

Bata[®] Quarterly Report

2017

January - September



Bata PAKISTAN LIMITED

A man with glasses, wearing a light blue shirt, a patterned vest, a red bow tie, and dark trousers, stands in a library. He is holding a stack of three red books. The library shelves are filled with books of various colors. The background wall is made of wood.

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QUARTERLY REPORT

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017

CORPORATE INFORMATION

Board of Directors

Mr. Roberto Longo	Chairman
Mr. Muhammad Imran Malik	Chief Executive
Mr. Cesar Panduro	Director
Mr. Amjad Farooq	Director
Mr. Syed Asad Ali Zaidi	Director
Mr. Muhammad Maqbool	Director
Mr. Ijaz Ahmad Chaudhry	Director
Mr. Shahid Anwar (Nominee of NIT)	Director
Mr. Syed Haroon Rashid (Nominee of NIT)	Director

Audit Committee

Mr. Muhammad Maqbool	Chairman
Mr. Ijaz Ahmad Chaudhry	Member
Mr. Roberto Longo	Member

Human Resource and Remuneration Committee

Mr. Ijaz Ahmad Chaudhry	Chairman
Mr. Muhammad Imran Malik	Member
Mr. Muhammad Maqbool	Member

Chief Financial Officer (CFO)

Mr. Cesar Panduro

Company Secretary

Mr. Amjad Farooq

Auditors

EY Ford Rhodes
Chartered Accountants
4th Floor Pace Mall Building, 96-B-1,
Gulberg II, M.M. Alam Road, Lahore.

Legal Advisor

Surrige & 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.

DIRECTORS' REVIEW

It is my pleasure to present the un-audited Condensed Financial Information and brief review of the Company's operations for the 3rd Quarter ended 30 September 2017.

The Company's turnover in the period under review was Rs. 11.060 billion as compared to Rs. 11.156 billion for the corresponding period of last year. Due to intense competition, unfavorable market conditions and increase in expenses, profit after tax decreased from Rs. 981.4 million to Rs. 904.2 million and earnings per share decreased from Rs. 129.81 to Rs. 119.61.

Although non-retail division remained under stress during the period but retail division showed a growth of 5% in turnover with respect to corresponding period. Our focus as a part of our strategy will remain on expansion of our retail chain and close non-profitable stores which are under minimum benchmark.

During the period under review, our manufacturing units at Batapur and Maraka were fully loaded to meet the demand for popular items. We are continually making investment in new moulds, the majority of which have received very good response in the market.

The Company continued its Corporate Social Responsibilities activities during the period under review. Arranged mentorship session in a school with the help of our volunteers who explained to children the role of environmental protection to safeguard our planet earth. Spent quality time with the children helping them in studies, guiding in setting future goals, playing different games and finally distributed gifts amongst them. Spent joyous moments of Eid with the orphans / abandoned children and presented them with gifts and pairs of shoes. The Company is also investing a considerable time and money on human resource and training of employees has always been considered as an investment for the future with the objective to provide them with safe and healthy work place.

We remain confident as regards to our prospects for the remaining year, despite the highly competitive market environment especially in our non-retail division. We look forward to continue having support from all our stakeholders to achieve the objectives for the year 2017.

On behalf of the Board

Batapur:
Lahore: October 21, 2017

(Muhammad Imran Malik)
Chief Executive

ڈائریکٹرز کا جائزہ

بانا پاکستان لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 ستمبر 2017 تیسری سہ ماہی کی عبوری مالی معلومات اور ڈائریکٹرز رپورٹ پیش کرنے پر مسرت محسوس کرتے ہیں۔

زیر جائزہ مدت کے دوران کمپنی نے گزشتہ سال کی اسی مدت میں حاصل ہونے والی آمدنی 11.060 ارب کے مقابلے میں نو ماہی مدت میں 11.156 ارب روپے آمدنی رپورٹ کی ہے۔

مارکیٹ میں شدید مسابقت، منفی تجارتی ماحول اور اخراجات میں اضافہ کے باعث کمپنی کا مجموعی منافع بعد از ٹیکس 981.4 ملین روپے سے کم ہو کر 904.2 ملین روپے ہو گیا۔ اور فی شیئر آمدن 129.81 روپے کے مقابلے میں 119.61 روپے ہو گئی۔ اگرچہ نان ریٹیل ڈویژن زیر جائزہ مدت کے دوران کشیدگی میں رہی لیکن ریٹیل ڈویژن نے گزشتہ سال کی اسی مدت کے مقابلے میں 5% اضافہ پیش کیا۔ ہماری توجہ کم منافع بخش دکانوں کو بند کر کے بڑی دکانوں کی توسیع اور ریٹیل سٹورز کی توسیع پر برقرار ہے۔

زیر جائزہ مدت کے دوران ہمارے بانا پورا اور مرا کہ کے پیداواری پلٹس مقبول اشیاء کی مانگ کو ملحوظ خاطر رکھتے ہوئے پوری طرح سے مصروف رہے۔ ہم مولڈز کے اندر مسلسل سرمایہ کاری کر رہے ہیں جو زیادہ تر مارکیٹ میں بہت مقبول ہو رہے ہیں۔

کمپنی نے اپنی کارپوریٹ سماجی سرگرمیاں زیر جائزہ مدت کے دوران جاری رکھیں۔ سکول میں ایک رہنمائی سیشن کا انتظام کیا گیا۔ جس میں رضا کاروں نے بچوں کو ہمارے سیارے زمین کی حفاظت کے لیے ماحولیاتی تحفظ کے کردار کے بارے میں بتایا۔ سکول کے بچوں کے ساتھ وقت گزارا۔ جس میں انکی پڑھائی میں مدد، مستقبل کے اہداف مقرر کرنے کے ساتھ ساتھ مختلف کھیل کھیلے گئے اور آخر میں ان میں تحائف تقسیم کیے گئے۔ عید کے خوشگوار لمحات یتیم بچوں کے ساتھ گزارے اور ان کو تحائف کے ساتھ ساتھ جوتوں کے جوڑے دیے گئے۔ کمپنی نے ہمیشہ انسانی وسائل پر وقت اور پیسے کی سرمایہ کاری کو مستقبل کی سرمایہ کاری سمجھا ہے تاکہ ان کے لیے ایک محفوظ اور صحت افزاء کام کی جگہ میسر آسکے۔

ہم بقیہ سال کی کارکردگی کے بارے میں مارکیٹ کے انتہائی مسابقتی ماحول بالخصوص نان ریٹیل ہونے کے باوجود بے حد پر اعتماد ہیں اور تمام حصہ داروں کا انکی حمایت اور اعتماد کے لیے شکر گزار ہیں جو کہ رواں سال 2017 کے مقاصد کے حصول کے لیے بہت اہم ہیں۔

منجانب بورڈ

محمد عمران ملک
چیف ایگزیکٹو

بانا پور:-

لاہور:- ۲۱ اکتوبر ۲۰۱۷ء

CONDENSED INTERIM BALANCE SHEET - (UNAUDITED)

AS AT 30 SEPTEMBER 2017

	Note	(UN - AUDITED) 30 September 2017	(AUDITED) 31 December 2016
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,467,190	1,420,757
Intangible assets		2,041	2,079
Long term investments	6	45,012	45,000
Long term deposits and prepayments		39,364	31,588
		1,553,607	1,499,424
CURRENT ASSETS			
Stores and spare parts		25	248
Stock in trade	7	4,209,196	2,901,903
Trade debts - unsecured		1,799,243	1,336,061
Advances - unsecured		164,183	24,752
Trade deposits and short term prepayments		220,579	51,871
Other receivables		585,127	602,969
Interest accrued		3,125	1,790
Tax refunds due from Government	8	493,823	508,597
Short term investment		250,000	1,600,000
Cash and bank balances	9	293,791	556,941
		8,019,092	7,585,132
TOTAL ASSETS		9,572,699	9,084,556
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		7,037,142	6,586,511
		7,037,625	6,586,994
		7,113,225	6,662,594
NON-CURRENT LIABILITIES			
Long term deposits		45,012	45,000
Deferred liability - employee benefits	10	71,838	72,150
Deferred taxation		18,733	40,480
		135,583	157,630
CURRENT LIABILITIES			
Trade and other payables		1,924,879	1,656,060
Short term borrowings	11	-	-
Provision for taxation		399,012	608,272
		2,323,891	2,264,332
CONTINGENCIES AND COMMITMENTS			
	12		
TOTAL EQUITY AND LIABILITIES		9,572,699	9,084,556

The annexed notes from 1 to 21 form an integral part of this interim financial information.

Chief Executive

Director

Director

Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017

	Note	Nine month period ended		Three month period ended	
		30 September 2017	30 September 2016	30 September 2017	30 September 2016
(Rupees in '000)					
NET SALES	13	11,059,871	11,156,245	3,230,942	3,731,910
COST OF SALES	14	6,397,509	6,657,882	1,858,376	2,207,790
GROSS PROFIT		4,662,362	4,498,363	1,372,566	1,524,120
Distribution Cost		2,513,177	2,282,797	838,759	801,257
Administrative Expenses		725,950	708,412	239,639	231,382
Other expenses		110,447	116,391	25,173	40,252
		3,349,574	3,107,600	1,103,571	1,072,891
OTHER INCOME	15	59,064	84,558	11,989	25,681
OPERATING PROFIT		1,371,852	1,475,321	280,984	476,910
FINANCE COST	16	31,018	28,539	9,574	9,918
PROFIT BEFORE TAXATION		1,340,834	1,446,782	271,410	466,992
PROVISION FOR TAXATION					
Current		458,350	497,946	78,124	128,325
Deferred		(21,747)	(32,532)	(3,599)	(16,033)
		436,603	465,414	74,525	112,292
PROFIT AFTER TAXATION		904,231	981,368	196,885	354,700
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		904,231	981,368	196,885	354,700
EARNINGS PER SHARE					
- BASIC AND DILUTED	19	Rs.119.61	Rs.129.81	Rs.26.04	Rs.46.92

The annexed notes from 1 to 21 form an integral part of this interim financial information.

CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017

Note	Nine month period ended	
	30 September 2017	30 September 2016
	(Rupees in '000)	
CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,340,834	1,446,782
Non-cash adjustments to reconcile profit before tax to net cash flows		
Depreciation for property, plant & equipment	151,389	151,075
Amortization of intangible assets	1,495	1,848
Provision for gratuity	4,148	5,993
Loss on disposal of property, plant and equipment	4,052	3,857
Income from short term investments	(41,399)	(58,673)
Income from long term investments	(1,862)	(1,954)
Exchange loss	4,876	3,425
Finance cost	31,018	28,539
Income from discounting of supplier invoices	(9,494)	(17,760)
Provision for trade debts (net)	64,891	14,363
Provision for advances (net)	-	(480)
Provision for slow moving and obsolete stock (net)	78,710	108,753
Provision for obsolescence - stores & spare parts	1,109	1,886
	288,933	240,872
Operating profit before working capital changes	1,629,767	1,687,654
(Increase) / decrease in current assets:		
Stores & spare parts	(886)	(1,915)
Stock in trade	(1,386,003)	(517,969)
Trade debts - unsecured	(528,073)	(918,295)
Advances - unsecured	(139,431)	2,616
Trade deposits and short term prepayments	(200,173)	(8,707)
Other receivables	17,842	(3,769)
Tax refunds due from Government	14,774	-
	(2,221,950)	(1,448,039)
Increase in current liabilities:		
Trade and other payables	253,051	505,923
Cash (used in) / generated from operations	(339,132)	745,538
Finance costs paid	(23,422)	(21,177)
Tax paid	(636,145)	(402,787)
Gratuity paid	(4,460)	(3,651)
Interest income received	51,420	74,029
	(612,607)	(353,586)
(Increase) / Decrease in long term prepayments	(7,776)	1,018
Increase in long term deposits	12	-
Net cash (used in) / generated from operating activities	A (959,503)	392,970
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(196,190)	(111,871)
Decrease in capital work in process	(12,103)	(3,574)
Purchase of Intangible assets	(1,456)	(140)
Proceeds from sale of property, plant and equipment	6,419	2,408
Increase in long term investments	(12)	-
Net cash used in investing activities	B (203,342)	(113,177)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(450,301)	(338,280)
Net cash used in financing activities	C (450,301)	(338,280)
NET DECREASE IN CASH AND CASH EQUIVALENTS	A+B+C (1,613,146)	(58,487)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,156,937	1,755,334
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17 543,791	1,696,847

The annexed notes from 1 to 21 form an integral part of this interim financial information.

Chief Executive

Director

Director

Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017

	Share capital	Capital reserve	General reserve	Unappropriated profits	Total
	(Rupees in 000)				
Balance as at 01 January 2016	75,600	483	4,922,000	1,053,109	6,051,192
Final dividend for 2015 at the rate of Rs. 45 per share	-	-	-	(340,200)	(340,200)
Transfer to general reserve for 2015	-	-	712,000	(712,000)	-
Total comprehensive income for the nine month period ended 30 September 2016	-	-	-	981,368	981,368
Balance as at 30 September 2016	75,600	483	5,634,000	982,277	6,692,360
Balance as at 01 January 2017	75,600	483	5,634,000	952,511	6,662,594
Final dividend for 2016 at the rate of Rs. 60 per share	-	-	-	(453,600)	(453,600)
Transfer to general reserve for 2016	-	-	498,000	(498,000)	-
Total comprehensive income for the nine month period ended 30 September 2017	-	-	-	904,231	904,231
Balance as at 30 September 2017	75,600	483	6,132,000	905,142	7,113,225

The annexed notes from 1 to 21 form an integral part of this interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017

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.

2 STATEMENT OF COMPLIANCE

These condensed interim financial information of the Company for the nine month period ended 30 September 2017 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984 (repealed - note 2.1). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.1 The Companies Ordinance, 1984 has been repealed after enactment of Companies Act, 2017. However, as allowed by the SECP vide its Circular No. 23 dated October 04, 2017, this condensed interim financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

3 BASIS OF PRESENTATION AND MEASUREMENT

This condensed interim financial information of the Company for the nine month period ended 30 September 2017 are unaudited and these should be read in conjunction with the financial statements of the Company for the year ended 31 December 2016.

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.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited and published financial statements for the year ended 31 December, 2016 except as described below:

New and amended standards and interpretations

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

IAS 7	-	Disclosure Initiative-Amendments to IAS 7
IAS 12	-	Recognition of deferred Tax Assets for Unrealized Losses-Amendments to IAS 12
IFRS 12	-	Disclosure of Interests in Other Entities- Clarification of the scope of the disclosure requirements in IFRS 12

Improvements to Accounting Standards Issued by the IASB

IFRS 1	-	First-time Adoption of International Financial Reporting Standrads
IAS 28	-	Investments in Associates and Joint Ventures

The adoption of the above amendment to accounting standards did not have any material effect on the condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017

5 ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	(UN - AUDITED)			
	30 September 2017	30 September 2017	30 September 2016	30 September 2016
	Additions	Disposal (cost)	Additions	Disposal (cost)
	(Rupees in '000)			
Buildings				
- Factory	4,771	-	1,468	-
- Others	-	-	-	-
Plant & Machinery	24,405	25,441	17,604	10,074
Gas Installations	4,010	1,402	-	-
Office Equipment	153	-	150	-
Furniture, Fixture and Fittings	152,987	21,170	82,537	14,756
Computers	9,864	448	10,112	4,938
	196,190	48,461	111,871	29,768

	Note	(UN - AUDITED)		(AUDITED)
		30 September 2017	31 December 2016	31 December 2016
		(Rupees in '000)		
6 LONG TERM INVESTMENTS				
Held to maturity at cost				
PLS Term Deposit Receipts	6.1	45,012		45,000

6.1 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 6.00% (2016: 6.10%) per annum.

7 STOCK IN TRADE

This represents net amount after adjustment for provision against slow moving and obsolete stock amounting to Rs. 78,710 ('000) (2016: Rs. 22,530 ('000))

8 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017

	Note	(UN - AUDITED)	(AUDITED)
		30 September 2017	31 December 2016
(Rupees in '000)			
9 CASH AND BANK BALANCES			
Bank balances in			
Current accounts		46,671	85,400
Daily profit accounts	9.1	175,955	413,442
	9.2	222,626	498,842
Cash in transit		70,190	57,030
Cash in hand		975	1,069
		<u>293,791</u>	<u>556,941</u>

9.1 The rate of mark-up on these accounts ranges from 3.90% to 5.50% (2016: 3.90% to 5.50%) per annum.

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

	(UN - AUDITED)	(AUDITED)
	30 September 2017	31 December 2016
(Rupees in '000)		
10 DEFERRED LIABILITY- EMPLOYEE BENEFITS		
Opening liability	72,150	68,805
Amount recognized during the period/year	4,148	8,469
Payment made by the Company during the period/year	(4,460)	(3,773)
Experience Adjustment	-	(1,351)
Closing liability	<u>71,838</u>	<u>72,150</u>

The latest actuarial valuation was carried out as at 31 December 2016.

11 SHORT TERM BORROWINGS

The credit facilities available to the Company from various commercial banks aggregate to Rs.700 million (2016: Rs. 700 million). These include cash finance facilities of Rs 665 million (2016: Rs 665 million) and export finance facility of Rs. 35 million (2016: Rs. 35 million).

Mark up on cash finance ranges from 3 months KIBOR plus 0.50% to 1.0% (2016: 3 months KIBOR plus 0.50% to 1.0%) as per agreements with banks. While mark up on export finance is charged at 4.00% (2016: 4.00%) per annum.

In addition, non funded facilities of letters of guarantee and letters of credit amounting to Rs. 475 million (2016: Rs. 495 million) were also provided by these banks. The un-utilized facility for letter of credits and guarantees at year end amounts to Rs. 348 million (2016: Rs. 338 million).

These finances are secured against hypothecation of stock in trade, store and spares and receivables of the Company amounting to Rs. 1,194 million (2016: Rs. 1,194 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017

	(UN - AUDITED)	(AUDITED)
	30 September 2017	31 December 2016
	(Rupees in '000)	
12 CONTINGENCIES AND COMMITMENTS		
12.1 The Company is contingently liable for:		
Counter Guarantees given to banks	16,512	16,068
Indemnity Bonds given to Custom Authorities	50,507	46,209
Claims not acknowledged as debts - under appeal	13,025	13,053
Order by sales tax department	138,851	138,851
Order by sales tax department - under appeal	201,252	201,252
Order by sales tax department - under appeal	237,370	237,370
Order by sales tax department - under appeal	25,820	25,820
Order by income tax department - under appeal	954,859	954,859
Order by income tax department - under appeal	1,027,460	1,027,460
Order by sales tax department - under appeal	80,000	80,000
Order by sales tax department - under appeal	52,100	52,100
Order by sales tax department - under appeal	8,225	8,225
Show cause notice by sales tax department	85,000	85,000
Order by income tax department	363,683	363,683
Order by sales tax department - under appeal	60,732	60,732
	3,315,396	3,310,682

There is no significant change in contingencies since the date of preceding published annual financial statements.

12.2 Commitments

12.2.1 The Company has entered into rent agreements for retail shops. There are no restrictions placed upon the Company by entering into these agreements. Future minimum lease payable under these agreements are as follows:

	(UN - AUDITED)	(AUDITED)
	30 September 2017	31 December 2016
	(Rupees in '000)	
With in one year	1,193,216	1,078,092
After one year but not more than five years	4,383,784	3,546,688
More than five years	1,759,883	2,223,580
	7,336,883	6,848,360
12.2.2 Commitments in respect of:		
- Capital expenditure	13,310	3,183
- Letters of credit and bank contracts	155,639	383,604
	168,949	386,787

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017

	(UN - AUDITED)			
	Nine month period ended		Three month period ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	(Rupees in '000)			
13 NET SALES				
Shoes and accessories				
Local	12,938,673	13,068,067	3,810,514	4,365,088
Export	54,718	67,310	8,677	16,510
	12,993,391	13,135,377	3,819,191	4,381,598
Sundry articles and scrap material	69,743	87,940	11,773	11,517
	13,063,134	13,223,317	3,830,964	4,393,115
Less: Sales tax	938,523	921,720	298,966	318,461
Discount to dealers and distributors	852,783	957,128	237,710	274,738
Commission to agents/business associates	211,957	188,224	63,346	68,006
	2,003,263	2,067,072	600,022	661,205
	11,059,871	11,156,245	3,230,942	3,731,910
14 COST OF SALES				
Raw material consumed	2,599,655	2,370,274	651,223	630,972
Salaries, wages and benefits	365,812	327,618	107,427	101,899
Fuel and power	81,671	81,072	22,659	23,500
Stores and spares consumed	8,685	9,481	2,314	2,526
Repairs and maintenance	37,293	39,252	11,514	10,606
Insurance	9,253	9,020	3,733	3,008
Depreciation	36,579	36,581	12,629	12,401
	3,138,948	2,873,298	811,499	784,912
Add: Opening goods in process	40,996	25,199	63,575	63,859
	3,179,944	2,898,497	875,074	848,771
Less: Closing goods in process	52,245	88,170	52,245	88,170
Cost of goods manufactured	3,127,699	2,810,327	822,829	760,601
Add: Opening stock of finished goods	2,698,754	2,753,859	3,839,799	3,569,800
Finished goods purchased	4,459,808	4,074,012	1,084,500	857,705
	10,286,261	9,638,198	5,747,128	5,188,106
Less: Closing stock of finished goods	3,888,752	2,980,316	3,888,752	2,980,316
	6,397,509	6,657,882	1,858,376	2,207,790

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017

		(UN - AUDITED)	
Note		30 September 2017	30 September 2016
		(Rupees in '000)	
15	OTHER INCOME		
	Income from financial assets		
	Profit on long term investments	1,862	1,954
	Profit on short term investment	30,811	43,213
	Profit on bank deposits	10,588	15,460
		43,261	60,627
	Income from non - financial assets		
	Rental Income	6,309	6,171
	Income from discounting of supplier invoices	9,494	17,760
		15,803	23,931
		59,064	84,558

15.1 This represents profit earned on funds maintained with commercial banks undertaking conventional banking services.

		(UN - AUDITED)	
Note		30 September 2017	30 September 2016
		(Rupees in '000)	
16	FINANCE COSTS		
	Interest / mark-up on:		
	Workers' profit participation fund	2,779	1,495
	Employees / agents' securities and personal accounts	4,816	5,866
		7,595	7,361
	Bank charges and commission	23,423	21,178
		31,018	28,539
17	CASH AND CASH EQUIVALENTS		
	Bank balances in		
	- Current accounts	46,671	174,180
	- Daily profit accounts	175,955	356,431
	Short term investment	250,000	1,100,000
	Cash in transit	70,190	65,405
	Cash in hand	975	831
		543,791	1,696,847

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017

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)			
		Nine month period ended		Three month period ended	
		30 September 2017	30 September 2016	30 September 2017	30 September 2016
Relationship with the Company	Nature of transactions	(Rupees in '000)			
Common control companies	Purchase of goods and services	866,666	792,229	291,553	243,738
	Sale of goods and services	2,361	3,272	1,453	797
	Dividend paid	307,037	255,864	-	-
	Brand royalty	277,259	281,016	80,414	93,931
	Management service fee and IT charges	121,184	119,487	36,384	36,170
Staff Retirement Benefits	Contribution to provident fund trusts	49,797	44,215	18,785	15,881
Staff Retirement Benefits	Gratuity paid	4,460	3,651	1,847	1,755
Key management personnel	Remuneration	73,007	76,756	24,713	24,222

The Company continues to have a policy whereby all transactions with related parties and common control companies are entered into at arm's length, price on the same terms and conditions as third party transactions using comparable uncontrolled price methods.

		(UN - AUDITED)			
		Nine month period ended		Three month period ended	
		30 September 2017	30 September 2016	30 September 2017	30 September 2016
19 EARNINGS PER SHARE - BASIC AND DILUTED					
	Profit after taxation attributable to ordinary share holders (Rupees in '000)	904,231	981,368	196,885	354,700
	Weighted average number of ordinary shares - Number (in '000)	7,560	7,560	7,560	7,560
	Earnings per share - Basic (Rs.)	119.61	129.81	26.04	46.92

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 THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017

(UN - AUDITED)
Nine month period ended

	Retail		Wholesale		Export		Others		Total	
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
	Rupees in ('000)									
Net sales	7,893,574	7,496,639	3,044,160	3,509,401	54,620	67,310	67,517	82,895	11,059,871	11,156,245
Inter - segment sales	-	-	-	-	-	-	-	-	-	-
Total Sales	7,893,574	7,496,639	3,044,160	3,509,401	54,620	67,310	67,517	82,895	11,059,871	11,156,245
Segment result, before unallocated expenses	1,830,458	1,757,854	457,522	591,634	4,995	11,044	12,075	19,307	2,305,050	2,359,839
Unallocated operating expenses									881,815	852,685
Other expenses									110,447	116,391
Other income									59,064	81,558
Operating profit									1,571,852	1,475,321
Finance cost									31,018	28,539
Profit before taxation									1,540,834	1,446,782
Taxation									436,603	465,414
Profit after taxation									904,231	981,368

(UN - AUDITED)
Three month period ended

	Retail		Wholesale		Export		Others		Total	
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
	Rupees in ('000)									
Net sales	2,566,756	2,717,619	844,298	986,651	8,579	16,510	11,309	11,129	3,280,942	3,731,909
Inter - segment sales	-	-	-	-	-	-	-	-	-	-
Total Sales	2,566,756	2,717,619	844,298	986,651	8,579	16,510	11,309	11,129	3,280,942	3,731,909
Segment result, before unallocated expenses	506,868	615,513	92,881	87,047	87	3,736	1,835	2,958	601,671	739,254
Unallocated operating expenses									307,505	297,773
Other expenses									25,174	40,252
Other income									11,991	25,681
Operating profit									280,983	476,910
Finance cost									9,574	9,918
Profit before taxation									271,409	466,992
Taxation									74,524	112,292
Profit after taxation									196,885	354,700

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017

	(UN-AUDITED)	(AUDITED)	(UN-AUDITED)	(AUDITED)
	Segment assets		Segment liabilities	
	30 Sep 2017	31 December 2016	30 Sep 2017	31 December 2016
	(Rupees in '000)			
20.1 SEGMENT ASSETS AND LIABILITIES				
Retail	3,814,086	2,992,231	114,724	98,078
Wholesale	2,954,995	2,049,961	24,130	24,977
Export	6,656	8,340	1	3,699
Unallocated	2,796,962	4,034,024	2,320,619	2,295,208
	<u>9,572,699</u>	<u>9,084,556</u>	<u>2,459,474</u>	<u>2,421,962</u>

21 DATE OF AUTHORIZATION

This interim financial information was authorized for issue by the Board of Directors on 21 October, 2017.

Chief Executive

Director

Director

Chief Financial Officer

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:

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