Bata®

Quarterly Report

January-
September
2019


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CORPORATE INFORMATION

Board of Directors

Mr. Roberto Longo	Chairman
Mr. Muhammad Imran Malik	Chief Executive
Mr. Amjad Farooq	Director
Mr. Toh Guan Kiat	Director
Mr. Syed Asad Ali Zaidi	Director
Mr. Kamal Monnoo	Director
Mr. Muhammad Maqbool	Director
Ms. Fatima Asad Khan	Director
Mr. Aamir Amin (Nominee of NIT)	Director

Audit Committee

Mr. Muhammad Maqbool	Chairman
Mr. Roberto Longo	Member
Mr. Toh Guan Kiat	Member

Human Resource and Remuneration Committee

Mr. Muhammad Maqbool	Chairman
Mr. Muhammad Imran Malik	Member
Mr. Toh Guan Kiat	Member

Chief Financial Officer (CFO)

Mr. Amjad Farooq

Company Secretary

Mr. Hafiz Mudassar Hassan Kamran

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.

The Company's shares are quoted in leading Newspapers under "Leather and Tanneries" sector.

Bankers

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

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.


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DIRECTORS' REVIEW

It is my pleasure to present the un-audited Condensed Interim Financial Information and brief review of the Company's operations for nine month period ended 30 September, 2019.

Net turnover in the period under review was Rs. 12.242 billion as compared to Rs. 11.765 billion for the corresponding period of last year. Profit after tax reduced from Rs. 792.2 million of last year to Rs. 763.3 million. As a result earning per share decreased to Rs. 100.96 as compared to Rs. 104.79 for the corresponding period of last year. During the period, the Company has adopted IFRS 16, 'Leases'. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. It requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Earnings per share decreased by Rs. 16 per share for the nine month period ended September 30, 2019 as a result of the adoption of IFRS 16.

Retail division showed a good growth during the first quarter with current setup and was able to achieve improvement of 8% in turnover with respect to corresponding period. Our non-retail division showed a decline in turnover during this quarter as compared to corresponding period which was in line with the plan for the third quarter of 2019. They are striving to develop new products and customers base to achieve growth.

Our production facilities at Batapur and Maraka were kept fully loaded 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 order to maintain our role as a leader in Footwear Industry, an amount of Rs. 142.14 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. Total of 08 fresh graduates from different areas of Pakistan completed their two months internship in factory and sales under National Internship Program. A water filtration plant has been built to provide clean and safe drinking water to the community at Maraka. To impart our role for better environment, planted more than 1,700 trees / saplings at Batapur and Branch Factory Maraka. Arranged mentorship session in CDG School Rehmanpura Lahore with the help of our volunteers who inspired the students in career counselling and creative writing skills. Celebrated Independence Day with the children of a local school and distributed gifts amongst them. Distributed books and uniforms amongst 450 underprivileged children studying in different schools at Lahore.

General slowdown in economy and high inflation has impacted the purchasing power of the customers which has put our growth in turnover under tremendous pressure. At the same time, currency devaluation and increase in sales tax rate on our products from July 2019 has negative impact on margins. In spite of all these challenges, we remain confident as regards to our prospects for the remaining year. We look forward to continued support from all our stakeholders to achieve the objectives for the year 2019.

On behalf of the Board

Batapur:
Lahore: 24 October 2019

MUHAMMAD IMRAN MALIK
Chief Executive

ڈائریکٹرز کا جائزہ

مورخہ 30 ستمبر 2019ء کو ختم ہوئے 9 ماہ کے عرصہ کیلئے غیر آڈٹ شدہ جامع عبوری مالیاتی معلومات اور کمپنی کی کاروائیوں کا مختصر جائزہ پیش کرنے پر مجھے بے حد خوشی ہے۔

زیرِ نظر عرصہ کے دوران 12.242 ارب روپے کا خالص کاروبار ہوا جو کہ گزشتہ سال اسی عرصہ کے دوران 11.765 ارب روپے تھا۔ ٹیکس کے بعد منافع پچھلے سال کے 792.2 ملین سے کم ہو کر 763.3 رہ گیا۔ اس کے نتیجے میں گزشتہ سال اسی عرصہ کے دوران 104.79 روپے کے مقابلے میں فی شیئر کمائی کم ہو کر 100.96 کی سطح پر آ گئی۔ اس عرصہ کے دوران کمپنی نے آئی ایف آر ایس 16 'لیزز' کو اپنایا۔ یہ سٹینڈرڈ موجودہ آئی اے ایس 17 'لیزز' میں دی گئی رہنمائی کے ساتھ تبدیل کیا گیا ہے اور یہ خصوصاً لیزز کے لحاظ سے اکاؤنٹنگ میں بڑی ڈورس تبدیلی ہے۔ اس میں لیز کرانے والوں کو مستقبل میں لیز کی ادائیگیوں کی عکاسی کرنے والی لیز کی ذمہ داری اور لیز کے تقریباً تمام معاہدوں کیلئے ایک 'رائٹ آف یوز ایسٹ' قبول کرنے کی ضرورت ہوتی ہے۔ آئی ایف آر ایس 16 کو اپنانے کے نتیجے میں 30 ستمبر 2019 کو ختم ہوئے 9 ماہ کے عرصہ کی فی شیئر کمائی 16 روپے تک کم ہو گئی۔

ریٹیل ڈویژن نے موجودہ سیٹ اپ کے ساتھ اس عرصہ کے دوران اچھی کارکردگی کا مظاہرہ کیا اور اسی مدت کے لحاظ سے کاروبار میں 8% بہتری لانے میں کامیاب رہا۔ ہمارے نان ریٹیل ڈویژن نے اس سہ ماہی کے دوران اسی مدت کے لحاظ سے کاروبار میں کمی ظاہر کی جو کہ 2019ء کی تیسری سہ ماہی کیلئے منصوبے کے مطابق تھی۔ وہ ترقی کے حصول کیلئے نئی مصنوعات تیار کرنے اور نئے کسٹمرز بنانے کی کوششیں کر رہے ہیں۔

ہمارے باٹا پور اور مراکہ پیداواری مراکز اس عرصہ کے دوران ہماری مقبول عام آئٹمز کی طلب کو پورا کرنے کیلئے پوری طرح مصروف رہے۔ ہم نئے مولڈز پر مسلسل سرمایہ کاری کر رہے ہیں، جن میں سے اکثر مارکیٹ میں بہت کامیاب ثابت ہوئے ہیں۔

اپنے قابل قدر کسٹمرز کی مانگ کو پورا کرنا اور انہیں خصوصی اور موثر طریقے سے خدمات فراہم کرنا ہماری اولین ترجیح رہی ہے۔ جوتوں کی صنعت میں لیڈر کی حیثیت سے اپنے کردار کو برقرار رکھنے کیلئے 142.14 ملین روپے نئے سٹورز کھولنے اور موجودہ سٹورز کی تزئین و آرائش پر خرچ کئے گئے۔ ہماری توجہ کم شرح فروخت والے اور غیر منافع بخش سٹورز، جو کم از کم معیار سے بھی نیچے ہیں، کو بند کر کے بڑے فارمیٹ سٹورز کو توسیع دینے پر مرکوز رہے گی جو کہ ہماری حکمت عملی کا حصہ ہے۔

کمپنی نے زیرِ نظر عرصہ کے دوران اپنی کارپوریٹ سماجی ذمہ داریوں (سی ایس آر) کی سرگرمیوں کو بھی جاری رکھا۔ پاکستان کے مختلف علاقوں سے مجموعی طور پر 08 فریش گریجویٹس نے نیشنل انٹرن شپ پروگرام کے تحت فیکٹری اور سیلز میں دو ماہ کی انٹرن شپ مکمل کی۔ مراکہ کے لوگوں کو پینے کا صاف اور محفوظ پانی فراہم کرنے کیلئے ایک واٹر فلٹریشن پلانٹ تعمیر کیا گیا۔ ماحول کو بہتر بنانے میں اپنا کردار ادا کرنے کیلئے باٹا پور اور برانچ فیکٹری مراکہ میں 1,700 درخت / پودے لگائے گئے۔ ہمارے رضا کاروں کی مدد سے سی ڈی جی سکول رحمٰن پورہ لاہور میں رہنمائی کے سیشن کا اہتمام کیا جس میں انہوں نے کیریئر کاؤنسلنگ اور تخلیقی تحریری صلاحیتوں کیلئے طلباء کی حوصلہ افزائی کی۔ ایک مقامی سکول کے بچوں کے ساتھ یوم آزادی منایا اور ان میں تحائف تقسیم کئے۔ لاہور کے مختلف سکولوں میں زیرِ تعلیم 450 کم مراعات یافتہ بچوں میں کتابیں اور یونیفارم تقسیم کئے۔

معیشت میں عمومی سست روی اور تیز تر افراطِ زر نے صارفین کی قوت خرید کو بے حد متاثر کیا ہے جس سے ہماری کاروباری ترقی بھی زبردست دباؤ میں آ گئی ہے۔ کرنسی کی قدر و قیمت میں کمی اور جولائی 2019ء سے ہماری مصنوعات پر سیلز ٹیکس کی شرح میں اضافے نے بیک وقت مل کر ہمارے مارجنز پر منفی اثر ڈالا ہے۔ ان تمام چیلنجز کے باوجود ہم باقیماندہ سال کیلئے اپنے امکانات کے بارے میں انتہائی پُر اعتماد ہیں۔ ہم سال 2019ء کے مقاصد کے حصول کیلئے اپنے تمام سٹیک ہولڈرز کی طرف سے مسلسل معاونت کے طلبگار ہیں۔

حسب الحکم بورڈ

محمد عمران ملک
چیف ایگزیکٹو

باٹا پور:
لاہور: 24 اکتوبر 2019ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION - UNAUDITED

AS AT SEPTEMBER 30, 2019

	Note	(UN - AUDITED) September 30, 2019	(AUDITED) December 31 2018
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	7,113,813	1,643,028
Intangible assets		162	578
Long term investments	7	45,020	45,008
Long term deposits and prepayments		43,276	34,061
Deferred tax asset		22,477	–
		7,224,748	1,722,675
CURRENT ASSETS			
Stores and spare parts		–	–
Stock in trade	8	5,802,175	3,970,853
Trade debts - unsecured		2,584,289	2,167,114
Advances - unsecured		298,619	84,860
Deposits and short term prepayments		348,353	209,872
Other receivables		438,205	641,802
Interest accrued		1,872	752
Tax refunds due from Government	9	350,161	350,161
Cash and bank balances	10	214,780	1,545,032
		10,038,454	8,970,446
TOTAL ASSETS		17,263,202	10,693,121
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		7,724,926	7,415,244
		7,725,409	7,415,727
		7,801,009	7,491,327
NON-CURRENT LIABILITIES			
Long term lease liability		4,078,631	–
Long term deposits		24,095	24,171
Deferred liability - employee benefits	11	82,530	81,421
Deferred taxation		–	44,339
		4,185,256	149,931
CURRENT LIABILITIES			
Current portion of long term lease liability		1,359,411	–
Trade and other payables		3,074,504	2,312,920
Unclaimed Dividend		49,695	47,870
Short term borrowings	12	426,761	–
Provision for taxation		366,566	691,073
		5,276,937	3,051,863
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		17,263,202	10,693,121

The annexed notes from 1 to 23 form an integral part of these financial statements

Chief Executive | Director | Director | Chief Financial Officer

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

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	Note	Three month period ended		Nine month period ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
		(Rupees in '000)			
Sales - Net	14	3,448,342	3,466,645	12,242,055	11,764,772
Cost of Sales	15	(1,897,820)	(2,057,448)	(6,632,139)	(6,734,640)
Gross Profit		1,550,522	1,409,197	5,609,916	5,030,132
Distribution cost		(956,444)	(1,019,521)	(3,099,222)	(2,854,490)
Administrative expenses		(283,955)	(258,371)	(850,021)	(803,156)
Other expenses		(33,204)	(16,016)	(130,897)	(120,169)
Other income		5,188	10,213	20,278	34,140
Finance cost	16	(127,998)	(11,052)	(487,022)	(34,899)
Profit before taxation		154,109	114,450	1,063,032	1,251,558
Provision for taxation		(43,676)	(35,154)	(299,750)	(459,335)
Profit after taxation		110,433	79,296	763,282	792,223
Other comprehensive income		-	-	-	-
Total comprehensive income		110,433	79,296	763,282	792,223
Earnings per share					
- Basic and diluted	19	Rs.14.61	Rs.10.49	Rs.100.96	Rs.104.79

The annexed notes from 1 to 23 form an integral part of these financial statements

Chief Executive Director Director Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	Share capital	Capital reserve	General reserve	Unappropriated profit	Total
	Rupees in '000'				
Balance as at January 01, 2018	75,600	483	6,132,000	918,641	7,126,724
Final dividend for 2017 at the rate of Rs. 60 per share	–	–	–	(453,600)	(453,600)
Transfer to general reserve for 2017	–	–	465,000	(465,000)	–
Total comprehensive income for the nine month period ended September 30, 2018	–	–	–	792,223	792,223
Balance as at September 30, 2018	75,600	483	6,597,000	792,264	7,465,347
Balance as at January 01, 2019	75,600	483	6,597,000	818,244	7,491,327
Final dividend for 2018 at the rate of Rs. 60 per share	–	–	–	(453,600)	(453,600)
Transfer to general reserve for 2018	–	–	360,000	(360,000)	–
Total comprehensive income for the nine month period ended September 30, 2019	–	–	–	763,282	763,282
Balance as at September 30, 2019	75,600	483	6,957,000	767,926	7,801,009

The annexed notes from 1 to 23 form an integral part of these financial statements

Chief Executive

Director

Director

Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS - UNAUDITED

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	Note	Nine month period ended September 30, 2019	September 30, 2018
		(Rupees in '000)	
CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,063,032	1,251,558
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation for property, plant & equipment		1,024,467	164,386
Amortization of intangible assets		416	982
Provision for gratuity		8,468	4,926
Loss on disposal of property, plant and equipment		15,945	8,135
Income from short term investments		(9,813)	(21,358)
Income from long term investments		(3,192)	(1,964)
Exchange loss		18,910	13,969
Finance cost		487,022	34,899
Income from discounting of supplier invoices		(237)	(4,772)
Provision for trade debts and advances - (net)		20,693	15,851
Provision for slow moving and obsolete stock (net)		82,620	114,283
Recognition/(reversal) of provision for obsolessence stores & spare parts		1,074	(2,723)
		1,646,373	326,614
Operating profit before working capital changes		2,709,405	1,578,172
(Increase) / decrease in current assets:			
Stores & spare parts		(1,074)	2,723
Stock in trade		(1,831,321)	(1,262,701)
Trade debts - unsecured		(417,095)	(715,418)
Advances - unsecured		(220,802)	112,892
Deposits and short term prepayments		(138,481)	(177,895)
Other receivables		(37,634)	(7,903)
Tax refunds due from Government		–	102,163
		(2,646,407)	(1,946,139)
Increase in current liabilities:			
Trade and other payables		644,871	841,124
Cash generated from operations		707,869	473,157
Finance costs paid		(487,022)	(34,899)
Tax paid		(442,878)	(424,440)
Gratuity paid		(7,359)	(5,329)
Interest income received		11,885	27,126
		(925,374)	(437,542)
(Increase)/Decrease in long term prepayments		(9,215)	3,040
Net cash (used in)/generated from operating activities	A	(226,720)	38,655
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(350,455)	(236,427)
Decrease/(Increase) in capital work in process		(73,705)	(81,682)
Proceeds from sale of property, plant and equipment		16,893	5,863
Increase in long term investments		(12)	(2)
Net cash used in investing activities	B	(407,279)	(312,248)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings		426,761	–
Payment of lease liabilities		(671,239)	–
Dividend paid		(451,775)	(454,827)
Net cash used in financing activities	C	(696,253)	(454,827)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	A+B+C	(1,330,252)	(728,420)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,545,032	1,160,138
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17	214,780	431,718

The annexed notes from 1 to 23 form an integral part of these financial statements

Chief Executive | Director | Director | Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

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	G.T. Road, P.O. Batapur, Lahore
2	Maraka	26 - km, Multan Road, Lahore

The Company operates through retail outlets spread across the country with 7 outlets situated in Azad Kashmir, 6 in Baluchistan, 15 in Islamabad Capital Territory, 1 in Gilgit Baltistan, 38 in Khyber Pakhtun Khwa, 316 in Punjab and 76 outlets in Sindh. The Company also has 7 wholesale depots in Punjab, 2 in Sindh and 1 in Khyber Pakhtun Khwa.

2 STATEMENT OF COMPLIANCE

These condensed interim financial information of the Company for the nine month period ended September 30, 2019 have been prepared in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standard as applicable in Pakistan for interim financial reporting comprise of :

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards 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 of and directives issued under the Companies Act, 2017 have been followed.

3 BASIS OF PRESENTATION AND MEASUREMENT

This condensed interim financial information of the Company for the nine month period ended September 30, 2019 are unaudited. This condensed interim financial information do not include all the statements required for annual financial statements including financial risk management statements and therefore should be read in conjunction with annual financial statements of the Company for the year ended December 31, 2018.

The financial information have been prepared under the historic cost convention. The financial information 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.

3.1 New and amended standards adopted by the company

A number of new or amended standards became applicable for the current reporting period, and the Company had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- IFRS 16 Leases
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from contracts with customers

The impact of the adoption of the these standards and the new accounting policies are disclosed in note 4 below. The other standards did not have any impact on the company's accounting policies and did not require retrospective adjustments.

4 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED ACCOUNTING STANDARDS

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

4.1 Standards, amendments and interpretations to existing 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 1, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements, except for the following.

– IFRS 15, Revenue from Contracts with Customers'. This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The Company has adopted this standard for the current annual period beginning January 1, 2019 and the impact of its adoption has been specified in note 5.1.2.

– IFRS 9, 'Financial Instruments': this standard has been notified by the SECP to be effective for annual periods ending on or after June 30, 2019. This standard replaces the guidance in International Accounting Standard ('IAS') 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Company has adopted this standard for the current annual period beginning January 1, 2019 and the impact of its adoption has been specified in note 5.1.1.

– IFRS 16, 'Leases': this standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-ofuse asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Company has adopted this standard for the current annual period beginning January 1, 2019 and the impact of its adoption has been specified in note 5.1.3.

Amendments to IAS 19, 'Employee Benefits' on plan amendment, curtailment or settlement, (effective for periods beginning on or after January 1, 2019). These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. This amendment does not have any material impact on the financial of the Company.

IFRIC 23, 'Uncertainty over Income Tax Treatments': (effective for periods beginning on or after January 1, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. This amendment does not have any material impact on the financial of the Company.

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 1, 2020 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 financial statements.

4.3 Summary of significant events and transactions

The Company's financial position and performance was particularly affected by the implementation of IFRS 16. The impact of the same has been detailed in note 5.1.3 of these interim financial statements.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2018 except for the application of , IFRS 9 'Financial Instruments', IFRS 15 'Revenue from contracts with customers', IFRS 16 'Leases'. The Impact of the change in accounting policy has been specified in Note 5.1.

Furthermore, the basis of significant estimates are same as those that were applied to the financial statements for the year ended December 31, 2018.

Income tax expense is recognised based on management's best estimate of the weighted average income tax rate expected for the full financial year.

5.1 Changes in accounting policies

The company has adopted IFRS 9, IFRS 15 and IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions of the relevant standards. The reclassifications and the adjustments arising from the new rules are therefore recognised in the opening balance sheet on January 1, 2019.

5.1.1 Impact on adoption of IFRS 9

IFRS 9 replaces the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of the financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

5.1.1.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from June 30, 2019 resulted in changes in accounting policies as described below. However, the change does not have a material impact on the amounts recognized in these interim financial statements. In accordance with the transitional provisions in IFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale: Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI), or through profit or loss); and
- those to be measured at amortised cost.

  The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

  A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Reclassification from held-to-maturity to amortised cost

Loans and receivables and long term investments that would have previously been classified as held-to maturity are now classified at amortised cost. The Company intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of these financial assets at January 1, 2019 to be recognised in opening retained earnings. Furthermore, there was also no difference between the previous carrying amount and the revised carrying amount of these financial assets at June 30, 2019 to be recognised in statment of profit or loss and other comprehensive income.

5.1.1.2 Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss. Trade receivables are written off when there is no reasonable expectation of recovery. Based on the management's ECL workings under IFRS 9 and given the Company's experience with customers having good collection history with no significant historical loss rates / bad debts and normal receivable ageing, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Company since the receivables are primarily recovered within a period of six months from dispatch of goods.

5.1.2 Impact on adoption of IFRS 15

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any material impact on the revenue recognition policy of the Company and therefore, there is no cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application.

The Company operates a chain of retail stores selling shoes and accessories. Revenue from the sale of goods is recognised when a Company sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the product.

The Company operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. Revenue from the award points is recognised when the points are redeemed. A contract liability is recognised in trade and other payables until the points are redeemed or expire.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the company does not adjust any of the transaction prices for the time value of money.

The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 did not have an impact on the timing and amounts of revenue recognition of the company.

Apart from providing more extensive disclosures, the application of IFRs 15 does not have any significant impact on the financial position and/or the financial performance of the Company for the reasons described above. Accordingly there was no adjustment to retained earnings on application of IFRS 15 at January 1, 2019.

5.1.3 Impact on adoption of IFRS 16

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 11.55%. There is no lease that was previously classified as finance lease under IAS 17 Leases.

	(Rupees in '000)
Lease liability discounted using the lessee's incremental borrowing rate at the date of initial application	5,817,081
Lease liability recognised as at January 1, 2019	5,817,081
Of which are:	
Current lease liabilities	771,428
Non-current lease liabilities	5,045,653

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	(UN - AUDITED)	
	September 30, 2019	January 1, 2019
	(Rupees in '000)	
Buildings	5,265,277	5,845,360
Total	5,265,277	5,845,360

The change in accounting policy affected the following items in the balance sheet on January 1, 2019 is as follows:

	(UN - AUDITED) January 1, 2019
	(Rupees in '000)
Increase in property plant and equipment	5,845,360
Increase in lease liabilities	5,817,081
Decrease in trade deposits and short term prepayments	(26,076)
Decrease in long term deposits and prepayments	(2,203)
Reversal of deferred tax liability	(75,441)
Impact on retained earnings	–

i) Impact on segment disclosures and earnings per share

Segment assets and segment liabilities for September 30, 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities. The following segments were affected by the change in policy:

	Segment Assets	Segment Liabilities
	(Rupees in '000)	
Retail	5,106,067	5,559,986
Wholesale	159,210	161,225

Earnings per share decreased by Rs. 16 per share for the nine months to September 30, 2019 as a result of the adoption of IFRS 16.

ii) Practical expedients applied

In applying IFRS 16 for the first time, the company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

5.1.3.1 The Company's leasing activities and how these are accounted for

The Company leases various retail stores and depots. Rental contracts are typically made for fixed periods of 2 to 19 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, Plant and Equipment were classified operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. There are no low value assets under lease.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	Note	(UN - AUDITED) September 30, 2019	(AUDITED) December 31, 2018
		(Rupees in '000)	
6 PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	6.1	7,039,983	1,642,903
Capital work in progress	6.2	73,830	125
		7,113,813	1,643,028
6.1 Opening Net Book Value (NBV)	6.1.1	7,488,263	1,502,756
Add: Additions/transfers during the period/year	6.1.2	609,025	387,501
		8,097,288	1,890,257
Less: Disposals during the period (at NBV)	6.1.2	(32,838)	(20,492)
Depreciation charged during the period/year		(1,024,467)	(226,862)
		(1,057,305)	(247,354)
		7,039,983	1,642,903

6.1.1 This includes Rs. 5,818 million as Right-of-use asset due to first time application of IFRS 16 as explained in Note 5.

	(UN-AUDITED) September 30, 2019 Additions	September 30, 2019 Disposal (NBV)	(AUDITED) December 31, 2018 Additions	December 31, 2018 Disposal (NBV)
	(Rupees in '000)			
6.1.2 During the period additions and deletions are given below:				
Buildings				
- Factory	30,528	–	8,550	–
- Others	258,769	–	1,938	8
Plant & Manchinery	40,287	1,733	33,476	963
Gas Installations	24	–	23	–
Office Equipment	–	3	475	–
Furniture, Fixture and Fittings	253,632	30,706	307,314	18,294
Computers	12,635	396	33,376	1,102
Vehicles	13,150	–	2,349	125
	609,025	32,838	387,501	20,492

	(UN - AUDITED) September 30, 2019	(AUDITED) December 31, 2018
	(Rupees in '000)	
6.2 Opening balance	125	9,153
Add: Additions during the period	170,558	92,469
	170,683	101,622
Less: Transfers during the period	96,853	101,497
	73,830	125

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

		Note	(UN - AUDITED) September 30, 2019	(AUDITED) December 31, 2018
			(Rupees in '000)	
7	**LONG TERM INVESTMENTS**			
	At amortised cost			
	PLS Term Deposit Receipts	7.1	45,020	45,008

7.1 These deposits are earmarked against the balances due to employees held as securities and personal accounts maintained with commercial banks undertaking conventional banking services. These carry mark-up at the rate of 11.00% (2018: 6.00%) per annum.

8 STOCK IN TRADE

This represents net amount after adjustment for provision against slow moving and obsolete stock amounting to Rs. 122.713 million (2018: Rs. 77.983 million).

9 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) September 30, 2019	(AUDITED) December 31, 2018
			(Rupees in '000)	
10	**CASH AND BANK BALANCES**			
	Bank balances in			
	Current accounts			
	- Foreign currency		23,241	19,614
	- Local currency		14,919	20,796
			38,160	40,410
	Daily profit accounts	10.1	54,055	1,360,562
		10.2	92,215	1,400,972
	Cash in transit		119,731	137,432
	Cash in hand			
	- Foreign currency		1,891	5,737
	- Local currency		943	891
			2,834	6,628
			214,780	1,545,032

10.1 The rate of mark-up on these accounts ranges from 8.03% to 10.48% (2018: 3.88% to 8.25%) per annum.

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	(UN - AUDITED) September 30, 2019	(AUDITED) December 31, 2018
	(Rupees in '000)	
11 DEFERRED LIABILITY- EMPLOYEE BENEFITS		
Opening liability	81,421	76,030
Amount recognized during the period	8,468	6,857
Payment made by the Company during the period/year	(7,359)	(5,363)
Experience Adjustment	–	3,897
Closing liability	82,530	81,421

The latest actuarial valuation was carried out as at December 31, 2018.

12 SHORT TERM BORROWINGS

The credit facilities available to the Company from various commercial banks aggregate to Rs. 1,140.000 million (2018: Rs. 1,140.000 million).

These include:

– Non funded facilities of letters of guarantee and letters of credit amounting to Rs. 740.000 million (2018: Rs. 740.000 million); and

The un-utilized facility for letter of credits and guarantees at year end amounts to Rs. 479.034 million (2018: Rs. 493 million).

Mark up on cash finance ranges from 3 months KIBOR plus 0.50% to 1.0% (2018: 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% (2018: 4.00%) per annum.

These finances are secured against hypothecation of stock in trade, stores and spares and receivables of the Company amounting to Rs. 1,194 million (2018: Rs. 1,194 million).

13 CONTINGENCIES AND COMMITMENTS

There is no significant change in contigencies since the date of preceding published annual financial statements for the year ended December 31, 2018 except the following:

13.1 The Additional Commissioner Inland Revenue (ACIR) raised demand of Rs. 954.859 million vide order dated June 28, 2013 to the Company for the tax year 2011, whereby, the assessing officer added back certain expenses, disallowed certain amount of tax credit and also assessed that the Company has suppressed turnover amounting to Rs. 1,427.436 million. Being aggrieved, the Company preferred an appeal with Commissioner Inland Revenue (Appeals), which was decided in favor of the Company vide order dated October 2, 2013, by deleting all the add backs with the exception of the difference in the amount of tax credit which has been calculated under Section 65(b) of the Income Tax Ordinance, 2001. Being aggrieved, the Tax department filed an appeal against the order of Commissioner Inland Revenue (Appeals) with the Appellate Tribunal Inland Revenue (ATIR) which is decided in favor of the company on April 11, 2019. The Tax department has the right to file an appeal against the order. However, no such proceedings have yet been initiated by the Tax department.

	(UN - AUDITED) September 30, 2019	(AUDITED) December 31, 2018
	(Rupees in '000)	
13.2 Commitments in respect of:		
- Capital expenditure	60,585	19,881
- Letters of credit and bank contracts	260,966	181,339
	321,551	201,220

	(UN-AUDITED) Three month period ended		(UN-AUDITED) Nine month period ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	(Rupees in '000)			
14 NET SALES				
Shoes and accessories				
Local	4,398,559	4,091,204	14,795,732	13,727,135
Export	6,977	7,874	54,419	51,310
	4,405,536	4,099,078	14,850,151	13,778,445
Sundry articles and scrap material	8,729	10,803	55,324	61,152
	4,414,265	4,109,881	14,905,475	13,839,597
Less: Sales tax	(635,911)	(285,027)	(1,304,413)	(901,296)
Discount to dealers and distributors	(254,630)	(290,607)	(1,102,048)	(939,461)
Commission to agents/business associates	(75,382)	(67,602)	(256,959)	(234,068
	(965,923)	(643,236)	(2,663,420)	(2,074,825)
	3,448,342	3,466,645	12,242,055	11,764,772
15 COST OF SALES				
Raw material consumed	953,691	764,346	2,753,484	2,508,082
Stores and spares consumed	2,074	2,138	7,087	6,025
Fuel and power	44,371	26,713	114,072	81,641
Salaries, wages and benefits	149,479	115,994	414,637	360,966
Repairs and maintenance	20,446	14,147	51,550	48,450
Insurance	5,696	4,062	14,537	11,635
Depreciation	13,369	12,308	37,424	36,469
	1,189,126	939,708	3,392,791	3,053,268
Add: Opening goods in process	62,453	39,364	43,965	49,498
	1,251,579	979,072	3,436,756	3,102,766
Less: Closing goods in process	(78,057)	(46,895)	(78,057)	(46,895)
Cost of goods manufactured	1,173,522	932,177	3,358,699	3,055,871
Add: Opening stock of finished goods	4,946,077	4,141,672	3,358,699	3,055,871
Finished goods purchased	1,080,351	1,257,623	4,831,612	4,683,626
	7,199,950	6,331,472	11,934,269	11,008,664
Less: Closing stock of finished goods	5,302,130	4,274,024	5,302,130	4,274,024
	1,897,820	2,057,448	6,632,139	6,734,640

	(UN-AUDITED) Three month period ended		(UN-AUDITED) Nine month period ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	(Rupees in '000)			
16 FINANCE COSTS				
Interest / mark-up on:				
Workers' profit participation fund	–	–	1,962	1,440
Employees / agents' securities and personal accounts	1,841	2,276	6,754	6,245
Short term Borrowings	5,859	–	15,125	–
Lease Liability	108,338	–	430,591	–
	116,038	2,276	454,432	7,685
Bank charges and commission	11,960	8,776	32,590	27,214
	127,998	11,052	487,022	34,899

	(UN - AUDITED) Nine month period ended	
	September 30, 2019	September 30, 2018
	(Rupees in '000)	
17 CASH AND CASH EQUIVALENTS		
Bank balances in		
– Current accounts	38,160	29,865
– Daily profit accounts	54,055	305,541
Short term investment	–	–
Cash in transit	119,731	93,975
Cash in hand	2,834	2,337
	214,780	431,718

18 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) Three month period ended		(UN-AUDITED) Nine month period ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Relationship with the Company	**Nature of transactions**	(Rupees in '000)			
Common control companies	Purchase of goods and services	163,410	277,772	589,624	783,373
	Sale of goods and services	–	563	4,803	5,850
	Dividend paid	–	–	341,152	341,152
	Trade mark license fee	189,604	180,643	611,863	384,310
	Management service fee	53,912	42,946	152,629	123,820
	IT charges	–	–	–	15,319
Staff Retirement Benefits	Contribution to provident fund trusts	19,587	15,950	54,010	50,572
Staff Retirement Benefits	Gratuity paid	4,044	2,224	7,359	5,329
Key management personnel	Remuneration	37,911	28,401	121,400	125,236

All transactions with related parties have been carried out on mutually agreed terms and conditions.

	(UN - AUDITED) Setember 30, 2019	(AUDITED) December 31, 2018
	(Rupees in '000)	
Period end balances		
Receivable from related party	–	2,021
Payable to related party	1,023,883	396,009

19 EARNINGS PER SHARE - BASIC AND DILUTED

	(UN-AUDITED) Three month period ended		(UN-AUDITED) Nine month period ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	(Rupees in '000)			
Profit after taxation attributable to ordinary share holders (Rupees in '000)	110,433	79,296	763,282	792,223
Weighted average number of ordinary shares - Number (in '000)	7,560	7,560	7,560	7,560
Earnings per share - Basic (Rs.)	14.61	10.49	100.96	104.79

19.1 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 AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

20. SEGMENT REPORTING

(UN - AUDITED)
Nine month period ended

	Retail		Wholesale		Export		Others		Total	
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
Net sales	9,194,218	8,523,936	2,942,110	3,130,839	54,419	48,846	51,308	61,151	12,242,055	11,764,772
Inter - segment sales	–	–	–	–	–	–	–	–	–	–
Total Sales	9,194,218	8,523,936	2,942,110	3,130,839	54,419	48,846	51,308	61,151	12,242,055	11,764,772
Segment result before unallocated expenses	2,152,966	1,880,159	525,511	491,248	10,791	3,893	21,189	9,949	2,710,457	2,385,249
Unallocated operating expenses									1,049,784	1,012,753
Other expenses									130,897	120,169
Other income									20,278	34,130
Operating profit									1,550,054	1,286,457
Finance cost									487,022	34,899
Profit before taxation									1,063,032	1,251,558
Taxation									299,750	459,335
Profit after taxation									763,282	792,223

(UN - AUDITED)
Three month period ended

	Retail		Wholesale		Export		Others		Total	
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
	Rupees in ('000)									
Net sales	2,697,188	2,563,957	736,447	884,944	6,978	5,411	7,729	12,333	3,448,342	3,466,645
Inter - segment sales	–	–	–	–	–	–	–	–	–	–
Total Sales	2,697,188	2,563,957	736,447	884,944	6,978	5,411	7,729	12,333	3,448,342	3,466,645 9
Segment result before unallocated expenses	430,350	398,070	143,142	112,173	1,431	68	5,035	3,217	579,958	513,528
Unallocated operating expenses									269,835	382,223
Other expenses									33,204	16,016
Other income									5,188	10,213
Operating profit									282,107	125,502
Finance cost									127,998	11,052
Profit before taxation									154,109	114,450
Taxation									43,676	35,154
Profit after taxation									110,433	79,296

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	(UN - AUDITED)	(AUDITED)	(UN - AUDITED)	(AUDITED)
	Segment assets		Segment liabilities	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
	(Rupees in '000)			
20.1 SEGMENT ASSETS AND LIABILITIES				
Retail	11,177,978	4,221,022	5,941,786	129,306
Wholesale	3,910,736	3,015,461	24,737	24,231
Export	8,576	9,924	–	–
Unallocated	2,165,912	3,446,714	3,495,670	3,048,257
	17,263,202	10,693,121	9,462,193	3,201,794

21 EVENTS AFTER THE REPORTING DATE

No material events have occurred subsequent to period ended September 30, 2019.

22 DATE OF AUTHORIZATION

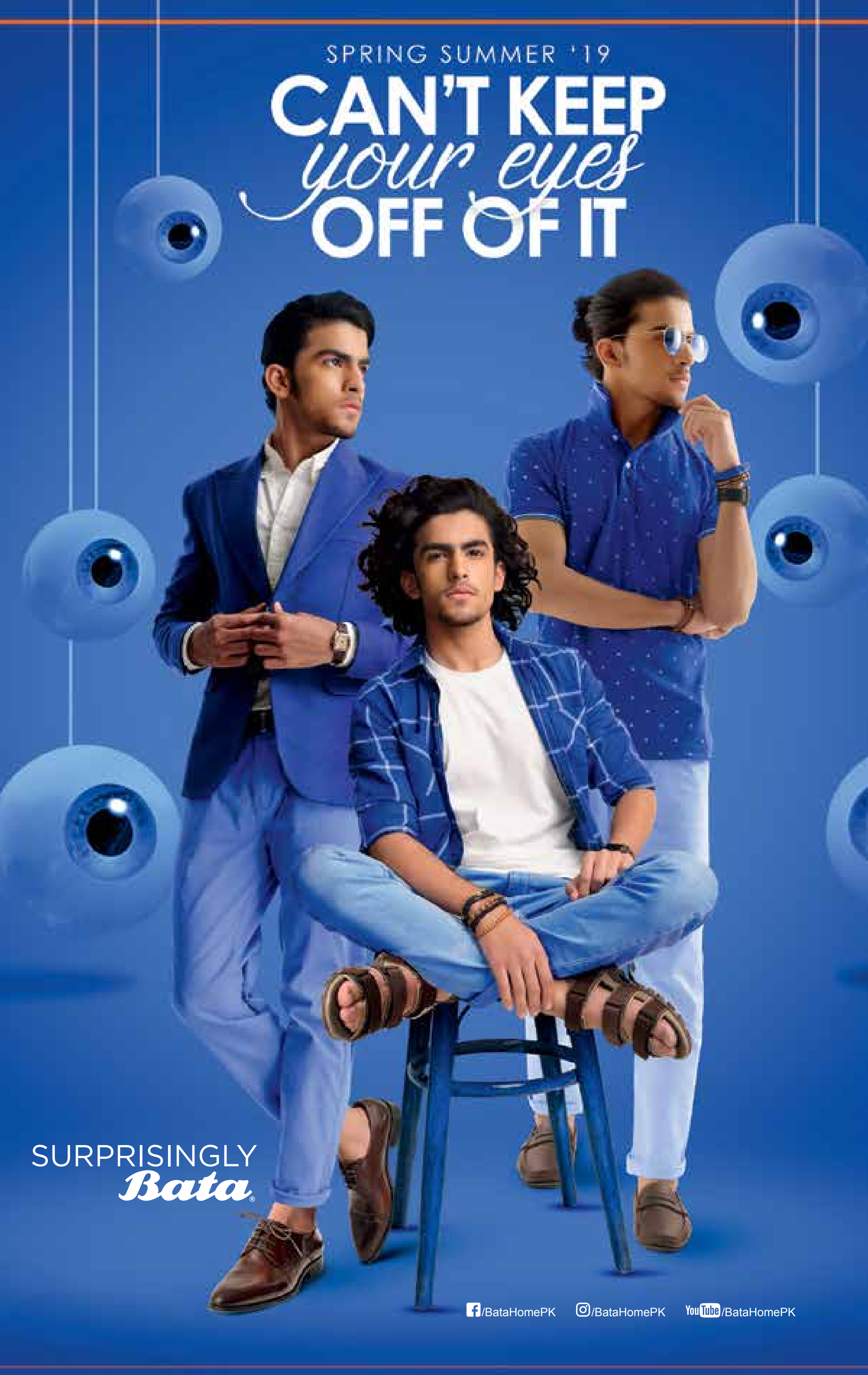
This interim financial information was authorized for issue by the Board of Directors on October 24, 2019.

23 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 profit and loss account, condensed interim statement of comprehensive income, and condensed interim cashflow statement 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 | Director | Chief Financial Officer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CAN'T KEEP
your eyes
OFF OF IT
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INVESTORS' EDUCATION

In compliance with the Securities and Exchange Commission of Pakistan's SRO 924(1)/2015 dated September 9, 2015, Investors' attention is invited to the following information message:

Bata

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

VANTAGE