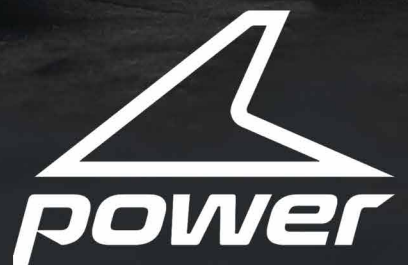


HALF-YEARLY REPORT **2022** *Bata*®





**power**

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

Ms. Mahnoor Ather

Auditors

A.F. Ferguson & Co.
(a member firm of PwC Network)
23-C, Aziz Avenue, Canal Bank,
Gulberg V, 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
Bank Alfalah 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 statements and brief review of the Company's operations for the six-month period ended 30 June 2022.

Net turnover in the period under review was Rs. 8.346 billion as compared to Rs. 5.863 billion for the corresponding period of last year showing a healthy growth of 42%. Profit before Tax during the current period was Rs. 651.4 million as compared to Rs. 224.2 million of last year. Profit after tax was Rs. 384.851 million as compared to Rs. 130.353 million of last year. Earnings per share was Rs. 50.91 against last year of Rs. 17.24.

Both retail and non-retail divisions remained under pressure due to inflation but showed remarkable results against corresponding period of last year due to resumption of normal business post Covid. High inflation, devaluation of Pak Rupee and political instability resulted in upsurge in fuel and utility prices adversely impacted the business along with restriction on business hours. Nevertheless, turnovers of Retail division increased by 56% against the corresponding period of last year.

Our production facilities at Batapur and Maraka were 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. A Water Filtration Plant was built at Ghurki Teaching Hospital Lahore in order to provide clean & safe drinking water for the patients and their attendants. Donated 1,228 pairs of shoes to the underprivileged children studying in different schools. In order to support education of shining youth, adopted one student of National University of Sciences & Technology (NUST) for undergraduate degree by contributing his educational expenses for one year. To impart our role for better environment, Plant for Life campaign was launched with the participation of our employees and their children; and planted more than 2,500 trees / saplings in Batapur & Maraka along with nearby communities. Arranged Health Awareness & Medical Camp in school where 190 students and teachers were examined and provided with free medicines. Moreover, 120 tests of blood sugar, cholesterol, uric acid and hepatitis B & C were conducted with free consultation. In the wake of providing quality education to the underprivileged children, we supplied school uniforms, shoes, books & stationery to 418 students of Mumtaz Girls High School Lahore. To promote healthy culture, organized annual sports for girl students of our adopted school in Lahore. To strengthen school infrastructure for sustainable educational process, we renovated two classrooms in this school for underprivileged girl students. Celebrated World Environment Day with the children of our employees; and explained them the importance of global warming, habitat loss and pollution hazards with the help of posters, videos and interactive sessions.

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

Batapur:

Lahore: 25 August 2022

ڈائریکٹر زکا جائزہ

30 جون 2022 کو ختم ہونے والی چھ ماہ کی مدت کے لیے غیر آڈٹ شدہ کنڈینسڈ عبوری مالیاتی رپورٹ اور کمپنی کے آپریشنز کا مختصر جائزہ پیش کرنا میرے لیے خوشی کا باعث ہے۔

زیر جائزہ مدت میں نیٹ ٹرن اوور گزشتہ سال کی اسی مدت کے لیے 5,863 ملین کے مقابلے میں 8,346 ارب روپے رہا جو کہ 42 فیصد ترقی کو ظاہر کرتا ہے۔ موجودہ مدت کے دوران ٹیکس گزشتہ سال کے 224.2 ملین کے مقابلے میں 651.4 ملین روپے رہا ٹیکس کے بعد منافع پچھلے سال کے 130,353 ملین روپے کے مقابلے میں 384,851 ملین روپے تھا۔ فی شخص آمدنی پچھلے سال کے 17.24 روپے کے مقابلے میں 50.91 روپے رہی۔

ریشیل اور غیر ریشیل دونوں ڈویژن افراط زر کی وجہ سے دباؤ میں رہے لیکن کوویڈ کے بعد معمول کے کاروبار کے دوبارہ شروع ہونے کی وجہ سے پچھلے سال کی اسی مدت کے مقابلے میں نمایاں نتائج سامنے آئے۔ بڑھتی ہوئی مہنگائی، پاکستانی روپے کی قدر میں کمی اور سیاسی عدم استحکام کے نتیجے میں ایندھن اور یوٹیلٹی کی قیمتوں میں اضافے اور کاروباری اوقات کی پابندی نے کاروبار پر منفی اثر ڈالا۔ اس کے باوجود، ریشیل ڈویژن کے کاروبار میں گزشتہ سال کی اسی مدت کے مقابلے میں 56 فیصد اضافہ ہوا۔

باناپورا اور مارا کا میں ہماری پیداواری سہولیات ہماری مقبول اشیاء کی مانگ کو پورا کرنے کے لیے فعال رہیں۔ ہم مسلسل نئے سانچوں 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 انھیں خصوصی اور موثر خدمات فراہم کرنا ہے۔ مشکل اقتصادی ماحول اور مارکیٹ میں مقابلے کے حالات کے باوجود، ہم اس سال میرے آنے والے تمام مواقع سے فائدہ اٹھانے کے لیے خود کو تیار کر رہے ہیں۔ اس وقت ہماری ترجیح اپنے فروخت کے ہدف کو حاصل کرنے کے ساتھ ساتھ 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۔ گھر کی ٹینجنگ ہسپتال لاہور، میں ایک واٹر فلٹریشن پلانٹ بنایا گیا تاکہ مرلیضوں اور ان کے گھر والوں کو پینے کا صاف پانی میسر کیا جاسکے۔ مختلف اسکولوں میں زیر تعلیم غریب بچوں کو 1,228 جوتوں کے جوڑے عطیہ کئے گئے۔ ہونہار لو جوانوں کی تعلیم میں معاونت کے لیے نیشنل یونیورسٹی آف سائنسز اینڈ ٹیکنالوجی (NUST) کے ایک طالب علم کو ایک سال کے لیے تعلیمی اخراجات میں حصہ ڈال کر انڈرگریجویٹ ڈگری کے لیے وظیفہ فراہم کیا گیا۔ ماحول کی بہتری میں کردار ادا کرنے کے لیے، پلانٹ فار لائف مہم ہمارے ملازمین اور ان کے بچوں کی شرکت سے شروع کی گئی اور قریبی برادریوں کے ساتھ باناپورا اور مارا کا میں 2,500 سے زائد درخت/پودے لگائے گئے۔ اسکول میں صحت آگاہی اور میڈیکل کیمپ کا اہتمام کیا گیا جس میں 190 طلباء اور اساتذہ کا معائنہ کیا گیا اور انہیں مفت ادویات فراہم کی گئیں۔ اس کے علاوہ بلڈ شوگر، کوئڈ سٹرول، یورک اینڈ اور پھانسیس بی اور سی 120 ٹیسٹ مفت مشاورت سے کئے گئے۔ پس ماندہ بچوں کو معیاری تعلیم فراہم کرنے کے تناظر میں، ہم نے ممتاز گرلز ہائی اسکول لاہور کی 418 طالبات کو اسکول یونیفارم، جوتے، کتائیں اور سیٹھری فراہم کی۔ بہتر ثقافت کو فروغ دینے کے لیے لاہور میں ہمارے منتخب اسکول کی طالبات کے لیے سالانہ کھیلوں کا انعقاد کیا گیا۔ بنیادی ڈھانچے کو مضبوط کرتے ہوئے، پائیدار تعلیمی عمل کے لیے ہم نے اسکول میں پس ماندہ طالبات کے لیے دو کلاس رومز کی تزئین و آرائش بھی کی۔ اپنے ملازمین کے بچوں کے ساتھ ماحولیات کا عالمی دن منایا اور انہیں پوسٹرز، ویڈیوز اور انٹرایکٹو سیشنز کی مدد سے گلوبل وارمنگ، رہنے کی جگہ کم ہونیکے نقصانات اور آلودگی کے خطرات کی اہمیت کے بارے میں بتایا۔

ہمارے راستے میں چیلنجز آئیں گے لیکن ہمیں پورا یقین ہے کہ اپنے عملے کے جذبے اور اپنے تمام اسٹیک ہولڈرز کی غیر مشروط حمایت کے ساتھ، ہم نہ صرف اس سال کے لیے اپنے اہداف حاصل کریں گے بلکہ معاشرے کے لیے اپنی کارپوریٹ ذمہ داری کو پورا کرتے ہوئے قومی سطح پر ہم آہنگی کو بھی بورڈ کی جانب سے قائم رکھیں گے۔

بورڈ کی جانب سے



محمد عمران ملک

چیف ایگزیکٹو

باناپورا:

لاہور، 25 اگست 2022

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, 2022 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 periods ended June 30, 2022 and June 30, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2022.


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 Amer Raza Mir.



A. F. Ferguson & Co.
Chartered Accountants

Lahore

Date: August 29, 2022

UDIN: RR2022101188MhKGmSLX

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION - UNAUDITED

AS AT JUNE 30, 2022

	Note	(UN - AUDITED) 30 June 2022	(AUDITED) 31 December 2021
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,063,367	1,935,392
Right of use assets		3,322,521	3,427,313
Intangible assets		193,252	214,307
Long term investments	7	45,001	45,031
Long term deposits and prepayments		73,729	41,077
Deferred tax asset		421,827	434,129
		6,119,697	6,097,249
CURRENT ASSETS			
Stores and spare parts		—	—
Stock in trade	8	5,212,620	3,978,771
Trade debts - unsecured		755,249	973,880
Advances - unsecured		265,388	283,015
Trade deposits and short term prepayments		448,396	293,418
Other receivables		323,781	411,658
Interest accrued		7,762	5,781
Short term investments		600,000	1,100,000
Tax refunds due from Government	9	350,161	350,161
Cash and bank balances	10	605,147	2,108,570
		8,568,504	9,505,254
TOTAL ASSETS		14,688,201	15,602,503
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		6,468,189	6,083,338
		6,468,672	6,083,821
		6,544,272	6,159,421
NON-CURRENT LIABILITIES			
Lease liabilities		3,402,011	3,500,649
Long term deposits		23,670	26,353
Long term borrowing	11	44,072	47,222
Deferred liability - employee benefits	12	64,079	61,992
		3,533,832	3,636,216
CURRENT LIABILITIES			
Current portion of lease liabilities		938,920	911,572
Current portion of long term borrowing		6,298	6,296
Trade and other payables		3,352,830	4,073,404
Unclaimed dividend		—	568,587
Unpaid dividend		57,819	60,293
Short term borrowings	13	—	—
Provision for taxation		254,230	186,714
		4,610,097	5,806,866
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		14,688,201	15,602,503

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, 2022

		Three month period ended		Six month period ended	
	Note	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
(Rupees in '000)					
Sales - net	15	5,127,793	3,219,888	8,346,113	5,863,039
Cost of sales	16	(2,733,895)	(1,691,797)	(4,309,955)	(3,040,879)
Gross profit		2,393,898	1,528,091	4,036,158	2,822,160
Distribution costs		(1,371,913)	(941,121)	(2,430,956)	(1,814,118)
Administrative expenses		(342,464)	(286,737)	(650,458)	(554,538)
Other expenses		(59,409)	(15,446)	(81,260)	(22,412)
Other income		92,947	88,054	129,162	158,421
Finance costs	17	(183,187)	(194,517)	(351,261)	(365,284)
Profit before taxation		529,872	178,324	651,385	224,229
Taxation		(226,005)	(81,435)	(266,534)	(93,876)
Profit after taxation		303,867	96,889	384,851	130,353
Other comprehensive income		-	-	-	-
Total comprehensive income		303,867	96,889	384,851	130,353
Earnings per share					
- Basic and diluted	20	Rs.40.19	Rs.12.82	Rs.50.91	Rs.17.24

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





CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED

FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2022

	Revenue reserves					Total
	Share capital	Capital reserve	General reserve	Unappropriated profit / (loss)	Total revenue reserves	
	(Rupees in '000')					
Balance as at January 01, 2021	75,600	483	6,957,000	(660,484)	6,296,516	6,372,599
Total comprehensive income for the six month period ended June 30, 2021	–	–	–	130,353	130,353	130,353
Balance as at June 30, 2021	75,600	483	6,957,000	(530,131)	6,426,869	6,502,952
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

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 CASH FLOWS - UNAUDITED

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

Note	Six month period ended	
	June 30, 2022	June 30, 2021
	(Rupees in '000)	
CASH GENERATED FROM OPERATIONS		
Profit before taxation	651,385	224,229
Adjustment for:		
Depreciation of property, plant and equipment	140,984	131,924
Depreciation of right of use assets	547,783	578,692
Amortization of intangible assets	24,198	14,592
Provision for gratuity	6,666	4,412
Gain on disposal of property, plant and equipment	(1,440)	(1,318)
Gain of settlement of leases on vacation of shops	(27,058)	-
Rent concessions received	(35,206)	(65,912)
Income from short term investments	(15,556)	(61,086)
Income from long term investments	(1,932)	(1,395)
Exchange loss / (gain)	26,322	(24,849)
Interest / markup costs	351,261	365,284
Early payment discount on supplier invoices	(10,753)	-
Net charge / (reversal) of loss allowance of trade debts and advances	18,130	(3,637)
Provision for slow moving and obsolete stock - net	20,401	(56,129)
Reversal of provision for obsolescence of raw material - net	(3,772)	(7,697)
Reversal of provision for obsolescence of stores and spare parts - net	(21)	(756)
	1,040,007	872,125
Operating profit before working capital changes	1,691,392	1,096,354
(Increase) / decrease in current assets:		
Stores and spare parts	21	756
Stock in trade	(1,250,478)	(1,302,560)
Trade debts - unsecured	200,501	289,431
Advances - unsecured	17,627	(103,393)
Trade deposits and short term prepayments	(154,978)	(193,115)
Other receivables	11,932	(58,967)
	(1,175,375)	(1,367,848)
(Decrease) / increase in current liabilities:		
Trade and other payables	(739,765)	115,277
Cash used in operations	(223,748)	(156,217)
Finance cost paid	(351,261)	(365,284)
Taxes paid	(110,771)	(176,196)
Gratuity paid	(4,579)	(12,713)
Interest income received	15,507	60,792
	(451,104)	(493,401)
Increase in long term prepayments	(32,652)	(5,131)
Increase in long term deposits (liabilities)	(2,683)	16,172
Net cash used in operating activities	(710,187)	(638,577)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(186,131)	(90,666)
Investment in capital work in progress	(85,855)	(137,268)
Acquisition of intangible assets	(3,143)	-
Proceeds from sale of property, plant and equipment	4,467	915
Decrease in long term investments	30	60
Net cash used in investing activities	(270,632)	(226,959)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term borrowing	(3,148)	(3,147)
Principal elements of lease payments	(452,017)	(228,489)
Dividend paid	(571,061)	-
Net cash used in financing activities	(1,026,226)	(231,636)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,007,045)	(1,097,172)
Cash and cash equivalents at the beginning of the period	3,208,570	2,499,740
Effects of exchange rate changes on cash and cash equivalents	3,622	(521)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,205,147	1,402,047

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

HALF YEARLY REPORT JANUARY - JUNE 2022



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, 2022

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, 8 in Balochistan, 14 in Islamabad Capital Territory, 2 in Gilgit Baltistan, 50 in Khyber Pakhtunkhwa, 294 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, 2021.

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, 2022 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, 2022 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, 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2022

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, 2021.

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, 2021.

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.

		(UN - AUDITED)	(AUDITED)
		June 30, 2022	December 31, 2021
Note			
		(Rupees in '000)	
6 PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	6.1	1,981,494	1,911,223
Capital work in progress	6.2	81,873	24,169
		2,063,367	1,935,392
6.1 Opening net book value (NBV)		1,911,223	1,904,351
Add: additions / transfers during the period / year	6.1.1	214,282	309,746
		2,125,505	2,214,097
Less: disposals during the period / year (NBV)	6.1.1	(3,027)	(24,059)
Depreciation charged during the period / year		(140,984)	(278,815)
		(144,011)	(302,874)
		1,981,494	1,911,223

	(UN-AUDITED)		(AUDITED)	
	30 June 2022	30 June 2022	31 December 2021	31 December 2021
	Additions	Disposals (NBV)	Additions	Disposals (NBV)
(Rupees in '000)				
6.1.1				
Buildings				
- Factory	3,746	—	6,415	—
- Others	2,977	—	750	—
Plant & machinery	6,500	126	10,526	101
Gas installations	—	—	26	—
Office equipment	470	—	—	—
Furniture, fixture and fittings	160,983	2,600	159,315	13,858
Computers	39,606	301	132,714	10,100
	214,282	3,027	309,746	24,059

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2022

	Note	(UN - AUDITED) 30 June 2022	(AUDITED) 31 December 2021
		(Rupees in '000)	
6.2 Opening balance		24,169	45,516
Add: additions during the period / year		85,855	174,190
		110,024	219,706
Less: transfers during the period / year		(28,151)	(195,537)
		81,873	24,169
7 LONG TERM INVESTMENTS			
PLS Term Deposit Receipts	7.1	45,001	45,031

7.1 The deposits include those earmarked against the balances due to employees held as securities. These carry mark-up at the rate of 11.25% (2021: 7.40%) 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. 91.915 million (2021: Rs. 75.286 million)

	Note	(UN - AUDITED) 30 June 2022	(AUDITED) 31 December 2021
		(Rupees in '000)	
9 TAX REFUNDS DUE FROM GOVERNMENT			
Tax refunds due from Government	9.1	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) 30 June 2022	(AUDITED) 31 December 2021
		(Rupees in '000)	
10 CASH AND BANK BALANCES			
Bank balances in			
Current accounts			
- Foreign currency		31,377	26,787
- Local currency		37,253	51,704
		68,630	78,491
Daily profit accounts	10.1	462,040	1,961,799
	10.2	530,670	2,040,290
Cash in transit		71,661	65,398
Cash in hand			
- Foreign currency		2,135	1,871
- Local currency		681	1,011
		2,816	2,882
		605,147	2,108,570

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2022

10.1 The rate of mark-up on these accounts ranges from 4.50% to 12.25% (2021: 2.75% to 7.25%) per annum.

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

		(UN - AUDITED)	(AUDITED)
	Note	30 June 2022	31 December 2021
		(Rupees in '000)	
11 LONG TERM BORROWING			
Long term borrowing	11.1	44,072	47,222

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 is repayable in 39 equal quarterly instalments beginning six months after the initial drawdown date. Interest is payable quarterly in arrears at the rate of 3 months State Bank of Pakistan (SBP) rate plus 1.5 percent per annum.

		(UN - AUDITED)	(AUDITED)
		30 June 2022	31 December 2021
		(Rupees in '000)	
12 DEFERRED LIABILITY- EMPLOYEE BENEFITS			
Opening liability		61,992	68,592
Amount recognized during the period / year		6,666	10,277
Payments made by the Company during the period / year		(4,579)	(21,479)
Experience adjustment		—	4,602
Closing liability		64,079	61,992

The latest actuarial valuation was carried out as at December 31, 2021.

13 SHORT TERM BORROWINGS

The credit facilities available to the Company from various commercial banks aggregate to Rs. 2,155 million (2021: Rs. 2,235 million). These include:

- Non funded facilities of letters of guarantee and letters of credit amounting to Rs. 455 million (2021: Rs. 455 million); and
- Cash finance facilities of Rs. 1,700 million (2021: Rs. 1,780 million).

Moreover, the Company can avail further cash finance facilities out of un-utilized unfunded facilities of Rs. 365 million (2021: Rs. 365 million) which also includes Rs. 35 million (2021: Rs. 35 million) of export finance facilities.

The un-utilized facility for letter of credits and guarantees at year end amounts to Rs. 2,042.703 million (2021: Rs. 1,879.458 million).

Mark-up on cash finance ranges from 3 months KIBOR plus 0.50% to 1.0% (2021: 3 months KIBOR plus 0.50% to 1.0%) as per agreements with banks.

Mark-up on export finance is charged at SBP rate plus 1.00% (2021: 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 million (2021: Rs. 2,687 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2022

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, 2021 except the following:

14.1.1 The Deputy Commissioner Inland Revenue (DCIR) raised demand vide order dated January 17, 2022 amounting to Rs. 1,918.062 million on account of claiming credit notes in violation of the provisions of the Sales Tax Act, 1990 and the Sales Tax Rules, 2006. Being aggrieved, the Company preferred an appeal before Commissioner Inland Revenue (Appeals), which has been decided in favour of the Company vide order dated March 18, 2022. The Department has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the said order which is pending adjudication. 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 condensed interim financial statements.

14.1.2 The Deputy Commissioner Inland Revenue (DCIR) raised demand vide order dated April 29, 2022 amounting to Rs. 1,200.458 million on account of suppression of sales, short payment of sales tax against incorrect declaration of sales / supplies made to wholesalers as retail sales, non-payment of further tax and illegal adjustment of input tax in violation of the Sales Tax Act, 1990. Being aggrieved, the Company preferred an appeal before Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided the appeal in favor of the Company vide order dated June 15, 2022 by deleting the demand of sales tax of Rs. 1,082,324 million whereas, charge related to non payment of further tax of Rs. 118.134 was remanded back to the assessing officer. Being aggrieved, the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. 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 condensed interim financial statements.

14.2 Commitments in respect of:

- Capital expenditure
- Letters of credit and bank contracts

	(UN - AUDITED)	(AUDITED)
	30 June 2022	31 December 2021
	(Rupees in '000)	
	369,450	3,465
	120,416	410,595
	489,866	414,060

	(UN-AUDITED)		(UN-AUDITED)	
	Three month period ended		Six month period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Rupees in '000)			
Shoes and accessories				
Local	6,186,665	4,078,554	10,051,190	7,384,206
Export	17,806	12,204	26,217	30,304
	6,204,471	4,090,758	10,077,407	7,414,510
Sundry articles and scrap material	15,765	13,950	27,288	33,693
	6,220,236	4,104,708	10,104,695	7,448,203
Less: Sales tax	(726,625)	(490,326)	(1,250,945)	(906,094)
Discount to dealers and distributors	(229,587)	(301,611)	(275,752)	(510,059)
Commission to agents/business associates	(136,231)	(92,883)	(231,885)	(169,011)
	(1,092,443)	(884,820)	(1,758,582)	(1,585,164)
	5,127,793	3,219,888	8,346,113	5,863,039

15 SALES - NET

Shoes and accessories

Local
Export

Sundry articles and scrap material

Less: Sales tax

Discount to dealers and distributors

Commission to agents/business associates

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2022

	(UN-AUDITED)		(UN-AUDITED)	
	Three month period ended		Six month period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Rupees in '000)			
16 COST OF SALES				
Raw material consumed	816,669	833,192	2,221,541	1,794,436
Stores and spare parts consumed	4,657	2,383	7,882	5,221
Fuel and power	37,726	25,762	94,800	67,951
Salaries, wages and benefits	104,692	127,704	303,754	305,389
Repairs and maintenance	20,891	32,816	40,025	56,904
Insurance	2,711	5,373	8,501	10,747
Depreciation on property, plant and equipment	15,296	16,409	30,477	32,798
	1,002,642	1,043,639	2,706,980	2,273,446
Add: Opening goods in process	85,464	83,166	35,192	40,540
	1,088,106	1,126,805	2,742,172	2,313,986
Less: Closing goods in process	(116,614)	(78,931)	(116,614)	(78,931)
Cost of goods manufactured	971,492	1,047,874	2,625,558	2,235,055
Add: Opening stock of finished goods	5,168,738	3,624,540	3,573,627	2,521,326
Finished goods purchased	1,015,918	676,260	2,533,023	1,941,375
	7,156,148	5,348,674	8,732,208	6,697,756
Less: Closing stock of finished goods	(4,422,253)	(3,656,877)	(4,422,253)	(3,656,877)
	2,733,895	1,691,797	4,309,955	3,040,879
17 FINANCE COST				
Interest / mark-up on:				
Long term borrowing	441	502	896	1,122
Employees / agents' securities and personal accounts	2,468	1,060	2,468	1,705
Lease liabilities	158,291	183,004	314,058	343,724
	161,200	184,566	317,422	346,551
Bank charges and commission	21,987	9,951	33,839	18,733
	183,187	194,517	351,261	365,284

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2022

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:

		(UN-AUDITED)		(UN-AUDITED)	
		Three month period ended		Six month period ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Relationship with the Company	Nature of transactions	(Rupees in '000)			
Common control companies	Purchase of goods and services	37,364	7,515	131,298	62,217
	Sale of goods and services	-	1,396	-	3,637
	Dividend paid	-	-	568,587	-
	Trade mark license fee	256,720	155,335	417,305	284,215
	Management service fee	67,311	54,127	128,895	109,875
Staff Retirement Benefits	Contribution to provident fund trusts	21,393	16,522	37,419	32,695
Staff Retirement Benefits	Gratuity paid	49	7,104	4,579	12,713
Key management personnel	Remuneration	44,245	32,110	78,385	67,921
	Director's Fee	525	298	823	935

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, 2022	December 31, 2021
	(Rupees in '000)	
Receivable from related parties	1,511	-
Payable to related parties	1,531,142	2,241,223

	(UN-AUDITED)		(UN-AUDITED)	
	Three month period ended		Six month period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
(Rupees in '000)				
Profit after taxation attributable to ordinary share holders (Rupees in '000)	303,867	96,889	384,851	130,353
Weighted average number of ordinary shares - Number (in '000)	7,560	7,560	7,560	7,560
Earnings per share - Basic (Rs.)	40.19	12.82	50.91	17.24

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, 2022

(UN - AUDITED) Six Month period Ended

	Retail		Wholesale		Export		Others		Total	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	(Rupees in '000)									
Net sales	7,673,127	4,929,092	622,015	872,095	26,217	30,394	24,754	31,550	8,346,113	5,863,039
Inter - segment sales	-	-	-	-	-	-	-	-	-	-
Total Sales	7,673,127	4,929,092	622,015	872,095	26,217	30,394	24,754	31,550	8,346,113	5,863,039
Segment result before unallocated expenses	1,739,135	1,035,235	19,353	61,222	3,195	2,963	12,582	8,595	1,774,265	1,108,015
Unallocated operating expenses									(819,521)	(654,511)
Other expenses									(81,260)	(22,412)
Other income									129,162	158,421
Operating profit									1,002,646	589,513
Finance cost									(351,261)	(365,284)
Profit before taxation									651,385	224,229
Taxation									(266,534)	(93,876)
Profit after taxation									384,851	130,353

(UN - AUDITED) Three Month period ended

	Retail		Wholesale		Export		Others		Total	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	(Rupees in '000)									
Net sales	4,790,355	2,692,456	395,148	502,485	17,806	12,205	14,484	12,742	5,127,793	3,219,888
Inter - segment sales	-	-	-	-	-	-	-	-	-	-
Total Sales	4,790,355	2,692,456	395,148	502,485	17,806	12,205	14,484	12,742	5,127,793	3,219,888
Segment result before unallocated expenses	1,126,066	617,052	2,766	21,175	1,690	312	5,533	4,142	1,135,995	672,681
Unallocated operating expenses									(456,474)	(372,448)
Other expenses									(59,409)	(15,446)
Other income									92,947	88,054
Operating profit									713,059	372,841
Finance cost									(183,187)	(194,517)
Profit before taxation									529,872	178,324
Taxation									(226,005)	(81,435)
Profit after taxation									303,867	96,889

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2022

	(UN-AUDITED)	(AUDITED)	(UN-AUDITED)	(AUDITED)
	Segment assets		Segment liabilities	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	(Rupees in '000)			
22 SEGMENT ASSETS AND LIABILITIES				
Retail	8,855,314	8,163,045	4,422,374	4,619,735
Wholesale	1,093,982	1,232,098	64,324	65,538
Export	4,855	14,432	—	—
Unallocated	4,734,050	6,192,928	3,657,231	4,757,809
	<u>14,688,201</u>	<u>15,602,503</u>	<u>8,143,929</u>	<u>9,443,082</u>

23 EVENTS AFTER THE REPORTING DATE

No material events have occurred subsequent to the period ended June 30, 2022.

24 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by the Board of Directors on August 25, 2022.

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 and condensed interim statement of changes in equity have 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

NOTES

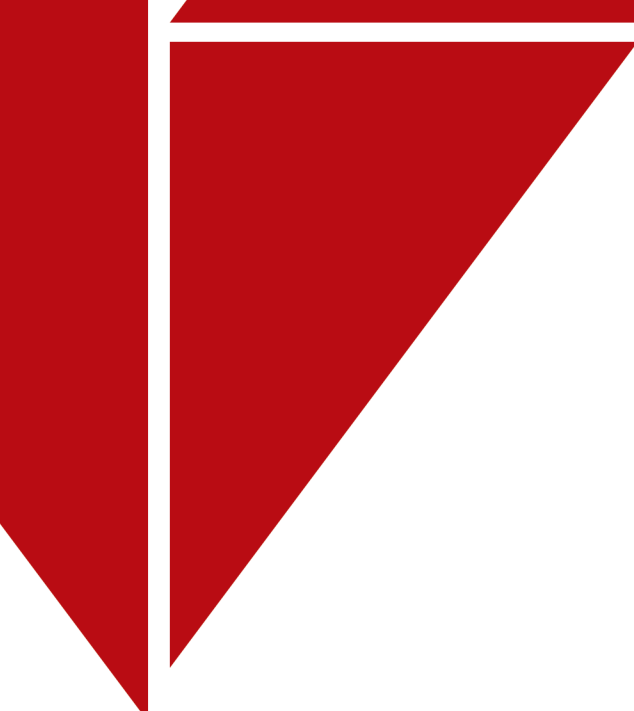
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Surprisingly
Bata



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