

# *Bata*<sup>®</sup>

QUARTERLY REPORT

2015

JANUARY - MARCH



*Bata* PAKISTAN LIMITED

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**FIRST QUARTERLY REPORT**

FOR THE THREE MONTHS ENDED 31 MARCH 2015



# CORPORATE INFORMATION

## Board of Directors

Mr. Fernando Garcia	Chairman
Mr. Muhammad Qayyum	Chief Executive
Mr. M. G. Middleton	Director
Mr. Cesar Panduro	Director
Mr. Muhammad Ali Malik	Director
Mr. Muhammad Maqbool	Director
Mr. Ijaz Ahmad Chaudhry	Director
Mr. Shahid Anwar (Nominee of NIT)	Director
Mr. Syed Haroon Rashid (Nominee of NIT)	Director

## Audit Committee

Mr. Muhammad Maqbool	Chairman
Mr. Ijaz Ahmad Chaudhry	Member
Mr. M. G. Middleton	Member

## Human Resource and Remuneration Committee

Mr. Ijaz Ahmad Chaudhry	Chairman
Mr. Muhammad Qayyum	Member
Mr. Muhammad Maqbool	Member

## Chief Financial Officer (CFO)

Mr. Cesar Panduro

## 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.

## Bankers

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

## 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.

## DIRECTORS' 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 2015.

The Company continues to grow in business as the net turnover in the period under review was Rs. 3,277 billion as compared to Rs. 2,984 billion for the corresponding period of last year with an increase of 10% over the period. The gross profit was 37.29% slightly less than that of corresponding period of last year of 37.93% mainly due to increase in sales tax on imported shoes. Profit after tax also decreased from Rs. 282,945 million to Rs. 229,805 million because in 2014 there was a gain on sales of fixed assets for that reason we are presenting a decrease in earnings per share from Rs. 37.43 to Rs. 30.40.

Retail division showed a good growth during the first quarter with current setup and was able to achieve 8% increase in turnover with respect to corresponding period. Our focus as a part of our strategy will remain on expansion in new format of stores and closing low turnover and non-profitable stores which are under our minimum benchmark. In the period under review, we opened nine new stores and renovated twelve stores.

Our non-retail sales division showed an increase of 14% in turnover during this quarter as compared to corresponding period. They are striving to develop new products and customers base to maintain its growth.

During the period under review, our manufacturing units at Batapur and Maraka were loaded to meet the demand of our best seller's items. We are continually investing in new moulds for our local production, the majority of which are very successful in the market.

The Company under Bata Children Programme (BCP) continued its Corporate Social Responsibilities (CSR) activities during the period under review also. To impart our role for better environment, planted more than 800 trees in both of our factories. The Company is also investing on human resource and training of our employees because they have always been considered as an investment for the future with the objective to provide them with safe and healthy work place.

We remain confident as regards to our prospects of business and results for the remaining months to come, despite the highly competitive marketing environment and some law and order situation in the country. We look forward to continue with the support from all our stakeholders to achieve the objectives for the year 2015 which are a challenge but achievable.

On behalf of the Board

Batapur:  
Lahore: 28 April 2015

(MUHAMMAD QAYYUM)  
Chief Executive

# CONDENSED INTERIM BALANCE SHEET - UNAUDITED

AS AT 31 MARCH 2015

	Note	(UN - AUDITED) 31 March 2015	(AUDITED) 31 December 2014
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	1,399,314	1,392,241
Intangible assets		4,076	4,929
Long term investments		38,000	38,000
Long term deposits and prepayments		59,811	46,487
		1,501,201	1,481,657
<b>CURRENT ASSETS</b>			
Stores and spares		3,148	77
Stock in trade		3,258,621	2,729,707
Trade debts - unsecured		1,255,878	503,726
Advances - unsecured		51,269	60,596
Deposits, short term prepayments and other receivables		245,717	589,113
Interest accrued		3,436	3,927
Short term investment		630,000	1,130,000
Tax refunds due from Government	5	508,597	508,597
Cash and bank balances		302,695	383,689
		6,259,361	5,909,432
<b>TOTAL ASSETS</b>		<b>7,760,562</b>	<b>7,391,089</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		100,000	100,000
Issued, subscribed and paid up capital		75,600	75,600
Reserves			
Capital reserve		483	483
Revenue reserves		5,409,113	5,179,308
		5,409,596	5,179,791
		5,485,196	5,255,391
<b>NON-CURRENT LIABILITIES</b>			
Long term deposits		38,000	38,000
Deferred liability - employee benefits	6	54,249	53,135
Deferred taxation		63,522	66,976
		155,771	158,111
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,014,908	1,454,707
Provision for taxation		104,687	522,880
		2,119,595	1,977,587
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,760,562</b>	<b>7,391,089</b>

The annexed notes from 1 to 16 form an integral part of this financial information.

Chief Executive Officer

Director

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2015

	Note	Jan - Mar 2015	Jan - Mar 2014
(Rupees in '000)			
SALES	8	3,276,795	2,984,093
COST OF SALES	9	2,054,860	1,852,527
GROSS PROFIT		1,221,935	1,131,566
DISTRIBUTION COST		653,747	580,629
ADMINISTRATIVE EXPENSES		232,128	194,489
OTHER EXPENSES		28,064	29,369
OTHER INCOME		913,939	804,487
		30,821	79,404
OPERATING PROFIT		338,817	406,483
FINANCE COST		7,779	7,461
PROFIT BEFORE TAXATION		331,038	399,022
TAXATION	10	101,233	116,077
PROFIT AFTER TAXATION		229,805	282,945
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		229,805	282,945
EARNINGS PER SHARE - BASIC AND DILUTED		Rs.30.40	Rs.37.43

The annexed notes from 1 to 16 form an integral part of this financial information.



# CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2015

Note	Jan - Mar 2015	Jan - Mar 2014
(Rupees in '000)		
<b>CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	331,038	399,022
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation of property, plant & equipments	46,589	35,555
Amortization of intangible assets	853	910
Provision for gratuity	2,148	1,750
Provision for doubtful debts	2,839	(92)
Loss/(Profit) on disposal of property, plant and equipment	1,767	(43,102)
Profit on long and short term investments	(28,799)	(31,948)
Finance cost	7,779	7,461
	33,176	(29,466)
<b>Operating profit before working capital changes</b>	<b>364,214</b>	<b>369,556</b>
Working capital adjustments: (Increase) / decrease in current assets:		
Stores and spares	(3,071)	(1,225)
Stock in trade	(528,914)	(787,115)
Trade debts - unsecured	(753,180)	(622,208)
Advances - unsecured	9,327	3,485
Deposits, short term prepayments and other receivables	(53,046)	(33,169)
	(1,328,884)	(1,440,232)
<b>Increase in current liabilities:</b>		
Trade and other payables	558,637	537,136
<b>Cash used in operations</b>	<b>(406,033)</b>	<b>(533,540)</b>
Finance costs paid	(4,827)	(4,862)
Income taxes paid	(129,072)	(108,673)
Gratuity paid	(1,034)	(370)
Interest income received	29,290	31,794
	(105,643)	(82,111)
Net decrease in long term deposits	(13,324)	(9,283)
<b>Net cash used in operating activities</b>	<b>(525,000)</b>	<b>(624,934)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(55,587)	(22,644)
Proceeds from sale of property, plant and equipment	161	43,462
<b>Net cash (used in) / generated from investing activities</b>	<b>(55,426)</b>	<b>20,818</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net cash used in financing activities	(565)	(280)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(580,991)</b>	<b>(604,396)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>1,513,686</b>	<b>1,407,939</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>932,695</b>	<b>803,543</b>

The annexed notes from 1 to 16 form an integral part of this financial information.

Chief Executive Officer

Director

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2015

	Share capital	Capital reserve	General reserve	Unappropriated profits	Total
Rupees in '000'					
Balance as at 31 December 2013	75,600	483	3,667,000	757,564	4,500,647
Total comprehensive income for the three months ended 31 March 2014	-	-	-	282,945	282,945
<b>Balance as at 31 March 2014</b>	75,600	483	3,667,000	1,040,509	4,783,592
Final dividend for 2013 @ Rs. 35.00 per share	-	-	-	(264,600)	(264,600)
Transfer to general reserve for 2013	-	-	490,000	(490,000)	-
Interim dividend for 2014 @ Rs. 43.00 per share	-	-	-	(325,080)	(325,080)
Total comprehensive income for the nine months ended 31 December 2014	-	-	-	1,061,479	1,061,479
<b>Balance as at 31 December 2014</b>	75,600	483	4,157,000	1,022,308	5,255,391
Total comprehensive income for the three months ended 31 March 2015	-	-	-	229,805	229,805
<b>Balance as at 31 March 2015</b>	75,600	483	4,157,000	1,252,113	5,485,196

The annexed notes from 1 to 16 form an integral part of this financial information.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2015

## 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 2015 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 2014.

## 4. ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	(UN – AUDITED)			
	Addition		Disposal	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	(Rupees in '000)			
Buildings on free hold land – Factory	7,960	1,662	–	–
– Others	3,699	–	–	432
Plant and machinery	741	18,336	22	1,770
Boiler	–	–	–	–
Gas installations	–	–	–	–
Office Equipments	126	65	178	–
Computers	2,044	4,944	–	–
Furniture, fixtures and fittings	51,625	25,930	4,189	99
Vehicles	–	–	–	–
	<u>66,195</u>	<u>50,937</u>	<u>4,389</u>	<u>2,301</u>

## 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 with the Sales Tax Department.

	(UN - AUDITED)		(AUDITED)
	31 March		31 December
	2015	2014	2014
	(Rupees in '000)		
6. PROVISION FOR GRATUITY - DEFINED BENEFITS PLAN			
Opening liability	53,135		54,424
Amount recognized during the period/year	2,148		9,347
Payment made by the Company during the period/year	(1,034)		(3,156)
Experience adjustment	–		(7,480)
Closing Liability	<u>54,249</u>		<u>53,135</u>

The latest actuarial valuation was carried out as at 31 December 2014

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2015

	Note	(UN - AUDITED)	(AUDITED)
		31 March 2015	31 December 2014
<b>(Rupees in '000')</b>			
<b>7. CONTINGENCIES AND COMMITMENTS</b>			
<b>7.1 The Company is contingently liable for:</b>			
Counter Guarantees given to banks		6,607	5,847
Indemnity Bonds given to Custom Authorities		28,430	17,373
Claims not acknowledged as debts - under appeal		9,583	9,583
Order by sales tax department	7.1.1	138,851	138,851
Order by sales tax department - under appeal	7.1.2	201,252	201,252
Order by sales tax department - under appeal	7.1.3	237,370	237,370
Order by sales tax department - under appeal	7.1.4	25,820	25,820
Order by income tax department - under appeal	7.1.5	954,859	954,859
Order by income tax department - under appeal	7.1.6	1,027,460	1,027,460
Order by sales tax department - under appeal	7.1.7	80,000	80,000
Order by sales tax department - under appeal	7.1.8	52,100	52,100
Order by sales tax department - under appeal	7.1.9	8,225	8,225
		2,770,557	2,758,740

7.1.1 The Sales Tax Department has issued show-cause notice followed by an order amounting to Rs. 138.8 million in respect of the period from July 2005 to June 2007 for non payment of sales tax on certain items including disposal of property plant and equipment, inadmissible input tax claimed on electricity bills of retail outlets, inadmissible input tax adjustment claimed against zero rated retail supplies and less declaration of output sales tax in returns when compared with final accounts. The Company filed an appeal against the order before Commissioner Sales Tax (Appeals) who dismissed the appeal vide order dated 31-01-2009. Thereafter, the Company filed an appeal against the stated order before Appellate Tribunal Inland Revenue (ATIR) who has decided the appeal in favor of the Company. The Sales Tax Department filed a reference application in Honorable Lahore High Court (LHC). LHC vide its order dated 16-05-2012 disposed off the reference application. However at the period end, the Company is not aware if any leave for appeal has been made by the Sales Tax Department. Moreover on 08-07-2013, Company received a letter from sales tax department asking for documentary evidence/record that no input tax has been claimed against retail sales during above mentioned period. The Company has given a comprehensive reply to this letter and is of the opinion that this matter has already been decided by ATIR in favor of the Company and has attained finality as has been quoted by Commissioner (Appeals) in one of his orders.

7.1.2 The Company has received an order from sales tax department amounting to Rs. 201 million for non-payment of retail tax on sales made through retail outlets and inadmissible input tax adjustment claimed against zero-rated retail supplies for the period from July 2007 to December 2008. The Company filed an appeal against the order before the Commissioner Sales Tax (Appeals) which was not decided in favor of the Company. The Company has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication. Moreover on 25-06-2012, Company received an additional order from Deputy Commissioner Inland Revenue (DCIR) amounting to Rs. 64 million pertaining to period from July 2007 to December 2008 of the sales tax previously refunded to the Company. The case has been referred to concerned ACIR/DCIR enforcement against the order. Company has filed an appeal with CIR(Appeals) which is pending adjudication. Based on legal advisor's opinion, the Company expects a favorable outcome of the matter.

7.1.3 The Company has received 22 separate orders dated 17-10-2012 and 14-11-2012 in which sales tax refunds for the periods from November 2008 to December 2010 amounting to Rs. 237.37 million have been rejected on the grounds that input sales tax relating to retail turnover is not admissible. Company filed separate appeals against these orders with Commissioner (Appeals). The Commissioner (Appeals)

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2015

decided 19 appeals against while 3 appeals in favor of the Company. The Company filed 19 separate appeals while tax department filed 3 separate appeals with Appellate Tribunal Inland Revenue (ATIR). The ATIR decided all 22 appeals in favour of the Company on 15-05-2014. The sales tax department filed a reference application with Lahore High Court which is pending for adjudication. Based on legal advisor's opinion, the Company expects a favourable outcome of the matter.

- 7.1.4 The Company has received an order dated 18-10-2012 from Sales tax department demanding Rs. 25.820 million on the basis that Company has wrongly adjusted input sales tax against output sales tax for the month of April 2011. Company filed an appeal with Commissioner (Appeals) who decided the appeal in favor of the Company. However the Department filed appeal with Appellate Tribunal Inland Revenue (ATIR) who on 19-05-2014 rejected the department's appeal. However at the period end, the Company is not aware if any leave for appeal has been made by the Sales Tax Department.
- 7.1.5 On 21 August 2013, Company received an assessment order from Deputy Commissioner Inland Revenue (DCIR) for the tax year 2011, adding back different provisions and liabilities and also assessing that Company has suppressed turnover to the tune of PKR. 1,427 million. Based on these add backs the DCIR created a demand of PKR. 954.859 million. The Company filed an appeal with Commissioner (Appeals), who deleted almost all the add backs and there is no liability against the Company against this order. However tax department filed an appeal against the order of Commissioner with ATIR which is pending for adjudication. Company, based on the opinion of the tax advisor expects a favourable outcome.
- 7.1.6 On 31 October 2014, Company received an assessment order from income tax authorities for the tax year 2012. In the order, the assessing officer added back different provisions and liabilities and also assessed that Company has suppressed turnover to the tune of PKR. 1,773.054 million. Based on these add backs, she created a demand of PKR. 1,027.460 million. The Company filed an appeal with Commissioner (Appeals). Commissioner (Appeals) in his order dated 14 January 2015 deleted almost all the addbacks and there is no liability against the Company against this order. However tax department filed an appeal against the order of Commissioner with ATIR which is pending for adjudication.
- 7.1.7 The Company has received two separate orders from Deputy Commissioner Inland Revenue dated 25 June 2014 and 30 September 2014 and created a demand amounting to Rs. 46.7 million and Rs. 33.3 million on the basis that Company has adjusted 100% input tax in violation of Section 8-B of Sales Tax Act for the periods from January 2012 to June 2013 and from October 2013 to March 2014. Company filed appeals with Commissioner Inland Revenue Appeals (CIR). CIR (Appeals) in his orders dated 9 September 2014 and 10 December 2014 decided against the Company. The Company filed appeals with Appellate Tribunal Inland Revenue (ATIR). The ATIR in its orders dated 10 December 2014 and 13 January 2015 decided both the cases in favour of the Company. However at the period end, the Company is not aware if any leave for appeal has been made by the Sales Tax Department.
- 7.1.8 The Company has received two separate orders from Deputy Commissioner Inland Revenue dated 6 December 2014 each and created a demand amounting to Rs.43.8 million and Rs. 8.3 million on the basis that Company has not charged further sales tax of 1% on unregistered customers. The Company filed appeals with Commissioner Inland Revenue (CIR) (Appeals) who remanded back both the cases to adjudicating officer for fresh decision after allowing the appellant to produce relevant record. The Company based on the advice of its tax advisor is confident that the case will be decided in the favour of the Company.
- 7.1.9 The Company has received a demand notice of Rs. 8.225 million stating that the input tax claimed by the company did not match the sales with sales tax return of suppliers. The demand notice was however, subsequently suspended by the decision of the Lahore High Court through writ petition no. 15721/2013. The Company based on the advice of its tax advisor is confident that the writ petition will be decided in the favour of the Company.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2015

## 7.2 Commitments

7.2.1 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 2015	31 December 2014
	<b>(Rupees in '000')</b>	
With in one year	823,428	792,183
After one year but not more than five years	2,983,790	2,940,827
More than five years	1,073,815	1,089,687
	<u>4,881,033</u>	<u>4,822,697</u>
<b>7.2.2 Commitments in respect of:</b>		
- Capital expenditure	59,358	62,485
- Letters of credit and bank contracts	334,105	410,302
	<u>393,463</u>	<u>472,787</u>

	(UN - AUDITED)	
	Quarter ended	
	31 March 2015	31 March 2014
	<b>(Rupees in '000')</b>	
<b>8. SALES</b>		
Shoes and accessories		
Local	3,866,492	3,447,308
Export	27,734	37,338
	<u>3,894,226</u>	<u>3,484,646</u>
Sundry articles and scrap material	4,692	6,040
	<u>3,898,918</u>	<u>3,490,686</u>
Less: Sales tax paid	266,120	202,430
Discount to dealers and distributors	301,814	254,772
Commission to agents/business associates	54,189	49,391
	<u>622,123</u>	<u>506,593</u>
	<u>3,276,795</u>	<u>2,984,093</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2015

	(UN - AUDITED)	
	Quarter ended	
	31 March 2015	31 March 2014
	(Rupees in '000')	
<b>9. COST OF SALES</b>		
Raw material consumed	916,385	949,737
Store and spares consumed	4,255	2,324
Fuel and power	32,557	47,303
Salaries, wages and benefits	104,147	90,840
Repairs and maintenance	17,338	15,956
Insurance	2,910	2,919
Depreciation	11,518	7,782
	1,089,110	1,116,861
Add: Opening goods in process	14,779	73,510
	1,103,889	1,190,371
Less: Closing goods in process	38,586	71,789
	1,065,303	1,118,582
Cost of goods manufactured	1,065,303	1,118,582
Add: Opening stock of finished goods	2,539,507	2,113,219
Finished goods purchased	1,435,431	1,396,880
	5,040,241	4,628,681
Less: Closing stock of finished goods	2,985,381	2,776,154
	2,054,860	1,852,527
<b>10. TAXATION</b>		
Current		
- For the period	104,687	114,616
- For the prior year	-	193
	104,687	114,809
Deferred	(3,454)	1,268
	101,233	116,077

11. SEGMENT REPORTING

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED  
FOR THE THREE MONTHS ENDED 31 MARCH 2015

	(UN - AUDITED) Quarter Ended									
	Retail		Wholesale		Export		Others		Total	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	Rupees in ('000)									
Shoes and accessories	2,164,783	1,969,401	1,701,709	1,477,906	27,734	37,338	-	-	3,894,226	3,484,645
Sundry articles and scrap material	-	-	-	-	-	-	4,692	6,041	4,692	6,041
	2,164,783	1,969,401	1,701,709	1,477,906	27,734	37,338	4,692	6,041	3,898,918	3,490,686
Less:										
- Sales tax	160,391	109,575	105,010	91,840	-	-	719	1,015	266,120	202,430
- Discounts to dealers and distributors	-	-	301,814	254,772	-	-	-	-	301,814	254,772
- Commission to agents / business associates	54,189	49,391	-	-	-	-	-	-	54,189	49,391
	214,580	158,966	406,824	346,612	-	-	719	1,015	622,123	506,593
Net sales	1,950,203	1,810,435	1,294,885	1,131,294	27,734	37,338	3,973	5,026	3,276,795	2,984,093
Cost of sales	1,111,193	971,040	922,819	853,351	20,848	28,136	-	-	2,054,860	1,852,527
Gross profit	839,010	839,395	372,066	277,943	6,886	9,202	3,973	5,026	1,221,935	1,131,566
Distribution cost	533,652	451,826	60,386	56,759	2,948	3,025	-	-	596,986	511,610
Administrative expenses	12,392	11,738	6,138	7,651	528	969	-	-	19,058	20,358
	546,044	463,564	66,524	64,410	3,476	3,994	-	-	616,044	531,968
Segment results	292,966	375,831	305,542	213,533	3,410	5,208	3,973	5,026	605,891	599,598
Unallocated operating expenses										
Other expenses									269,831	243,150
Other income									28,064	29,369
Operating profit									30,821	79,404
Finance cost									338,817	406,483
Profit before taxation									7,779	7,461
Taxation									331,038	399,022
Profit after taxation									101,233	116,077
									229,805	282,945



# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2015

## 11.1 SEGMENT ASSETS AND LIABILITIES

	(UN-AUDITED)	(AUDITED)	(UN-AUDITED)	(AUDITED)
	Segment assets		Segment Liabilities	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	(Rupees in '000)			
Retail	3,227,512	2,600,300	97,679	31,453
Wholesale	2,103,642	1,296,027	123,026	11,855
Export	19,084	1,803	14	-
Others	-	-	-	-
Unallocated	2,410,324	3,492,959	2,054,644	2,092,390
	<u>7,760,562</u>	<u>7,391,089</u>	<u>2,275,363</u>	<u>2,135,698</u>

## 12. CASH AND CASH EQUIVALENTS

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

	(UN - AUDITED) Quarter ended	
	31 March 2015	31 March 2014
	(Rupees in '000')	
Bank balances in		
- Current accounts	51,136	6,541
- Daily profit accounts	151,193	154,241
Short term investment	630,000	578,000
Cash in transit	99,322	63,174
Cash in hand	1,044	1,587
	<u>932,695</u>	<u>803,543</u>

## 13. 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 during the period, are as follows:

Relationship with the Company	Nature of transactions	(UN - AUDITED) Quarter ended	
		31 March 2015	31 March 2014
		(Rupees in '000')	
<b>Common Control Companies</b>	Purchase of goods and services	263,865	314,174
	Sale of goods and services	852	1,236
	Trade mark licence fee	72,799	70,185
	Management service fee and IT charges	46,990	53,913
<b>Staff Retirement Benefits</b>	Contribution to provident fund trusts	12,566	10,735
<b>Staff Retirement Benefits</b>	Gratuity paid	1,034	370
<b>Key Management Personnel</b>	Remuneration	24,285	23,604

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

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2015

	(UN - AUDITED) Quarter ended	
	31 March 2015	31 March 2014
	(Rupees in '000')	
<b>14. EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Profit after taxation attributable to ordinary share holders (in '000)	229,805	282,945
Weighted average number of ordinary shares - Number (in '000)	7,560	7,560
Earnings per share - Basic (Rs.)	30.40	37.43

14.1 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.

## 15. DATE OF AUTHORIZATION

This financial information was authorized for issue by the Board of Directors on 28 April 2015.

## 16. GENERAL

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

16.2 Comparative figures have been re-arranged and reclassified wherever necessary.

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