

HALF YEARLY REPORT 2023

JAN-JUN





NEW

Spring
SUMMER

200+ NEW DESIGNS

Surprisingly
Bata

CORPORATE INFORMATION

Board of Directors

| | | |
|--------------------------|----------------------------------|--------------------------|
| Mr. Roberto Longo | Chairman | Non - Executive Director |
| Mr. Muhammad Imran Malik | Director/Chief Executive | Executive Director |
| Mr. Amjad Farooq | Director/Chief Financial Officer | Executive Director |
| Mr. Syed Asad Ali Zaidi | Director | Executive Director |
| Mr. Toh Guan Kiat | Director | Non - Executive Director |
| Mr. Aamir Amin | Director | Non - Executive Director |
| Mr. Kamal Monnoo | Director | Independent Director |
| Mr. Muhammad Maqbool | Director | Independent Director |
| Ms. Fatima Asad Khan | Director | Independent Director |

Audit Committee

| | |
|----------------------|----------|
| Mr. Muhammad Maqbool | Chairman |
| Mr. Roberto Longo | Member |
| Mr. Aamir Amin | Member |
| Mr. Toh Guan Kiat | Member |

Human Resource and Remuneration Committee

| | |
|--------------------------|-------------|
| Ms. Fatima Asad Khan | Chairperson |
| Mr. Muhammad Imran Malik | Member |
| Mr. Toh Guan Kiat | Member |

Chief Financial Officer (CFO)

Mr. Amjad Farooq

Company Secretary

Mr. Haroon Shoukat

Auditors

A.F. Ferguson & Co.
(a member firm of PwC Network)
308-Upper Mall, Shahrah-e-Quaid-e-Aazam,
P.O. Box 39, Lahore.

Legal Advisor

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

Stock Exchange Listing

Bata Pakistan Limited is listed on Pakistan Stock Exchange under "Leather and Tanneries" sector.

Web Presence

<https://www.bata.com.pk/>

Bankers

Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Bank Al Habib Limited
National Bank of Pakistan Limited
United Bank Limited
Meezan Bank Limited
Allied Bank Limited

Registered Office

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

Share Registrar

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

Factories

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

Maraka,

26 - Km, Multan Road, Lahore.

Liaison Office Karachi

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

DIRECTORS' REVIEW

It is our pleasure to present the un-audited Condensed Interim Financial Information and brief review of the Company's operations for the six-month period ended 30 June 2023.

Net turnover in the period under review was Rs. 9,964 billion as compared to Rs. 8,346 billion for the corresponding period of last year showing a healthy growth of 19%. Profit before Tax during the current period was Rs. 701 million as compared to Rs. 651 million of last period. Profit after tax was Rs. 410.6 million as compared to Rs. 384.9 million of last period. Earnings per share was Rs. 54.31 against last period of Rs. 50.91.

Both retail and non-retail divisions remained under pressure due to inflation but showed remarkable results against corresponding period of last year. Unprecedented high inflation, devaluation of Pak Rupee and political instability resulted in upsurge in fuel and utility prices that adversely impacted the business along with restriction on business hours. Nevertheless, turnover of Retail division increased by 15% and non-retail division increased by 75% against the corresponding period of last year.

Our production facilities at Batapur and Maraka remained operational to meet the demand of our popular items. We are continually making investment in new moulds, the majority of which are proved very successful in the marketplace.

Our precedence remains to satisfy the demand of our valued customers and provide them with services exclusively and efficiently. In spite of bleak economic environment and competitive market conditions, we are preparing ourselves to grasp all opportunities that come our way this year. Our priority right now is to hit our target sales and stay connected with our customers through social media platforms and online campaigns.

The Company continued its Corporate Social Responsibilities (CSR) activities during the period under review. To strengthen school infrastructure for sustainable educational process, we renovated 6 schools in Layyah, Taunsa and Fazalpur, damaged by recent floods. In order to promote healthy culture, organized annual sports function for the students of an underprivileged school. To impart our role for better environment, Plant for Life campaign was launched and planted more than 2,500 trees / saplings in Batapur & Maraka and nearby communities. BCP volunteers conducted mentoring sessions at SOS Village Lahore focusing on character building, personality development and computer skills. To commemorate women's accomplishments, we celebrated International Women's Day by arranging activities in office and factories. Donated 973 pairs of shoes to the underprivileged children. Celebrated World Environment Day at Bata Stores. Arranged Health Awareness & Medical Camp in a village school and provided free medicines.

We are anticipating challenges but we are very much confident that with passion of our staff and unconditional support from our all stakeholders, we will not only achieve our goals for the year but also maintain a cohesion on national level by fulfilling our corporate responsibility to the society.

On behalf of the Board



MUHAMMAD IMRAN MALIK
Chief Executive

ڈائریکٹرز کا جائزہ

۳۰ جون ۲۰۲۳ کو ۱۰ ویں چھ ماہ کی مدت کے لیے غیر آڈٹ شدہ کنٹریبنڈ عبوری مالیاتی معلومات اور کمپنی کے آپریشنز کا مختصر جائزہ پیش کرنا ہمارے لئے باعث مسرت ہے۔

زیر جائزہ مدت میں خالص کاروباری ٹرن اوور ۹.۹۶۴ بلین روپے رہا جو گزشتہ سال کی اسی مدت میں ۸.۳۴۶ بلین روپے تھا، یہ اعداد و شمار ۱۹ فیصد ترقی کو ظاہر کرتے ہیں۔ اس مدت کے دوران ٹیکس کی کٹوتی سے قبل منافع ۰.۱ بلین روپے رہا جس کے مقابلے میں گزشتہ سال یہی منافع ۶۵۱ بلین روپے تھا۔ ٹیکس کے بعد منافع ۲۱۰.۶ بلین روپے رہا جس کے مقابلے میں گزشتہ سال یہی منافع ۳۸۴.۹ بلین روپے تھا۔ فی شخص آمدنی ۵۴.۳۱ روپے رہی جس کے مقابلے میں پچھلے سال یہ آمدن ۵۰.۹۱ روپے فی شخص تھی۔

ریٹیل اور نان ریٹیل دونوں ڈویژن افراط زر کی وجہ سے دباؤ میں رہے اسکے باوجود گزشتہ سال کی اسی مدت کے مقابلے میں بہتر نتائج دیکھنے کو ملے۔ موہنگائی میں غیر معمولی اضافہ، پاکستانی روپے کی قدر میں کمی اور سیاسی عدم استحکام کے نتیجے میں فیول اور یوٹیلٹی کی قیمتوں میں اضافہ ہوا جس نے کاروباری اوقات پر پابندی کے ساتھ کاروبار پر منفی اثر ڈالا۔ اس کے باوجود، ریٹیل ڈویژن کے کاروبار میں گزشتہ سال کی اسی مدت کے مقابلے میں ۱۵ فیصد اور نان ریٹیل ڈویژن میں ۵ فیصد اضافہ ہوا۔

بانٹا پورا اور مرا کہ میں ہماری پیداواری سہولیات ہماری مقبول اشیاء کی مانگ کو پورا کرنے کے لیے کام کرتی رہیں۔ ہم مسلسل نئے سانچوں (Moulds) میں سرمایہ کاری کر رہے ہیں، جن میں سے زیادہ تر مارکیٹ میں بہت کامیاب ثابت ہوئے ہیں۔

ہماری ترجیح اپنے قابل قدر صارفین کی مانگ کو پورا کرنے اور انہیں خصوصی طور پر اور موثر طریقے سے خدمات فراہم کرنا ہے۔ نامناسب اقتصادی ماحول اور مسابقتی مارکیٹ کے حالات کے باوجود ہم اس سال ہمارے سامنے آنے والے تمام مواقع کو سمجھنے کے لیے خود کو تیار کر رہے ہیں۔ اس وقت ہماری ترجیح اپنی ٹارگٹ سیکلز کو پورا کرنا اور سوشل میڈیا پلیٹ فارمز اور آن لائن اشتہارات کے ذریعے اپنے صارفین سے جڑے رہنا ہے۔

کمپنی نے زیر جائزہ مدت کے دوران اپنی کارپوریٹ سماجی ذمہ داریوں (CSR) کی سرگرمیوں کو جاری رکھا۔ پائیدار تعلیمی عمل کے لئے اسکولوں کے بنیادی ڈھانچے کو مضبوط کرنے کی خاطر ہم نے لید، ٹونس اور فاضل پور میں ۱۶ اسکولوں کی تزئین و آرائش کی جنہیں حالیہ سیلاب سے نقصان پہنچا تھا۔ صحت مند ثقافت کو فروغ دینے کے لیے ایک پوسٹ ماڈرن اسکول کے طلباء کے لیے سالانہ سکھیلوں کی تقریب کا انعقاد کیا۔ بہتر ماحول کے لیے اپنا کردار ادا کرنے کے لئے پلانٹ فار لائف مہم کا آغاز کیا گیا اور بانٹا پور، مرا کہ اور قریبی کمیونٹیوں میں ۲۵۰۰ سے زیادہ درخت اور پودے لگائے گئے۔ BCP رضا کاروں نے ایس او ایس ویلج لاہور میں رہنمائی کے سیشنز کا انعقاد کیا جس میں کردار سازی، پرسنلٹی ڈویلپمنٹ اور کمپیوٹر سیکرز پر توجہ دی گئی۔ خواتین کی کامیابیوں کی یاد دہانی کے لئے ہم نے خواتین کا عالمی دن دفتر اور خانوں میں مختلف سرگرمیوں کا اہتمام کر کے منایا۔ غریب بچوں میں جوتوں کے ۹۷۳ جوڑے عطیہ کئے گئے۔ بانٹا پور میں ماحولیات کا عالمی دن منایا گیا۔ گاؤں کے اسکول میں صحت سے متعلق آگاہی اور میڈیکل کیمپ کا اہتمام کیا اور مفت ادویات فراہم کیں۔

ہمیں توقع ہے کہ آئیو اے وقت میں بہت سے چیلنجز کا سامنا کرنا ہوگا، لیکن ہمیں بہت زیادہ یقین ہے کہ ہمارے عملے کے جذبے اور اپنے تمام اسٹیک ہولڈرز کی غیر مشروط حمایت کے ساتھ ہم نہ صرف سال کے لیے اپنے اہداف حاصل کریں گے بلکہ معاشرے کے لیے اپنی کارپوریٹ ذمہ داری کو پورا کر کے قومی سطح پر ہم آہنگی بھی برقرار رکھیں گے۔



منجانب بورڈ

محمد عمران ملک

چیف ایگزیکٹو

بانٹا پور:-

لاہور:- ۱۲۵ اگست ۲۰۲۳ء

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bata Pakistan Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Bata Pakistan Limited as at June 30, 2023 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended June 30, 2023 and June 30, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2023.

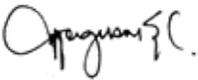
Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion..

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Khurram Akbar Khan.



A. F. Ferguson & Co.
Chartered Accountants

Lahore

Date: August 28, 2023

UDIN: RR202310070XUuB3A15P

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
308-Upper Mall, Shahrah-e-Quaid-e-Azam, P.O. Box 39, Lahore-54000, Pakistan.
Tel: +92 (42) 3519 9343-50 / ; Fax: +92 (42) 3519 9351 www.pwc.com/pk

• Karachi • Lahore • Islamabad

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION - UNAUDITED

AS AT JUNE 30, 2023

| | Note | (UN - AUDITED) 30 June 2023 | (AUDITED) 31 December 2022 |
|---|------|-----------------------------------|----------------------------------|
| (Rupees in '000) | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 2,461,683 | 2,293,261 |
| Right of use assets | | 3,475,788 | 3,374,702 |
| Intangible assets | | 223,776 | 183,856 |
| Long term investments | 7 | 45,002 | 45,062 |
| Long term deposits and prepayments | | 55,255 | 62,593 |
| Deferred tax asset | | 582,821 | 350,693 |
| | | 6,844,325 | 6,310,167 |
| CURRENT ASSETS | | | |
| Stores and spare parts | | - | - |
| Stock in trade | 8 | 5,802,495 | 5,111,998 |
| Trade debts - unsecured | | 768,990 | 827,409 |
| Advances - unsecured | | 228,788 | 561,050 |
| Trade deposits and short term prepayments | | 525,428 | 191,075 |
| Other receivables | | 197,225 | 397,451 |
| Interest accrued | | 28,854 | 7,306 |
| Short term investments | | 1,300,000 | 500,000 |
| Tax refunds due from Government | 9 | 350,161 | 350,161 |
| Cash and bank balances | 10 | 1,522,975 | 2,085,946 |
| | | 10,724,916 | 10,032,396 |
| TOTAL ASSETS | | 17,569,241 | 16,342,563 |
| EQUITY AND LIABILITIES | | | |
| 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 | | 6,008,130 | 5,597,574 |
| | | 6,008,613 | 5,598,057 |
| | | 6,084,213 | 5,673,657 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | | 3,475,450 | 3,451,948 |
| Long term deposits | | 23,215 | 26,461 |
| Long term borrowing | 11 | 37,777 | 111,010 |
| Deferred liability - employee benefits | 12 | 50,684 | 56,587 |
| | | 3,587,126 | 3,646,006 |
| CURRENT LIABILITIES | | | |
| Current portion of lease liabilities | | 1,081,030 | 980,254 |
| Current portion of long term borrowing | | 6,296 | 14,083 |
| Trade and other payables | | 5,279,417 | 4,636,881 |
| Unclaimed dividend | | 87,470 | 88,870 |
| Unpaid dividend | | 921,110 | 921,110 |
| Short term borrowings | 13 | - | - |
| Provision for taxation | | 522,579 | 381,702 |
| | | 7,897,902 | 7,022,900 |
| CONTINGENCIES AND COMMITMENTS | 14 | | |
| TOTAL EQUITY AND LIABILITIES | | 17,569,241 | 16,342,563 |

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - UNAUDITED

FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

| | Note | Three month period ended | | Six month period ended | |
|-------------------------------|------|--------------------------|------------------|------------------------|------------------|
| | | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| (Rupees in '000) | | | | | |
| Sales - net | 15 | 5,846,989 | 5,127,793 | 9,964,292 | 8,346,113 |
| Cost of sales | 16 | (3,187,771) | (2,733,895) | (5,154,443) | (4,309,955) |
| Gross profit | | 2,659,218 | 2,393,898 | 4,809,849 | 4,036,158 |
| Distribution costs | | (1,515,220) | (1,371,913) | (2,800,919) | (2,430,956) |
| Administrative expenses | | (461,381) | (342,464) | (889,328) | (650,458) |
| Other expenses | | (53,005) | (59,409) | (180,388) | (81,260) |
| Other income | | 99,729 | 92,947 | 153,712 | 129,162 |
| Finance costs | 17 | (194,838) | (183,187) | (391,917) | (351,261) |
| Profit before taxation | | 534,503 | 529,872 | 701,009 | 651,385 |
| Taxation | | (248,840) | (226,005) | (290,453) | (266,534) |
| Profit after taxation | | 285,663 | 303,867 | 410,556 | 384,851 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income | | 285,663 | 303,867 | 410,556 | 384,851 |
| Earnings per share | | | | | |
| - Basic and diluted | 20 | Rs.37.79 | Rs.40.19 | Rs.54.31 | Rs.50.91 |

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

| | Share capital | Capital reserve | Revenue reserves | | | Total |
|---|---------------|-----------------|------------------|--------------------------------|------------------------|-----------|
| | | | General reserve | Unappropriated profit / (loss) | Total revenue reserves | |
| (Rupees in '000') | | | | | | |
| Balance as at January 01, 2022 | 75,600 | 483 | 6,957,000 | (873,662) | 6,083,338 | 6,159,421 |
| Total comprehensive income for the six month period ended June 30, 2022 | - | - | - | 384,851 | 384,851 | 384,851 |
| Transfer from general reserve to unappropriated profit / (loss) | - | - | (900,000) | 900,000 | - | - |
| Balance as at June 30, 2022 | 75,600 | 483 | 6,057,000 | 411,189 | 6,468,189 | 6,544,272 |
| Balance as at January 01, 2023 | 75,600 | 483 | 4,557,000 | 1,040,574 | 5,597,574 | 5,673,657 |
| Total comprehensive income for the six month period ended June 30, 2023 | - | - | - | 410,556 | 410,556 | 410,556 |
| Balance as at June 30, 2023 | 75,600 | 483 | 4,557,000 | 1,451,130 | 6,008,130 | 6,084,213 |

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

| | Note | Six month period ended | |
|---|------|------------------------|-------------|
| | | 30 June | 30 June |
| | | 2023 | 2022 |
| (Rupees in '000) | | | |
| CASH GENERATED FROM OPERATIONS | | | |
| Profit before taxation | | 701,009 | 651,385 |
| Adjustment for: | | | |
| Depreciation of property, plant and equipment | | 157,811 | 140,984 |
| Depreciation of right of use assets | | 560,580 | 547,783 |
| Amortization of intangible assets | | 144,019 | 24,198 |
| Provision for gratuity | | 4,729 | 6,666 |
| Loss on disposal of property, plant and equipment | | 1,317 | (1,440) |
| Gain of settlement of leases on vacation of shops | | (13,396) | (27,058) |
| Rent concessions received | | - | (35,206) |
| Income from short term investments | | (61,634) | (15,556) |
| Income from long term investments | | (3,547) | (1,932) |
| Exchange loss | | 113,359 | 26,322 |
| Interest / markup costs | | 391,917 | 351,261 |
| Early payment discount on supplier invoices | | - | (10,753) |
| Net charge of loss allowance of trade debts and advances | | 9,431 | 18,130 |
| Provision for slow moving and obsolete stock - net | | 47,119 | 20,401 |
| Provision / (reversal of provision) for obsolescence of raw material - net | | 35,013 | (3,772) |
| Provision / (reversal of provision) for obsolescence of stores and spare parts - net | | 3,395 | (21) |
| | | 1,390,113 | 1,040,007 |
| Operating profit before working capital changes (Increase) / decrease in current assets: | | 2,091,122 | 1,691,392 |
| Stores and spare parts | | (3,395) | 21 |
| Stock in trade | | (772,629) | (1,250,478) |
| Trade debts - unsecured | | 48,988 | 200,501 |
| Advances - unsecured | | 332,262 | 17,627 |
| Trade deposits and short term prepayments | | (334,353) | (154,978) |
| Other receivables | | (10,344) | 11,932 |
| | | (739,471) | (1,175,375) |
| Increase / (decrease) in current liabilities: | | | |
| Trade and other payables | | 520,011 | (739,765) |
| Cash generated / (used in) operations | | 1,871,662 | (223,748) |
| Finance cost paid | | (391,917) | (351,261) |
| Taxes paid | | (171,134) | (110,771) |
| Gratuity paid | | (10,632) | (4,579) |
| Interest income received | | 43,633 | 15,507 |
| | | (530,050) | (451,104) |
| Decrease / (increase) in long term prepayments | | 7,338 | (32,652) |
| Decrease in long term deposits (liabilities) | | (3,246) | (2,683) |
| Net cash generated from / (used in) operating activities | | 1,345,704 | (710,187) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (252,275) | (186,131) |
| Investment in capital work in progress | | (84,207) | (85,855) |
| Acquisition of intangible assets | | (183,939) | (3,143) |
| Proceeds from sale of property, plant and equipment | | 8,932 | 4,467 |
| Decrease in long term investments | | 60 | 30 |
| Net cash used in investing activities | | (511,429) | (270,632) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of long term borrowing | | (81,020) | (3,148) |
| Principal repayments of lease | | (523,992) | (452,017) |
| Dividend paid | | (1,400) | (571,061) |
| Net cash used in financing activities | | (606,412) | (1,026,226) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | | 227,863 | (2,007,045) |
| Cash and cash equivalents at the beginning of the period | | 2,585,946 | 3,208,570 |
| Effects of exchange rate changes on cash and cash equivalents | | 9,166 | 3,622 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 18 | 2,822,975 | 1,205,147 |

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE - MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

1 LEGAL STATUS AND OPERATIONS

Bata Pakistan Limited (the Company) was incorporated in Pakistan as a public limited company and its shares are quoted on Pakistan Stock Exchange. 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. Furthermore, the Company has the following production facilities:

| Sr. No | Business Units | Geographical Location |
|--------|-----------------|---------------------------------|
| 1 | Batapur Factory | G.T. Road, P.O. Batapur, Lahore |
| 2 | Maraka Factory | 26 - km, Multan Road, Lahore |

The Company operates through retail outlets spread across the country with 8 outlets situated in Azad Kashmir, 9 in Balochistan, 14 in Islamabad Capital Territory, 2 in Gilgit Baltistan, 50 in Khyber Pakhtunkhwa, 289 in Punjab and 70 retail outlets in Sindh.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of (IAS) 34, the provisions and directives issued under the Companies Act, 2017 have been followed.

3 BASIS OF PRESENTATION AND MEASUREMENT

These condensed interim financial statements are un-audited but subject to limited scope review. These condensed interim financial statements do not include all the information and disclosures required in an audited financial statements and therefore should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2022.

These condensed interim financial statements have been prepared under the historic cost convention except certain employee benefits which are recognized on present value. These condensed interim financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand rupee unless otherwise specified.

4 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED ACCOUNTING STANDARDS

4.1 Standards, amendments and interpretations to published standards effective in current period

Certain standards, amendments and interpretations to approved accounting standards are effective for the annual period beginning on or after January 01, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

4.2 Standards, amendments and interpretations to existing standards not yet effective and not applicable/relevant to the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements apart from those which have been disclosed in the annual audited financial statements of the Company for the year ended December 31, 2022.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE - MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

5 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements is in conformity with the approved accounting and reporting standards as applicable in Pakistan. Interim reporting requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

Accounting policies, judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to the audited financial statements as at and for the year ended December 31, 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended December 31, 2022.

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

| | Note | (UN - AUDITED) | (AUDITED) |
|---|-------|------------------|---------------------|
| | | 30 June 2023 | 31 December 2022 |
| (Rupees in '000) | | | |
| 6 PROPERTY, PLANT AND EQUIPMENT | | | |
| Property, plant and equipment | 6.1 | 2,323,184 | 2,075,617 |
| Capital work in progress | 6.2 | 138,499 | 217,644 |
| | | <u>2,461,683</u> | <u>2,293,261</u> |
| 6.1 Opening net book value (NBV) | | 2,075,617 | 1,911,223 |
| Add: additions / transfers during the period / year | 6.1.1 | 415,627 | 485,375 |
| | | <u>2,491,244</u> | <u>2,396,598</u> |
| Less: disposals during the period / year (NBV) | 6.1.1 | (10,249) | (17,353) |
| Depreciation charged during the period / year | | (157,811) | (303,628) |
| | | <u>(168,060)</u> | <u>(320,981)</u> |
| | | <u>2,323,184</u> | <u>2,075,617</u> |

| | (UN - AUDITED) | | (AUDITED) | |
|---------------------------------|------------------|-----------------------|---------------------|-----------------------|
| | 30 June 2023 | 30 June 2023 | 31 December 2022 | 31 December 2022 |
| 6.1.1 | Additions | Disposal (NBV) | Additions | Disposal (NBV) |
| (Rupees in '000) | | | | |
| Buildings | | | | |
| - Factory | 12,965 | - | - | - |
| - Others | 9,019 | - | 21,085 | - |
| Plant & machinery | 115,936 | 84 | 5,538 | - |
| Boilers | - | - | 74,950 | 696 |
| Gas installations | - | - | - | - |
| Office equipment | - | 0.42 | - | 3 |
| Furniture, fixture and fittings | 245,920 | 8,958 | 57,987 | 15,894 |
| Computers | 31,787 | 454 | 470 | 760 |
| Vehicles | - | 753 | 325,343 | - |
| | <u>415,627</u> | <u>10,249</u> | <u>485,373</u> | <u>17,353</u> |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE - MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

| | Note | (UN - AUDITED) | (AUDITED) |
|--------------------------------|--|-----------------|---------------------|
| | | 30 June 2023 | 31 December 2022 |
| (Rupees in '000) | | | |
| 6.2 | Opening balance | 217,644 | 24,169 |
| | Add: additions during the period / year | 84,207 | 305,061 |
| | | 301,851 | 329,230 |
| | Less: transfers during the period / year | (163,352) | (111,586) |
| | | 138,499 | 217,644 |
| 7 LONG TERM INVESTMENTS | | | |
| | PLS Term Deposit Receipts | 45,002 | 45,062 |

7.1 The deposits include those earmarked against the balances due to employees held as securities. These carry mark-up at the rate of 19.00% (2022: 14.7%) per annum. These have been invested in accordance with the provisions of Section 217 of the Companies Act, 2017.

8 STOCK IN TRADE

This represents net amount after adjustment for provision against slow moving and obsolete stock amounting to Rs. 87.44 million (2022: Rs. 45.83 million)

| | Note | (UN - AUDITED) | (AUDITED) |
|-------------------------|--|-----------------|---------------------|
| | | 30 June 2023 | 31 December 2022 |
| (Rupees in '000) | | | |
| 9 | TAX REFUNDS DUE FROM GOVERNMENT | | |
| | Tax refunds due from Government | 350,161 | 350,161 |

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

| | Note | (UN - AUDITED) | (AUDITED) |
|----------------------------------|-----------------------|-----------------|---------------------|
| | | 30 June 2023 | 31 December 2022 |
| (Rupees in '000) | | | |
| 10 CASH AND BANK BALANCES | | | |
| | Bank balances in | | |
| | Current accounts | | |
| | - Foreign currency | 43,076 | 34,048 |
| | - Local currency | 104,143 | 80,444 |
| | | 147,219 | 114,492 |
| | Daily profit accounts | 877,702 | 1,802,707 |
| | | 1,024,921 | 1,917,199 |
| | Cash in transit | 489,719 | 162,186 |
| | Cash in hand | | |
| | - Foreign currency | 7,330 | 4,638 |
| | - Local currency | 1,005 | 1,923 |
| | | 8,335 | 6,561 |
| | | 1,522,975 | 2,085,946 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE - MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

10.1 The rate of mark-up on these accounts ranges from 14.50% to 21.25% (2022: 4.50% to 14.5%) per annum.

10.2 These balances are maintained with commercial banks undertaking conventional and Islamic banking services.

| | Note | (UN - AUDITED) | (AUDITED) |
|-------------------------------|------|-----------------|---------------------|
| | | 30 June 2023 | 31 December 2022 |
| (Rupees in '000) | | | |
| 11 LONG TERM BORROWING | | | |
| Long term borrowing | 11.1 | 44,074 | 111,010 |

11.1 The long term finance was obtained from Habib Bank Limited for import and installation of solar power machinery. Under the arrangement, principal amount upto Rs. 80 million was repayable in 39 equal quarterly instalments beginning six months after the initial drawdown date. Interest was payable quarterly in arrears at the rate of 3 months State Bank of Pakistan (SBP) rate plus 1.5 percent per annum. The loan is secured by first hypothecation charge of Rs. 106.67 million on all present and future moveable fixed assets of the Company and a joint pari-passu charge on present and future moveable assets and contingent debts of the Company to the extent of Rs. 447 million.

| | (UN - AUDITED) | (AUDITED) |
|---|-----------------|---------------------|
| | 30 June 2023 | 31 December 2022 |
| (Rupees in '000) | | |
| 12 DEFERRED LIABILITY- EMPLOYEE BENEFITS | | |
| Opening liability | 56,587 | 61,992 |
| Amount recognized during the period / year | 4,729 | 9,123 |
| Payments made by the Company during the period / year | (10,632) | (13,411) |
| Experience adjustment | - | (1,117) |
| Closing liability | 50,684 | 56,587 |

The latest actuarial valuation was carried out as at December 31, 2022.

13 SHORT TERM BORROWINGS

The credit facilities available to the Company from various commercial banks aggregate to Rs. 2,235 million (2022: Rs. 2,235 million). These include:

- Non funded facilities of letters of guarantee and letters of credit amounting to Rs. 455 million (2022: Rs. 455 million); and
- Cash finance facilities of Rs. 1,780 million (2022: Rs. 1,880 million).

Moreover, the Company can avail further cash finance facilities out of un-utilized unfunded facilities of Rs. Nil (2022: Rs. 433.860 million) which also includes Rs. 35 million (2022: Rs. 35 million) of export finance facilities.

The un-utilized facility for letter of credits and guarantees at year end amounts to Rs. 1,689.832 million (2022: Rs. 1,883.674 million).

Mark up on cash finance ranges from 3 months KIBOR plus 0.50% to 1.0% (2022: 3 months KIBOR plus 0.50% to 1.0%) as per agreements with banks. While mark up on export finance is charged at SBP rate plus 1.00% (2022: SBP rate plus 1.00%) per annum.

These finances are secured against hypothecation of stock in trade, stores and spare parts and trade debts of the Company amounting to Rs. 2,580.333 million (2022: Rs. 2,580.333 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE - MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

14 CONTINGENCIES AND COMMITMENTS

There are no significant changes in contingencies since the date of preceding published annual financial statements for the year ended December 31, 2022 except the following:

14.1.1 The Tax Department raised demand vide two separate orders dated June 25, 2014 and September 30, 2014 amounting to Rs. 46.693 million and Rs. 33.289 million respectively for certain tax periods from January 2012 to June 2013 and from October 2013 to March 2014, respectively, on account of adjustment of 100% input tax in violation of Section 8b of Sales Tax Act, 1990. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue Appeals (CIR) whereby the appeal was decided against the Company vide order dated September 9, 2014 and December 10, 2014. The Company preferred appeals against both the orders before the Appellate Tribunal Inland Revenue (ATIR) which was decided in favor of the Company vide orders dated December 10, 2014 and January 13, 2015, respectively. The Tax Department filed respective appeals before the Honorable Lahore High Court (LHC). The LHC vide its order set aside the appeal of Rs. 33.289 million. The Tax Department has the right to file an appeal against the order. However, no such proceedings have yet been initiated by the Department. Based on the tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these financial statements.

14.1.2 The Deputy Commissioner Inland Revenue (DCIR) raised demand vide order dated December 31, 2018 pertaining to tax year 2009 amounting to Rs. 34.270 million on account of certain issues which primarily include allocation of expenses between export, local sale of imported goods and other local sale, disallowance of certain management services and licensing fee account of non deduction of withholding taxes, admissibility of deduction of interest on WPPF and provident fund, and disallowance of certain advances to employees and suppliers and certain payables to suppliers on account of failure to produce underlying records. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) vide order dated October 18, 2019 decided the appeal in favor of the Company by deleting majority of the add backs with the exception of proration of expenses and addition made on account of advances to employees and suppliers. The Company however, being aggrieved, has filed an appeal against the additions not deleted by the Commissioner Inland Revenue (Appeals). The Tax Department also has filed an appeal against the order of Commissioner Inland Revenue (Appeals) with the Appellate Tribunal Inland Revenue (ATIR). Further, on August 30, 2022, the DCIR has given appeal effect to the CIR(A)'s order whereby the tax demand of Rs 34.27 million was reduced to 13.259 million. Being aggrieved by the appeal effect order, the company preferred an appeal to CIR(A) who remanded the case back to the relevant officer on May 18, 2023. The Tax Department has the right to file an appeal against the order. However, no such proceedings have yet been initiated by the Department. Based on the tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these financial statements.

14.2 Commitments in respect of:

- Capital expenditure
- Letters of credit and bank contracts

| | (UN - AUDITED) | (AUDITED) |
|--|------------------|---------------------|
| | 31 March 2023 | 31 December 2022 |
| | (Rupees in '000) | |
| | 132,877 | 42,423 |
| | 513,319 | 343,962 |
| | 646,196 | 386,385 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE - MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

| | (UN-AUDITED) | | (UN-AUDITED) | |
|--|--------------------------|------------------|------------------------|------------------|
| | Three month period ended | | Six month period ended | |
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| | (Rupees in '000) | | | |
| 15 SALES - NET | | | | |
| Shoes and accessories | | | | |
| Local | 6,894,132 | 6,186,665 | 11,858,927 | 10,051,190 |
| Export | 56,127 | 17,806 | 70,698 | 26,217 |
| | 6,950,259 | 6,204,471 | 11,929,625 | 10,077,407 |
| Sundry articles and scrap material | 18,167 | 15,765 | 32,502 | 27,288 |
| | 6,968,426 | 6,220,236 | 11,962,127 | 10,104,695 |
| Less: Sales tax | (810,124) | (726,625) | (1,452,049) | (1,250,945) |
| Discount to dealers and distributors | (170,790) | (229,587) | (294,077) | (275,752) |
| Commission to agents/business associates | (140,523) | (136,231) | (251,709) | (231,885) |
| | (1,121,437) | (1,092,443) | (1,997,835) | (1,758,582) |
| | 5,846,989 | 5,127,793 | 9,964,292 | 8,346,113 |
| 16 COST OF SALES | | | | |
| Raw material consumed | 1,086,555 | 816,669 | 2,967,498 | 2,221,541 |
| Stores and spare parts consumed | 6,430 | 4,657 | 13,845 | 7,882 |
| Fuel and power | 36,609 | 37,726 | 109,689 | 94,800 |
| Salaries, wages and benefits | 142,196 | 104,692 | 338,768 | 303,754 |
| Repairs and maintenance | 23,808 | 20,891 | 40,564 | 40,025 |
| Insurance | 8,045 | 2,711 | 13,218 | 8,501 |
| Depreciation on property, plant and equipment | 18,104 | 15,296 | 34,067 | 30,477 |
| | 1,321,747 | 1,002,642 | 3,517,649 | 2,706,980 |
| Add: Opening goods in process | 114,518 | 85,464 | 101,020 | 35,192 |
| | 1,436,265 | 1,088,106 | 3,618,669 | 2,742,172 |
| Less: Closing goods in process | (119,347) | (116,614) | (119,347) | (116,614) |
| Cost of goods manufactured | 1,316,918 | 971,492 | 3,499,322 | 2,625,558 |
| Add: Opening stock of finished goods | 6,536,110 | 5,168,738 | 4,480,321 | 3,573,627 |
| Finished goods purchased | 460,832 | 1,015,918 | 2,300,888 | 2,533,023 |
| | 8,313,860 | 7,156,148 | 10,280,531 | 8,732,208 |
| Less: Closing stock of finished goods | (5,126,089) | (4,422,253) | (5,126,088) | (4,422,253) |
| | 3,187,771 | 2,733,895 | 5,154,443 | 4,309,955 |
| 17 FINANCE COST | | | | |
| Interest / mark-up on: | | | | |
| Long term borrowing | 326 | 441 | 1,920 | 896 |
| Employees / agents' securities and personal accounts | - | 2,468 | 8,583 | 2,468 |
| Lease liabilities | 166,891 | 158,291 | 333,524 | 314,058 |
| | 167,217 | 161,200 | 344,027 | 317,422 |
| Bank charges and commission | 27,621 | 21,987 | 47,890 | 33,839 |
| | 194,838 | 183,187 | 391,917 | 351,261 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE - MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

| | (UN - AUDITED) | |
|------------------------------|------------------|-----------------|
| | 30 June 2023 | 30 June 2022 |
| | (Rupees in '000) | |
| 18 CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 1,522,975 | 605,147 |
| Short term investments | 1,300,000 | 600,000 |
| | 2,822,975 | 1,205,147 |

19 TRANSACTIONS WITH RELATED PARTIES

The related parties 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) Three month period ended | | (UN-AUDITED) Six month period ended | |
|-------------------------------|---------------------------------------|--|------------------|--|------------------|
| | | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| | | (Rupees in '000) | | | |
| Common control companies | Purchase of goods and services | 5,480 | 37,364 | 7,608 | 131,298 |
| | Reimbursement of expenses | 2,778 | - | 10,148 | - |
| | Dividend paid | - | - | - | 568,587 |
| | Trade mark license fee | 292,594 | 256,720 | 498,215 | 417,305 |
| | Management service fee | 99,238 | 67,311 | 193,483 | 128,895 |
| Staff Retirement Benefits | Contribution to provident fund trusts | 25,619 | 21,393 | 48,026 | 37,419 |
| Staff Retirement Benefits | Gratuity paid | 4,878 | 49 | 10,632 | 4,579 |
| Key management personnel | Remuneration | 100,977 | 113,687 | 144,908 | 147,827 |

All transactions with related parties and common control companies are carried out at mutually agreed terms and conditions or comparable uncontrolled price method.

| Period / year end balances | (UN - AUDITED) | (AUDITED) |
|---------------------------------|------------------|----------------------|
| | June 30, 2023 | December 31, 2022 |
| | (Rupees in '000) | |
| Receivable from related parties | - | - |
| Payable to related parties | 2,700,309 | 2,621,572 |

| | (UN-AUDITED) Three month period ended | | (UN-AUDITED) Six month period ended | |
|---|--|------------------|--|------------------|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| | (Rupees in '000) | | | |
| 20 EARNINGS PER SHARE - BASIC AND DILUTED | | | | |
| Profit after taxation attributable to ordinary share holders (Rupees in '000) | 285,663 | 303,867 | 410,556 | 384,851 |
| Weighted average number of ordinary shares - Number (in '000) | 7,560 | 7,560 | 7,560 | 7,560 |
| Earnings per share - Basic (Rs.) | 37.79 | 40.19 | 54.31 | 50.91 |

20.1 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE - MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2023

| | (UN-AUDITED) | (AUDITED) | (UN-AUDITED) | (AUDITED) |
|--|-------------------|---------------------|---------------------|---------------------|
| | Segment assets | | Segment liabilities | |
| | 30 June 2023 | 31 December 2022 | 30 June 2023 | 31 December 2022 |
| | (Rupees in '000) | | | |
| 22 SEGMENT ASSETS AND LIABILITIES | | | | |
| Retail | 9,794,707 | 9,024,477 | 4,645,847 | 4,520,557 |
| Wholesale | 1,602,805 | 1,246,596 | 32,811 | 36,542 |
| Export | 95,889 | 13,061 | – | – |
| Unallocated | 6,075,840 | 6,058,429 | 6,806,370 | 6,111,807 |
| | <u>17,569,241</u> | <u>16,342,563</u> | <u>11,485,028</u> | <u>10,668,906</u> |

23 EVENTS AFTER THE REPORTING DATE

There are no subsequent events after the reporting date other than those mentioned in these condensed interim financial statements.

24 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by the Board of Directors on August 25, 2023.

25 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim statement of profit or loss and other comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



Chief Executive



Director



Chief Financial Officer

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200+ NEW DESIGNS

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PAKISTAN LIMITED

P.O.BATAPUR, LAHORE
PAKISTAN.

UAN: +92-42-111-044-055

FAX: +92-42-36581176

Website: www.bata.com.pk

E-mail: pk.bata@bata.com