

**Bata**<sup>®</sup>  
HALF YEARLY REPORT  
2014





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## CORPORATE INFORMATION

### Board of Directors

Mr. Fernando Garcia	Chairman
Mr. Muhammad Qayyum	Chief Executive
Mr. M. G. Middleton	Director
Mr. Cesar Panduro	Director & Chief Financial Officer
Mr. Muhammad Ali Malik	Director
Mr. Syed Waseem-ul-Haq Haqqie	Director
Mr. Fakir Syed Aijazuddin	Director
Mr. Ijaz Ahmad Chaudhry	Director
Mr. Shahid Anwar (Nominee of NIT)	Director
Mr. Malik Arif Hayat (Nominee of NIT)	Director

### Audit Committee

Mr. Fakir Syed Aijazuddin	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. Fakir Syed Aijazuddin	Member

### 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,

### Legal Advisor

Surridge & 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 Interim Financial Information and brief review of the Company's operations for the half year ended 30 June 2014.

The Company continues to sustain growth trend in turnover that it carried previously. Net turnover in the period under review was Rs. 6.305 billion as compared to Rs. 5.843 billion for the corresponding period of last year. As a result, profit after tax increased from Rs. 544.060 million to Rs. 608.442 million and earnings per share increased from Rs. 71.97 to Rs. 80.48.

Our production facilities at Batapur and Maraka produced 10.30 million pairs as compared to 9.61 million pairs in the same period of last year. 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 order to maintain our role as a leader in Footwear Industry, an amount of Rs. 73.617 million has been spent for opening new and renovation of existing stores. Our focus as a part of our strategy will remain on expansion of big format stores by closing low turnover and non profitable stores which are under minimum benchmark.

The Company continued its Corporate Social Responsibilities (CSR) activities during the period under review and donated shoes and computers and furnished class room for underprivileged communities and orphanage. The mentorship sessions were held in different government schools by Bata employees (Volunteers) who inspired the children in career counselling, shoe designing and personality building. The Company is also investing a considerable time and money on human resource and training of employees has 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 for the remaining year, despite the highly competitive marketing environment and uncertain political situation in the country. We look forward to continued support from all our stakeholders to achieve the objectives for the year 2014.

**On behalf of the Board**

**Batapur:  
Lahore: 26 August 2014**

**(MUHAMMAD QAYYUM)  
Chief executive**

## AUDITORS REPORT TO MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Bata Pakistan Limited** as at **30 June 2014** and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred to as the 'interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in the accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **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 information 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 information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore: 26 August 2014

**ERNST & YOUNG FORD RHODES SIDAT HYDER**  
Chartered Accountants

Audit Engagement Partner's Name: Farooq Hameed



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UNAUDITED

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

	Note	Six month period ended		Three month period ended	
		30 June 2014	30 June 2013	30 June 2014	30 June 2013
<b>(Rupees in '000)</b>					
NET SALES	10	6,304,882	5,842,657	3,320,789	3,005,473
COST OF SALES	11	3,869,247	3,577,217	2,016,717	1,806,163
GROSS PROFIT		2,435,635	2,265,440	1,304,072	1,199,310
Distribution Cost		1,171,160	1,090,790	625,883	547,743
Administrative Expenses		450,545	400,602	218,658	208,687
Other expenses		60,447	55,405	31,077	29,340
		1,682,152	1,546,797	875,618	785,770
OTHER INCOME		101,169	44,831	21,766	20,616
OPERATING PROFIT		854,652	763,474	450,220	434,156
FINANCE COST		15,850	27,449	8,389	14,583
PROFIT BEFORE TAXATION		838,802	736,025	441,831	419,573
PROVISION FOR TAXATION					
Current		224,434	194,790	109,625	109,305
Deferred		5,926	(2,825)	4,658	(984)
		230,360	191,965	114,283	108,321
PROFIT AFTER TAXATION		608,442	544,060	327,548	311,252
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		608,442	544,060	327,548	311,252
EARNINGS PER SHARE					
- BASIC AND DILUTED	15	Rs.80.48	Rs.71.97	Rs.43.33	Rs.41.17

The annexed notes from 1 to 17 form an integral part of this interim financial information.

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 Chief Executive

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 Director

## CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

	Note	Six month period ended	
		30 June 2014	30 June 2013
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		838,802	736,025
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation for property, plant & equipment		73,977	59,540
Amortization of intangible assets		1,543	3,355
Provision for gratuity		3,499	3,024
Gain on disposal of property, plant and equipment		(42,820)	(4,960)
Income from Financial assets		(53,788)	(36,181)
Provision for doubtful debts		2,807	69
Provision for slow moving and obsolete stock		72,464	71,423
Finance cost		15,850	27,449
		73,532	123,719
Operating cash flows before working capital changes		912,334	859,744
Net changes in working capital	12	(952,597)	(916,558)
Finance cost paid		(11,265)	(23,723)
Tax paid		(260,173)	(221,184)
Gratuity paid		(589)	(2,105)
Interest income received		61,403	37,289
Net cash used in operating activities		(250,887)	(266,537)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(223,450)	(116,426)
Increase in capital work in progress		(6,688)	-
Proceeds from sale of property, plant and equipment		43,592	8,100
Increase in long term investments		(761)	(1,000)
Net cash used in investing activities		(187,307)	(109,326)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(262,957)	(172,258)
Net cash used in financing activities		(262,957)	(172,258)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(701,151)	(548,121)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		1,407,939	1,233,195
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	13	706,788	685,074

The annexed notes from 1 to 17 form an integral part of this interim financial information.

Chief Executive

Director

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

	Share capital	Capital reserve	General reserve	Unappropriated profits	Total
	(Rupees in '000)				
<b>Balance as at 01 January 2013 (restated)</b>	75,600	483	3,047,000	810,422	3,933,505
Final dividend for 2012 at the rate of Rs. 0.23 per share	-	-	-	(173,880)	(173,880)
Transfer to general reserve for 2012	-	-	620,000	(620,000)	-
Total comprehensive income for the six month period ended 30 June 2013	-	-	-	544,060	544,060
<b>Balance as at 30 June 2013</b>	<u>75,600</u>	<u>483</u>	<u>3,667,000</u>	<u>560,602</u>	<u>4,303,685</u>
<b>Balance as at 01 January 2014</b>	75,600	483	3,667,000	757,564	4,500,647
Final dividend for 2013 at the rate of Rs. 0.35 per share	-	-	-	(264,600)	(264,600)
Transfer to general reserve for 2013	-	-	490,000	(490,000)	-
Total comprehensive income for the six month period ended 30 June 2014	-	-	-	608,442	608,442
<b>Balance as at 30 June 2014</b>	<u>75,600</u>	<u>483</u>	<u>4,157,000</u>	<u>611,406</u>	<u>4,844,489</u>

The annexed notes from 1 to 17 form an integral part of this interim financial information.

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Chief Executive

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Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

### 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 six month period ended 30 June 2014 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 BASIS OF PRESENTATION AND MEASUREMENT

This condensed interim financial report of the Company for the six month period ended 30 June 2014 are unaudited but subject to limited scope review by the independent auditors of the Company. These should be read in conjunction with the financial statements of the Company for the year ended 31 December 2013.

The figures of the condensed interim profit and loss account for the three month ended 30 June 2014 and 2013 and the respective notes forming part thereof have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the six month period ended 30 June 2014 and 2013.

### 4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended 31 December 2013 except as describe below:

#### New and amended standards and interpretations

The Company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the period:

IAS 32	-	Financial Instruments: Presentation - (Amendment) Offsetting financial assets and financial liabilities
IAS 36	-	Impairment of Assets - (Amendment) Recoverable Amount disclosures for Non-Financial Assets
IAS 39	-	Financial Instruments: Recognition and measurements - (Amendment) Novation of Derivatives Continuation of Hedge Accounting.
IFRIC 21	-	Levies

The adoption of the above revision, amendments interpretation of the standards did not have any material effect on the condensed financial information.

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after 01 January 2014 but are yet to be notified by the SECP for the purpose of applicability in Pakistan.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

### 5 ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	(UN-AUDITED)			
	30 June 2014	30 June 2014	30 June 2013	30 June 2013
	Additions	Disposal (cost)	Additions	Disposal (cost)
(Rupees in '000)				
Buildings				
- Factory	65,414	-	-	-
- Others	-	432	263	-
Plant & Machinery	56,734	1,770	20,345	11,678
Office Equipment	82	-	488	254
Furniture, Fixture and Fittings	81,876	1,803	58,668	5,259
Computers	18,744	2,664	8,377	609
Vehicles	-	-	-	25
Boiler	-	-	-	654
	<u>222,850</u>	<u>6,669</u>	<u>88,141</u>	<u>18,479</u>

### 6 STOCK IN TRADE

This includes provision against slow moving and obsolete stock amounting to Rs. 77,122 ('000) [2013: Rs. 4,658 ('000)]

### 7 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.

Note	(UN - AUDITED)	(AUDITED)
	30 June 2014	31 December 2013
(Rupees in '000)		
<b>8 DEFERRED LIABILITY- EMPLOYEE BENEFITS</b>		
Opening liability	54,424	85,010
Amount recognized during the period/year	3,499	6,582
Payment made by the Company during the period/year	(589)	(37,168)
Closing liability	<u>57,334</u>	<u>54,424</u>
The latest actuarial valuation was carried out as at 31 December 2013.		
<b>9 CONTINGENCIES AND COMMITMENTS</b>		
<b>9.1</b> Counter Guarantees given to banks	5,847	5,474
Indemnity Bonds given to Custom Authorities	29,554	13,110
Claims not acknowledged as debts - under appeal	22,049	22,449
Order by sales tax department	9.1.1 138,851	138,851
Order by sales tax department - under appeal	9.1.2 201,252	201,252
Order by sales tax department - under appeal	9.1.3 237,370	237,370
Order by sales tax department - under appeal	9.1.4 25,820	25,820
Order by income tax department - under appeal	9.1.5 954,859	954,859
Order by sales tax department - under appeal	9.1.6 8,225	8,225
Order by sales tax department - under appeal	9.1.7 46,693	-
Order by sales tax department - under appeal	-	18,697
Order by income tax department - under appeal	-	491
	<u>1,670,520</u>	<u>1,626,598</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

- 9.1.1** 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 fixed assets, 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 decided the appeal in favour 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. After this letter, Company has not received any communication from the sales tax department.
- 9.1.2** The Company has received an order from sales tax department amounting to Rs. 201.252 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.
- 9.1.3** 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) decided 19 appeals against while 3 appeals in favour 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. However at the period end, the Company is not aware if any leave for appeal has been made by the Sales Tax Department.
- 9.1.4** 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 favour 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.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

### FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

- 9.1.5** 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 Department filed an appeal against the order of Commissioner with ATIR which is pending for adjudication. The company expects a favourable outcome of the matter.
- 9.1.6** The Company has received a show cause notice of Rs. 8.225 million stating that the input tax claimed by the Company did not match 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. 15741/2013. 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.
- 9.1.7** A show cause notice was issued to the Company whereas discrepancies reported by Computerized Risk Evaluation Sales Tax (CREST) has revealed that Company has adjusted 100% of the input tax in violation of Section 8B of the Sales Tax Act 1990. Subsequently the order dated 19-05-2014 was issued in which a demand of Rs. 46.693 million was raised. The Company has filed an appeal against the order before the Commissioner Inland Revenue (CIR) (Appeals) which is pending for adjudication. Based on legal advisor's opinion, Company expects a favourable outcome of the matter.

## 9.2 Commitments

- 9.2.1** 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)
	30 June 2014	31 December 2013
	(Rupees in '000)	
With in one year	427,571	575,383
After one year but not more than five years	1,386,432	1,828,794
More than five years	1,270,083	1,083,789
	<u>3,961,718</u>	<u>3,487,966</u>
<b>9.2.2</b> Commitments in respect of:		
- Capital expenditure	222,529	20,873
- Letters of credit and bank contracts	465,341	573,346
	<u>687,870</u>	<u>594,219</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014**

	(UN-AUDITED) Six month period ended		(UN-AUDITED) Three month period ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	<b>(Rupees in '000)</b>			
<b>10 NET SALES</b>				
Shoes and accessories				
Local	7,287,983	6,616,583	3,840,676	3,399,528
Export	90,085	80,751	52,746	44,296
	7,378,068	6,697,334	3,893,422	3,443,824
Sundry articles and scrap material	11,899	20,635	5,860	5,542
	7,389,967	6,717,969	3,899,282	3,449,366
Less: Sales tax	429,365	277,168	226,935	137,792
Discount to dealers and distributors	548,832	504,404	294,060	256,907
Commission to agents/business associates	106,888	93,740	57,498	49,194
	1,085,085	875,312	578,493	443,893
	6,304,882	5,842,657	3,320,789	3,005,473
<b>11 COST OF SALES</b>				
Raw material consumed	1,970,105	1,821,012	1,020,368	967,847
Salaries, wages and benefits	191,352	174,433	100,511	92,063
Fuel and power	96,564	84,481	49,260	43,206
Stores and spares consumed	5,186	7,056	2,862	3,168
Repairs and maintenance	34,183	32,246	18,227	17,041
Insurance	5,646	3,744	2,726	2,366
Depreciation	16,617	12,829	8,835	6,565
	2,319,653	2,135,801	1,202,789	1,132,256
Add: Opening goods in process	73,510	45,867	71,789	48,684
	2,393,163	2,181,668	1,274,578	1,180,940
Less: Closing goods in process	47,465	89,565	47,465	89,565
Cost of goods manufactured	2,345,698	2,092,103	1,227,113	1,091,375
Add: Opening stock of finished goods	2,113,219	1,981,716	2,776,154	2,368,563
Finished goods purchased	2,856,254	2,732,787	1,459,374	1,575,614
	7,315,171	6,806,606	5,462,641	5,035,552
Less: Closing stock of finished goods	3,445,924	3,229,389	3,445,924	3,229,389
	3,869,247	3,577,217	2,016,717	1,806,163

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014**

	(UN - AUDITED)	
	Six month period ended	
	30 June 2014	30 June 2013
	(Rupees in '000)	
<b>12 NET CHANGES IN WORKING CAPITAL</b>		
(Increase)/decrease in assets		
Stores and spares	-	(519)
Stock in trade	(1,403,150)	(1,455,703)
Trade debts	(349,830)	(261,860)
Advances - unsecured	(4,695)	(27,114)
Deposits, short term prepayments and other receivables	(113,283)	(110,710)
Long term deposits and prepayments	(18,271)	(2,566)
<b>Increase / (decrease) in liabilities</b>		
Trade and other payables	935,871	940,914
Long term deposits	761	1,000
	<u>(952,597)</u>	<u>(916,558)</u>
<b>13 CASH AND CASH EQUIVALENTS</b>		
Short term investment	278,000	200,000
Cash and bank balances	428,788	485,074
	<u>706,788</u>	<u>685,074</u>

**14 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)		(UN - AUDITED)	
		Six month period ended		Three month period ended	
		30 June 2014	30 June 2013	30 June 2014	30 June 2013
		(Rupees in '000)			
Associated Companies	Purchase of goods and services	760,953	757,020	446,779	509,288
	Sale of goods and services	3,657	1,793	2,421	678
	Dividend paid	199,005	130,775	199,005	130,775
	Brand royalty	148,258	137,432	78,072	70,701
	Management service fee and IT charges	90,743	80,822	36,830	40,304
Staff Retirement Benefits	Contribution to provident fund trusts	23,586	21,933	12,851	11,954
Key management personnel	Remuneration	48,015	38,905	24,411	18,486

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

### 15 EARNINGS PER SHARE - BASIC AND DILUTED

	(UN - AUDITED) Six month period ended		(UN - AUDITED) Three month period ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Profit after taxation attributable to ordinary share holders (Rupees in '000)	608,442	544,060	327,548	311,252
Weighted average number of ordinary shares - Number (in '000)	7,560	7,560	7,560	7,560
Earnings per share - Basic (Rs.)	80.48	71.97	43.33	41.17

15.1 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.

### 16 DATE OF AUTHORIZATION

This financial information was authorized for issue by the Board of Directors on 26 August 2014.

### 17 GENERAL

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

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Chief Executive

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Director





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