576	431,774	(219,344)	195,788

In thousands of BDT	Relationship	Transaction values for the nine month period ended		Balance outstanding as at	
		30 September	30 September	30 September	31 December
		2022	2021	2022	2021
Expenses					
c. Procurement of services					
Procurement of information technology, product and other services:					
BASS GSD limited	BAT Group company	861,643	637,663	(3,043,315)	(2,182,989)
BRITISH AMERICAN TOBACCO AUSTRALIA	BAT Group company	5,587	-	(8,056)	(2,469)
BAT GERMANY GMBH	BAT Group company	-	-	(327)	(327)
BAT Holdings Limited	BAT Group company	-	-	(27,469)	(27,469)
BAT AsPac Service Centre Sdn Bhd	BAT Group company	138,167	174,609	(709,519)	(573,413)
BAT GSD (KL) Sdn Bhd	BAT Group company	-	-	(3,151)	(3,151)
BAT Investments LTD	BAT Group company	3,079	-	(30,527)	(27,449)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	52,949	190,819	(16,753)	-
BAT MARKETING (S) PTE LTD	BAT Group company	2,311	-	-	-
PAKISTAN TOBACCO CO LTD	BAT Group company	3,107	-	(3,107)	-
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	-	12,713	(6,385)	-
BAT (Singapore) PTE LTD	BAT Group company	1,788	-	(1,788)	-
BAT Peci Dohanygyar KFT	BAT Group company	-	-	-	(17,436)
BAT Japan	BAT Group company	-	-	(10,094)	(10,094)
		1,069,904	1,015,804	(3,908,916)	(2,891,850)
d. Purchase of leaf and goods					
Purchase of leaf and wrapping materials from:					
BAT Singapore (Private) limited	BAT Group company	2,089	7,398	-	(1,108)
BAT (GLP) Limited	BAT Group company	386,361	275,346	50,575	1,327
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	34,916	28,646	(3,332)	(46,106)
British American Tobacco Western Europe	BAT Group company	-	32,409	-	-
BAT KOREA MANUFACTURING LTD	BAT Group company	-	218,153	-	(23,290)
		423,366	561,951	47,243	(69,177)
e. Royalty					
Royalty paid/payable to:					
BAT Holdings Limited	Holding company	653,273	537,641	(2,904,212)	(2,913,444)
		653,273	537,641	(2,904,212)	(2,913,444)
f. Technical and advisory fee					
Payment of fees for technical and advisory support services to:					
BAT Investments Ltd	Holding company	565,503	-	(3,892,374)	(3,326,870)
		565,503	-	(3,892,374)	(3,326,870)
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	-	-	(80,653)
BRITISH AMERICAN TOBACCO CHILE	BAT Group company	-	-	(69)	(69)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	556,709	-	-	11,321
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	4,026	-	(4,026)	-
BAT KOREA MANUFACTURING LTD	BAT Group company	-	-	-	16,905
British American Tobacco Mexico	BAT Group company	-	-	(181)	(181)
		779,490	-	(2,779)	(55,437)
Total related party expenses and outstanding balance		3,491,536	2,115,396	(10,661,037)	(9,256,778)

24 Commitments

<i>In thousands of BDT</i>	30 September 2022	31 December 2021
Capital expenditure		
Authorised but not provided for	3,315,196	3,653,775
	3,315,196	3,653,775

25 Contingencies

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

<i>In thousands of BDT</i>	30 September 2022	31 December 2021
Letter of credit		
Citibank, N.A.	741,582	815,043
Commercial Bank of Ceylon PLC	-	-
The Hong Kong and Shanghai Banking Corporation Limited	475,992	1,037,316
Standard Chartered Bank	1,416,981	1,375,160
	2,634,555	3,227,520
Bank guarantee		
Standard Chartered Bank	202,659	94,696
Commercial Bank of Ceylon PLC	127,965	127,965
Eastern Bank Ltd.	29,303	13,514
Citibank, N.A.	2,000	2,000
	361,927	238,174

25.1 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 each of these 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 is stayed.

26 Significant deviations

Earning per share (EPS) increased for higher profit after tax compared to 30 September 2021 driven by growth in volume. Net operating cash flow per share (NOCFPS) increased due to higher cash collection from sales compared to 30 September 2021.

27 Events after the reporting period

The Board of Directors of British American Tobacco Bangladesh Company Limited at its (07/2022) meeting held on 31 October 2022 recommended an interim cash dividend of BDT 10.00 per share for the year 2022. The dividend is subject to final approval by the shareholders at the relevant annual general meeting of the Company.

There are no other events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.

Padma Bridge

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