

CORPORATE INFORMATION

Board of Directors

Mr. Fernando Garcia	Chairman
Mr. M. Imran Malik	Chief Executive
Mr. M. G. Middleton	Director
Mr. Carlos Gomez	Director & Chief Financial Officer
Mr. Muhammad Ali Malik	Director
Mr. Fakir Syed Aijazuddin	Director
Mr. Ijaz Ahmad Chaudhry	Director
Mr. Shahid Anwar (Nominee of NIT)	Director
Mr. Istaqbal Mehdi (Nominee of NIT)	Director

Audit Committee

Mr. Fakir Syed Aijazuddin	Chairman
Mr. Ijaz Ahmad Chaudhry	Member
Mr. M. G. Middleton	Member

Company Secretary

Mr. S. M. Ismail

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Mall View Building, 4 - Bank Square
P.O. Box No. 104,
Lahore.

Legal Advisor

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

Stock Exchange Listing

Bata Pakistan Limited is listed on Karachi and Lahore Stock Exchanges.

The Company's shares are quoted in leading Newspapers under "Personal Goods" sector.

Bankers

Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Bank Al Habib Limited
National Bank of Pakistan Limited
Summit Bank Limited
United Bank Limited
Silk Bank Limited
Barclays Bank PLC

Registered Office

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

Share Registrar

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

Factories

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

Maraka,
26 - Km, Multan Road,
Lahore.

Liaison Office

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

DIRECTORS' REVIEW

It is my pleasure to present the un-audited Condensed Interim Financial Information and brief review of the Company's operations for the half year ended 30 June 2011.

The company continues to sustain growth trend in turnover that it carried previously. Net turnover in the period under review was Rs. 4.434 billion as compared to Rs. 3.680 billion for the corresponding period of last year. Increase in raw material prices and changes in sales tax laws adversely affected our margins, the impact of which could not be fully passed on to customers. As a result, profit after tax slightly decreased from Rs. 382.730 million to Rs. 375.722 million and earning per share decreased from Rs. 50.63 to Rs. 49.70.

Our production facilities at Batapur and Maraka produced 6.6 million pairs as compared to 6.3 million pairs in the same period of last year. Our investment in many new moulds made during this period is also being rewarded as the majority have proved to be winners 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. 21.062 million has been spent to open nine new stores at key business locations, three non profitable stores have been closed while three stores have been uplifted with major renovations. Besides this, the Company is actively pursuing performance enhancement systems through technology upgradations for better inventory management and prompt services.

The Company's HR activities are focused on building talent. Training programs were organized to enhance leadership potential at managerial level to meet the future challenges. We have recruited new potential persons to take up important roles in the coming years.

We remain confident as regards to our prospects for the remaining year, despite the highly competitive marketing environment. We look forward to continued support from all our stakeholders to achieve the objectives for the year 2011.

On behalf of the Board

Batapur:
Lahore: 17 August 2011

(M. IMRAN MALIK)
Chief executive

AUDITORS REPORT TO MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Bata Pakistan Limited** as at **30 June 2011** and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the 'interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

ERNST & YOUNG FORD RHODES SIDAT HYDER
Chartered Accountants

Lahore: 17 August 2011

**CONDENSED INTERIM BALANCE SHEET
AS AT 30 JUNE 2011**

		<u>(UN - AUDITED)</u>	<u>(AUDITED)</u>
		30 June 2011	31 December 2010
	<u>Note</u>	<u>Rs. '000</u>	<u>Rs. '000</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	647,478	630,754
Intangible assets		13,419	9,960
Long term investments		36,590	37,823
Long term deposits and prepayments		44,302	39,216
		<u>741,789</u>	<u>717,753</u>
CURRENT ASSETS			
Stores and spares		7,960	3,290
Stock in trade		2,782,676	1,524,899
Trade debts		334,098	22,325
Advances - unsecured		9,169	13,259
Deposits, short term prepayments and other receivables		287,509	410,517
Interest accrued		748	489
Short term investments		-	500,000
Tax refunds due from Government	6	530,678	445,479
Cash and bank balances		57,828	539,039
		<u>4,010,666</u>	<u>3,459,297</u>
TOTAL ASSETS		<u><u>4,752,455</u></u>	<u><u>4,177,050</u></u>
EQUITY AND LIABILITIES			
Authorized share capital 10,000,000 ordinary shares of Rs. 10 each		<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid up capital		75,600	75,600
Reserves			
Capital reserve		483	483
Revenue reserve		2,829,259	2,665,217
		<u>2,829,742</u>	<u>2,665,700</u>
TOTAL EQUITY		<u>2,905,342</u>	<u>2,741,300</u>
NON CURRENT LIABILITIES			
Long term deposits		36,590	37,823
Deferred liability-employee benefits	7	76,504	74,211
Deferred taxation		24,403	22,849
		<u>137,497</u>	<u>134,883</u>
CURRENT LIABILITIES			
Trade and other payables		1,571,890	988,890
Provision for taxation		137,726	311,977
		<u>1,709,616</u>	<u>1,300,867</u>
CONTINGENCIES AND COMMITMENTS	8	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>4,752,455</u></u>	<u><u>4,177,050</u></u>

The annexed notes from 1 to 15 form an integral part of this interim financial information.

Chief Executive

Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UNAUDITED
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011**

	Note	Six month ended		Three month ended	
		30 June 2011 Rs. '000	30 June 2010 Rs. '000	30 June 2011 Rs. '000	30 June 2010 Rs. '000
NET SALES	9	4,434,484	3,679,602	2,388,801	2,027,243
COST OF SALES	10	2,754,454	2,153,548	1,484,806	1,176,134
GROSS PROFIT		1,680,030	1,526,054	903,995	851,109
OPERATING EXPENSES					
Selling and distribution		838,525	730,707	447,594	382,991
Administrative		299,930	224,941	153,017	114,722
Other operating expenses		40,875	42,665	22,461	26,090
		1,179,330	998,313	623,072	523,803
OPERATING PROFIT		500,700	527,741	280,923	327,306
FINANCE COST		26,155	18,796	14,130	9,388
		474,545	508,945	266,793	317,918
OTHER INCOME		35,334	22,796	15,919	13,561
PROFIT BEFORE TAXATION		509,879	531,741	282,712	331,479
PROVISION FOR TAXATION					
Current		132,603	148,361	75,438	93,387
Deferred		1,554	650	1,649	1,675
		134,157	149,011	77,087	95,062
PROFIT AFTER TAXATION		375,722	382,730	205,625	236,417
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		375,722	382,730	205,625	236,417
EARNINGS PER SHARE					
- BASIC AND DILUTED	13	Rs.49.70	Rs.50.63	Rs.27.20	Rs.31.27

The annexed notes from 1 to 15 form an integral part of this interim financial information.

Chief Executive

Director

**CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011**

	Note	Six month ended	
		30 June 2011 Rs. '000	30 June 2010 Rs. '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		509,879	531,741
Adjustments to reconcile profit before tax to net cash flows			
Depreciation		44,426	40,975
Amortization		2,562	207
Provision for gratuity		2,993	3,427
Gain on disposal of property, plant and equipment		(4,002)	(733)
Finance cost		26,155	18,796
		<u>72,134</u>	<u>62,672</u>
Operating cash flows before working capital changes		582,013	594,413
Net changes in working capital	11	(1,098,501)	(498,728)
Finance cost paid		(26,155)	(14,479)
Income taxes paid		(165,572)	(180,774)
Gratuity paid		(700)	(893)
Net cash used in operating activities		<u>(708,915)</u>	<u>(100,461)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(64,686)	(52,613)
Purchase of intangible assets		(6,020)	(4,284)
Proceeds from sale of property, plant and equipment		7,537	2,030
Decrease / (Increase) in long term investments		1,233	(2,066)
Net cash used in investing activities		<u>(61,936)</u>	<u>(56,933)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(210,360)	(90,720)
Net cash used in financing activities		<u>(210,360)</u>	<u>(90,720)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(981,211)</u>	<u>(248,114)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,039,039	811,249
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u><u>57,828</u></u>	<u><u>563,135</u></u>

The annexed notes from 1 to 15 form an integral part of this interim financial information.

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011**

	Share capital	Capital reserve	General reserve	Unappropriated profit	Total
	(-----Rupees in '000-----)				
Balance as at 01 January 2010	75,600	483	1,298,000	586,644	1,960,727
Final dividend for 2009 @ Rs. 12 per share	-	-	-	(90,720)	(90,720)
Transfer to general reserve	-	-	494,000	(494,000)	-
Total comprehensive income for the six month period ended 30 June 2010	-	-	-	382,730	382,730
Balance as at 30 June 2010	75,600	483	1,792,000	384,654	2,252,737
Balance as at 01 January 2011	75,600	483	1,792,000	873,217	2,741,300
Final dividend for 2010 @ Rs. 28 per share	-	-	-	(211,680)	(211,680)
Transfer to general reserve	-	-	660,000	(660,000)	-
Total comprehensive income for the six month period ended 30 June 2011	-	-	-	375,722	375,722
Balance as at 30 June 2011	75,600	483	2,452,000	377,259	2,905,342

The annexed notes from 1 to 15 form an integral part of this interim financial information.

Chief Executive

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011**

1 LEGAL STATUS AND OPERATIONS

Bata Pakistan Limited (the Company) is a public limited company incorporated in Pakistan and is quoted on Lahore and Karachi Stock Exchanges. The registered office of the Company is situated at Batapur, Lahore. The principal activity of the Company is manufacturing and sale of footwear of all kinds along with sale of accessories and hosiery items. The Parent Company of Bata Pakistan Limited is Bafin B.V., Nederland, whereas the ultimate parent is Compass Limited, Bermuda.

2 STATEMENT OF COMPLIANCE

This condensed interim financial report of the Company for the six month period ended 30 June 2011 has been prepared in accordance with the requirements of the International Accounting Standard 34 -Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3 BASIS OF PRESENTATION AND MEASUREMENT

This condensed interim financial report of the Company for the six month period ended 30 June 2011 are unaudited but subject to limited scope review by the independent auditors of the Company. These should be read in conjunction with the financial statements of the Company for the year ended 31 December 2010.

The figures of the condensed interim profit and loss account for the three month ended 30 June 2010 and 2011 and the respective notes forming part thereof have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the six month period ended 30 June 2010 and 2011.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended 31 December 2010 except as describe below:

New and amended standards and interpretations

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

IFRS 2 – Group Cash-settled Share-based Payment Arrangements
IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues (Amendment)
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations
IFRS 8 – Operating Segments
IAS 1 – Presentation of Financial Statements
IAS 7 – Statement of Cash flows Presentation of Financial Statements
IAS 17 – Leases
IAS 36 – Impairment of Assets
IAS 39 – Financial Instruments : Recognition and Measurement

Issued in 2010

IFRS 3 – Business Combinations
IAS 27 – Consolidated and Separate Financial Statements

The adoption of the above standards, amendments / improvements and interpretations did not have any effect on the financial statements.

5 ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

								<u>(UN - AUDITED)</u>	
	<u>Buildings</u>		Plant and machinery	Office equipment	Computers	Furniture, fixture and fittings	Gas Installations	30 June 2011	30 June 2010
	Factory	Others						Rs. '000	Rs. '000
Additions	181	1,366	19,910	132	9,336	23,677	17	54,619	53,450
Disposals (cost)	-	-	25,449	361	229	576	68	26,683	8,946
								<u>(UN - AUDITED)</u>	<u>(AUDITED)</u>
								30 June 2011	31 December 2010
							Note	Rs. '000	Rs. '000

6 TAX REFUNDS DUE FROM GOVERNMENT

Sales tax refundable	6.1	<u>530,678</u>	<u>445,479</u>
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6.1 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.

7 DEFERRED LIABILITY- EMPLOYEE BENEFITS

	<u>(UN - AUDITED)</u>	<u>(AUDITED)</u>
	30 June 2011	31 December 2010
	Rs. '000	Rs. '000
Opening liability	74,211	69,196
Amount recognized during the period/year	2,993	6,831
Payment made by the Company during the period/year	(700)	(1,816)
Closing liability	<u>76,504</u>	<u>74,211</u>

The latest actuarial valuation was carried out as at 31 December 2010.

8 CONTINGENCIES AND COMMITMENTS

8.1 The Company is contingently liable for:			
Counter Guarantees given to banks		7,740	7,204
Indemnity Bonds given to Custom Authorities		95,990	26,790
Claims not acknowledged as debts - under appeal		18,354	76,413
Law suit by ex-employee - damages for malicious prosecution		3,000	3,000
Order by income tax department	8.1.1	3,659	3,659
Order by income tax department	8.1.2	2,702	2,702
		<u>131,445</u>	<u>119,768</u>

8.1.1 The Company has received an order from Federal Board of Revenue (FBR) in respect of inadequacy of advance tax paid by the Company for the tax year 2008. The FBR has thus levied additional tax u/s 205 (IB) of the Income Tax Ordinance, 2001 amounting to Rs. 8,566 million.

The Company had provided an amount of Rs. 4,907 million on the basis of tax advisor's opinion and also filed an appeal with Commissioner Inland Revenue (CIR)(Appeals). CIR(Appeals) decided the case against the Company after which an appeal was filed with Appellate Tribunal Inland Revenue (ATIR). ATIR also decided the case against the Company and management is in the process of filing of the appeal against the order of ATIR with honourable High Court and expects a favourable outcome of the matter. Accordingly no provision has been made.

8.1.2 The Company has received an order from Federal Board of Revenue (FBR) in respect of alleged default that the tax at source was not properly deducted by the Company for the tax year 2005. The FBR after charging additional tax u/s 205(3) of the Income Tax Ordinance, 2001 created a demand of Rs. 2,702 million. The Company filed an appeal with CIR(Appeals) which is pending adjudication. The management expects a favorable outcome of the matter and accordingly no provision has been made.

8.2 Commitments

8.2.1 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) 30 June 2011 Rs. '000	(AUDITED) 31 December 2010 Rs. '000
With in one year	442,310	427,571
After one year but not more than five years	1,426,054	1,386,432
More than five years	704,481	668,212
	<u>2,572,845</u>	<u>2,482,215</u>

8.2.2 Commitments in respect of:

- Capital expenditure	79,411	10,583
- Letters of credit and bank contracts	482,313	326,932
	<u>561,724</u>	<u>337,515</u>

(UN - AUDITED) Six month ended		(UN - AUDITED) Three month ended	
30 June 2011 Rs. '000	30 June 2010 Rs. '000	30 June 2011 Rs. '000	30 June 2010 Rs. '000

9 NET SALES

Shoes and accessories				
Local	4,914,611	3,976,311	2,649,909	2,191,314
Export	92,397	80,309	64,010	41,092
	<u>5,007,008</u>	<u>4,056,620</u>	<u>2,713,919</u>	<u>2,232,406</u>
Sundry articles and scrap material	24,140	12,192	17,261	7,354
	<u>5,031,148</u>	<u>4,068,812</u>	<u>2,731,180</u>	<u>2,239,760</u>
Less: Sales tax	160,301	69,672	131,013	39,090
Discount to dealers and distributors	388,871	278,912	183,650	150,705
Commission to agents/business associates	47,492	40,626	27,716	22,722
	<u>596,664</u>	<u>389,210</u>	<u>342,379</u>	<u>212,517</u>
	<u>4,434,484</u>	<u>3,679,602</u>	<u>2,388,801</u>	<u>2,027,243</u>

10 COST OF SALES

Raw material consumed	1,754,074	1,256,999	1,034,121	722,257
Salaries, wages and benefits	142,082	138,067	79,368	73,667
Fuel and power	62,796	57,165	34,285	28,911
Stores and spares consumed	5,634	4,360	3,113	2,233
Repairs and maintenance	20,871	18,241	12,995	9,467
Insurance	2,961	3,070	1,492	1,551
Depreciation	8,969	7,533	4,644	3,895
	<u>1,997,387</u>	<u>1,485,435</u>	<u>1,170,018</u>	<u>841,981</u>
Add: Opening goods in process	59,483	41,249	86,118	61,461
	<u>2,056,870</u>	<u>1,526,684</u>	<u>1,256,136</u>	<u>903,442</u>
Less: Closing goods in process	118,744	84,991	118,744	84,991
Cost of goods manufactured	<u>1,938,126</u>	<u>1,441,693</u>	<u>1,137,392</u>	<u>818,451</u>
Add: Opening stock of finished goods	1,190,413	1,035,130	1,433,240	1,107,861
Finished goods purchased	<u>1,829,785</u>	<u>1,196,055</u>	<u>1,118,044</u>	<u>769,152</u>
	<u>4,958,324</u>	<u>3,672,878</u>	<u>3,688,676</u>	<u>2,695,464</u>
Less: Closing stock of finished goods	2,203,870	1,519,330	2,203,870	1,519,330
	<u>2,754,454</u>	<u>2,153,548</u>	<u>1,484,806</u>	<u>1,176,134</u>

(UN - AUDITED)	
30 June 2011 Rs. '000	30 June 2010 Rs. '000

11 NET CHANGES IN WORKING CAPITAL

(Increase)/decrease in assets

Stores and spares	(4,670)	2,445
Stock in trade	(1,257,776)	(572,101)
Trade debts	(311,773)	(233,375)
Advances - unsecured	4,090	(2,394)
Deposits, short term prepayments and other receivables	(18,274)	(35,577)
Interest accrued	(259)	3,851
Tax refunds due from Government	(85,200)	(113,278)
Long term deposits and prepayments	(5,086)	2,360

Increase / (decrease) in liabilities

Trade and other payables	581,680	447,275
Long term deposits	(1,233)	2,066
	<u>(1,098,501)</u>	<u>(498,728)</u>

12 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 other than remuneration and benefits to executive directors and key management personnel under the terms of their employment, during the period are as follows:

Relationship with the Company	Nature of transactions	(UN - AUDITED) Six month ended		(UN - AUDITED) Three month ended	
		30 June 2011	30 June 2010	30 June 2011	30 June 2010
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Associated Companies	Purchase of goods and services	778,849	492,348	571,633	399,949
	Sale of goods and services	10,047	9,746	5,901	7,424
	Dividend paid	127,008	54,432	127,008	54,432
	Brand royalty	105,411	86,350	56,069	47,526
	Service charges	69,316	22,469	35,213	11,076
Staff Retirement Benefits	Contribution to provident fund trusts	16,977	14,844	9,123	8,063
Staff Retirement Benefits	Gratuity paid	700	893	151	225

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

13 EARNINGS PER SHARE - BASIC AND DILUTED

	(UN - AUDITED) Six month ended		(UN - AUDITED) Three month ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Profit after taxation attributable to ordinary share holders (in '000)	375,722	382,730	205,625	236,417
Weighted average number of ordinary shares - Number (in '000)	7,560	7,560	7,560	7,560
Earnings per share - Basic (Rs.)	49.70	50.63	27.20	31.27

13.1 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.

14 DATE OF AUTHORIZATION

This financial information was authorized for issue by the Board of Directors on 17 August 2011.

15 GENERAL

Certain amounts in the prior year have been reclassified to conform to current year presentation.

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

Chief Executive

Director