

DIRECTOR'S REVIEW

It is my pleasure to present the un-audited Condensed Financial Information and brief review of the Company's operations for the 1st Quarter ended 31 March 2011.

The company continues to sustain growth trend that it carried previously. Net turnover in the period under review was Rs. 2.046 billion as compared to Rs. 1.652 billion for the corresponding period of last year . This signifies a healthy growth of 24% specially under the current power crises and current political circumstances prevailing within the country.

Retail division with the opening of one new store and by renovating two stores during the first quarter was able to maintain a consistent growth in business. Our focus as a part of our strategy will remain on expansion of big format stores by closing low turnover stores.

Our Wholesale division again achieved remarkable sales during this quarter with a vigorous growth of 52%. This division has developed into a significant contributor to the company's overall business and profitability. They are striving to develop new products and customers base to maintain its strong growth.

During the period under review, our manufacturing units at Batapur and Maraka were fully loaded to meet the high demand for popular items. Our investment in many new moulds introduced this year is also being rewarded as the majority have proved to be winners in the marketplace.

With all divisions performing well, the company was able to achieve year to date profit after tax of Rs 160.5 Million as compared to Rs. 146.3 Million in the corresponding period of last year. As we have our major selling period still to come, it is thus, expected that the full year will reflect all time record sales and profits for the company.

On behalf of the Board

Batapur:
Lahore: April 21, 2011

(M. IMRAN MALIK)
Chief executive

CORPORATE INFORMATION

Board of Directors

Mr. Fernando Garcia	Chairman
Mr. M. Imran Malik	Chief Executive
Mr. M. G. Middleton	Director
Mr. Carlos Gomez	Director & Chief Financial Officer
Mr. Muhammad Ali Malik	Director
Mr. Fakir Syed Aijazuddin	Director
Mr. Ijaz Ahmad Chaudhry	Director
Mr. Shahid Anwar (Nominee of NIT)	Director
Mr. Istaqbal Mehdi (Nominee of NIT)	Director

Audit Committee

Mr. Fakir Syed Aijazuddin	Chairman
Mr. Ijaz Ahmad Chaudhry	Member
Mr. M. G. Middleton	Member

Bankers

Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Bank Al Habib Limited
National Bank of Pakistan Limited
Summit Bank Limited
United Bank Limited
Silk Bank Limited
Barclays Bank PLC

Company Secretary

Mr. S. M. Ismail

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Mall View Building, 4 - Bank Square
P.O. Box No. 104,
Lahore.

Legal Advisor

Surrige & Beecheno
60, Shahrah-e-Quaid-e-Azam,
Ghulam Rasool Building,
Lahore.

Stock Exchange Listing

Bata Pakistan Limited is listed on Karachi and Lahore Stock Exchanges.

The Company's shares are quoted in leading Newspapers under "Personal Goods" sector.

Registered Office

Batapur,
G. T. Road,
P.O. Batapur, Lahore.

Share Registrar

Corplink (Pvt.) Ltd.
Wings Arcade, 1-K Commercial Area
Model Town, Lahore.

Factories

Batapur,
G. T. Road,
P.O. Batapur, Lahore.

Maraka,
26 - Km, Multan Road,
Lahore.

Liaison Office

138 C-II Commercial Area,
P.E.C.H.S., Tariq Road,
Karachi.

BATA PAKISTAN LIMITED
CONDENSED INTERIM BALANCE SHEET - UNAUDITED
AS AT 31 MARCH 2011

	(UN - AUDITED)	(AUDITED)
Note	31 March 2011	31 December 2010
	(Rupees in'000')	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	4 623,490	629,402
Intangible assets	12,771	9,960
Capital work in progress	2,126	1,352
Long term investments	35,100	37,823
Long term deposits and prepayments	37,297	39,216
	710,784	717,753
CURRENT ASSETS		
Stores and spares	1,986	1,157
Stock in trade	1,899,203	1,527,032
Trade debts - unsecured	470,264	22,325
Advances - unsecured	17,139	13,259
Deposits, short term prepayments and other receivables	182,231	410,517
Interest accrued	7,136	489
Short term investment	350,000	500,000
Tax refunds due from Government	5 530,678	445,479
Cash and bank balances	311,569	539,039
	3,770,206	3,459,297
TOTAL ASSETS	4,480,990	4,177,050
SHARE CAPITAL AND RESERVES		
Authorized share capital	100,000	100,000
Issued, subscribed and paid up capital	75,600	75,600
Reserves		
Capital reserve	483	483
Revenue reserves	2,825,760	2,665,217
	2,826,243	2,665,700
	2,901,843	2,741,300
NON-CURRENT LIABILITIES		
Long term deposits	35,100	37,823
Deferred liability - employee benefits	6 75,128	74,211
Deferred taxation	22,754	22,849
	132,982	134,883
CURRENT LIABILITIES		
Trade and other payables	1,379,445	988,890
Provision for taxation	66,720	311,977
	1,446,165	1,300,867
CONTINGENCIES AND COMMITMENTS	7	
TOTAL EQUITY AND LIABILITIES	4,480,990	4,177,050

The annexed notes from 1 to 15 form an integral part of this financial information.

Chief Executive

Director

BATA PAKISTAN LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UNAUDITED
FOR THE THREE MONTHS ENDED 31 MARCH 2011

	<u>Note</u>	<u>Jan - Mar 2011</u>	<u>Jan - Mar 2010</u>
(Rupees in '000')			
SALES	8	2,045,683	1,652,359
COST OF SALES	9	1,269,647	977,412
GROSS PROFIT		776,036	674,947
DISTRIBUTION COST		390,931	347,716
ADMINISTRATIVE EXPENSES		146,913	110,219
OTHER OPERATING EXPENSES		18,414	16,575
		556,258	474,510
OTHER OPERATING INCOME		19,415	9,235
OPERATING PROFIT		239,193	209,672
FINANCE COST		12,025	9,407
PROFIT BEFORE TAXATION		227,168	200,265
TAXATION	10	66,625	53,949
PROFIT AFTER TAXATION		160,543	146,316
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		160,543	146,316
EARNINGS PER SHARE - BASIC AND DILUTED		Rs.21.24	Rs.19.35

The annexed notes from 1 to 15 form an integral part of this financial information.

Chief Executive

Director

BATA PAKISTAN LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED
FOR THE THREE MONTHS ENDED 31 MARCH 2011

<u>Note</u>	<u>Jan - Mar 2011</u>	<u>Jan - Mar 2010</u>
	(Rupees in '000')	
CASH GENERATED FROM OPERATIONS		
Profit before taxation	227,168	200,265
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation of property, plant & equipments	21,619	19,919
Amortization of intangible assets	1,134	-
Provision for gratuity	1,466	1,685
Profit on disposal of property, plant and equipment	(85)	(258)
Profit on long and short term investments	(18,803)	(8,517)
Finance cost	12,025	9,407
	<u>17,356</u>	<u>22,236</u>
Operating profit before working capital changes	244,524	222,501
Working capital adjustments:		
(Increase) / decrease in current assets:		
Stores and spares	(829)	61
Stock in trade	(372,170)	(133,476)
Trade debts - unsecured	(447,939)	(277,814)
Advances - unsecured	(3,880)	(17)
Deposits, short term prepayments and other receivables	(13,983)	(10,254)
Tax refunds due from Government	(85,201)	(56,001)
	<u>(924,002)</u>	<u>(477,501)</u>
Increase in current liabilities:		
Trade and other payables	390,555	54,564
Cash used in operations	(288,923)	(200,436)
Finance costs paid	(12,025)	(6,478)
Income taxes paid	(69,709)	(75,821)
Gratuity paid	(549)	(668)
Interest income received	12,156	9,006
	<u>(70,127)</u>	<u>(73,961)</u>
Net (decrease)/increase in long term deposits	(803)	3,125
Net cash used in operating activities	(359,853)	(271,272)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(17,379)	(17,930)
Purchase of intangible assets	(3,944)	-
Proceeds from sale of property, plant and equipment	983	279
Increase in long term investments	2,723	(935)
Net cash used in investing activities	(17,617)	(18,586)
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash generated from / (used in) financing activities	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(377,470)	(289,858)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,039,039	811,249
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	661,569	521,391

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The annexed notes from 1 to 15 form an integral part of this financial information.

Chief Executive

Director

BATA PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED
FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Share capital	Capital reserve	General reserve	Unappropriated profits	Total
	(-----Rupees in '000'-----)				
Balance as at 31 December 2009	75,600	483	1,298,000	586,644	1,960,727
Total comprehensive income for the three months ended 31 March 2010	-	-	-	146,316	146,316
Balance as at 31 March 2010	75,600	483	1,298,000	732,960	2,107,043
Final dividend for 2009 @ Rs. 12.00 per share	-	-	-	(90,720)	(90,720)
Transfer to general reserve for 2009	-	-	494,000	(494,000)	-
Total comprehensive income for the nine months ended 31 December 2010	-	-	-	724,977	724,977
Balance as at 31 December 2010	75,600	483	1,792,000	873,217	2,741,300
Total comprehensive income for the three months ended 31 March 2011	-	-	-	160,543	160,543
Balance as at 31 March 2011	75,600	483	1,792,000	1,033,760	2,901,843

The annexed notes from 1 to 15 form an integral part of this financial information.

Chief Executive

Director

BATA PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED
FOR THE THREE MONTHS ENDED 31 MARCH 2011

1. LEGAL STATUS AND OPERATIONS

Bata Pakistan Limited, (the Company) is a public limited company incorporated in Pakistan and is quoted on Lahore and Karachi Stock Exchanges. The registered office of the company is situated at Batapur, Lahore. The principal activity of the Company is manufacturing and sale of footwear of all kinds along with sale of accessories and hosiery items. The parent Company of Bata Pakistan Limited is Bafin B.V., Nederland, whereas the ultimate parent is Compass Limited, Bermuda.

2. STATEMENT OF COMPLIANCE

This condensed interim financial report of the Company for the three months ended 31 March 2011 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of this condensed interim financial report are the same as those applied in preparation of the annual audited and published financial statements of the Company for the year ended 31 December, 2010.

4. ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	Building	Plant and machinery	Gas installation	Office equipment	Computers	Furniture, fixture and fittings	<u>(UN - AUDITED)</u>	
							31 March 2011	31 March 2010
							(Rupees in '000')	
Additions	1,366	4,907	17	132	4,042	6,141	16,605	11,792
Disposals (cost)	-	4,568	68	86	151	523	5,396	314
							<u>(UN - AUDITED)</u>	(AUDITED)
							31 March 2011	31 December 2010
							(Rupees in '000')	

5. TAX REFUNDS DUE FROM GOVERNMENT

This represents sales tax paid on raw materials used in zero-rated taxable shoes for which refund claims have been lodged / are being lodged with the Sales Tax Department.

6. PROVISION FOR GRATUITY - DEFINED BENEFITS PLAN

Opening liability	74,211	69,196
Amount recognized during the period/year	1,466	6,831
Payment made by the Company during the period/year	(549)	(1,816)
Closing Liability	<u>75,128</u>	<u>74,211</u>

The latest actuarial valuation was carried out as at 31 December, 2010

7. CONTINGENCIES AND COMMITMENTS

7.1 The Company is contingently liable for:

Counter Guarantees given to banks		7,740	7,204
Indemnity Bonds given to Custom Authorities		30,087	26,790
Claims not acknowledged as debts - under appeal		26,413	76,413
Law suit by ex-employee - damages for malicious prosecution		3,000	3,000
Order by income tax department	7.1.1	3,659	3,659
Order by income tax department	7.1.2	2,702	2,702
		<u>73,601</u>	<u>119,768</u>

7.1.1 The Company has received an order from Federal Board of Revenue (FBR) in respect of inadequacy of advance tax paid by the Company for the tax year 2008. The FBR has thus levied additional tax u/s 205 (1B) of the Income Tax Ordinance, 2001 amounting to Rs. 8.566 million.

The Company had provided an amount of Rs. 4.907 million on the basis of tax advisor's opinion and also filed an appeal with Commissioner Inland Revenue (CIR)(Appeals). CIR(Appeals) decided the case against the Company after which an appeal was filed with ATIR which is pending adjudication. The management expects a favorable outcome of the matter and accordingly no provision for the remaining amount has been made.

7.1.2 The Company has received an order from Federal Board of Revenue (FBR) in respect of alleged default that the tax at source was not properly deducted by the Company for the tax year 2005. The FBR after charging additional tax u/s 205(3) of the Income Tax Ordinance, 2001 created a demand of Rs. 2.702 million. The Company filed an appeal with CIR(Appeals) which is pending adjudication. The management expects a favorable outcome of the matter and accordingly no provision has been made.

7.3 Commitments

7.3.1 The Company has entered into rent agreements for retail shops. There are no restrictions placed upon the Company by entering into these agreements. Future minimum lease payable under these agreements are as follows:

	(UN - AUDITED)	(AUDITED)
	31 March 2011	31 December 2010
	(Rupees in '000')	
With in one year	431,762	427,571
After one year but not more than five years	1,428,446	1,386,432
More than five years	705,305	668,212
	<u>2,565,513</u>	<u>2,482,215</u>

7.3.2 Commitments in respect of:

- Capital expenditure	42,123	10,583
- Letters of credit and bank contracts	423,761	326,932
	<u>465,884</u>	<u>337,515</u>

(UN - AUDITED)	
Quarter ended	
31 March 2011	31 March 2010
(Rupees in '000')	

8. SALES

Shoes and accessories		
Local	2,264,702	1,784,997
Export	28,387	39,217
	<u>2,293,089</u>	<u>1,824,214</u>
Sundry articles and scrap material	6,879	4,838
	<u>2,299,968</u>	<u>1,829,052</u>
Less: Sales tax paid	29,288	30,582
Discount to dealers and distributors	205,221	128,207
Commission to agents/business associates	19,776	17,904
	<u>254,285</u>	<u>176,693</u>
	<u>2,045,683</u>	<u>1,652,359</u>

9. COST OF SALES

Raw material consumed	719,952	442,215
Store and spares consumed	2,521	2,127
Fuel and power	28,511	28,254
Salaries, wages and benefits	62,714	64,399
Repairs and maintenance	7,876	8,774
Insurance	1,469	1,519
Depreciation	4,325	3,638
	<u>827,368</u>	<u>550,926</u>
Add: Opening goods in process	59,483	41,249
	<u>886,851</u>	<u>592,175</u>
Less: Closing goods in process	86,118	61,461
Cost of goods manufactured	800,733	530,714
Add: Opening stock of finished goods	1,190,413	1,035,130
Finished goods purchased	711,741	519,429
	<u>2,702,887</u>	<u>2,085,273</u>
Less: Closing stock of finished goods	1,433,240	1,107,861
	<u>1,269,647</u>	<u>977,412</u>

(UN - AUDITED)	
Quarter ended	
31 March 2011	31 March 2010
(Rupees in '000')	

10. TAXATION

Current		
- For the period	66,720	54,974
Deferred	(95)	(1,025)
	<u>66,625</u>	<u>53,949</u>

11. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

Bank balances - in current accounts	269,679	190,816
Short term investment	350,000	300,000
Cash in transit	40,002	26,160
Cash in hand	1,888	4,415
	<u>661,569</u>	<u>521,391</u>

12. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of parent company, related group companies, provident fund trusts, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to executive directors and key management personnel under the terms of their employment, during the period, are as follows:

		(UN - AUDITED)	
		Quarter ended	
Relationship with the Company	Nature of transactions	31 March 2011	31 March 2010
		(Rupees in '000')	
Associated Companies	Purchase of goods and services	207,216	92,399
	Sale of goods and services	4,146	2,322
	Brand royalty	49,342	38,824
	Service charges	34,103	11,393
Staff Retirement Benefits	Contribution to provident fund trusts	7,854	6,781
Staff Retirement Benefits	Gratuity paid	549	668

The Company continues to have a policy whereby all transactions with related parties and associated undertakings are entered into at arm's length.

13. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary share holders (in '000)	<u>160,543</u>	<u>146,316</u>
Weighted average number of ordinary shares - Number (in '000)	<u>7,560</u>	<u>7,560</u>
Earnings per share - Basic (Rs.)	<u>21.24</u>	<u>19.35</u>

13.1 No figure for diluted earnings per share has been disclosed as the Company has not issued any instrument which would have a dilutive impact on earnings per share, when exercised.

14. DATE OF AUTHORIZATION

This financial information was authorized for issue by the Board of Directors on 21 April 2011

15. GENERAL

The figures in this financial information have been rounded off to the nearest thousand rupees unless otherwise stated.

Chief Executive

Director