

Bata

HALF YEARLY REPORT

JAN-JUN

2024



FREEDOM TO FLOW

NEW RETRONOVA COLLECTION

**NORTH
★
STAR**



Surprisingly
Bata

CORPORATE INFORMATION

Board of Directors

Ms. Jin Zeng	Chairperson	Director
Mr. Muhammad Imran Malik	Chief Executive	Director
Mr. Amjad Farooq	Chief Financial Officer	Director
Mr. Reamgwut Chuenchomsakun		Director
Mr. Muhammad Maqbool		Director
Mr. Aamir Amin		Director
Mr. Kamal Monnoo		Independent Director
Mr. Rashid Rahman Mir		Independent Director
Ms. Fatima Asad Khan		Female / Independent Director

Audit Committee

Mr. Rashid Rahman Mir	Chairman
Mr. Aamir Amin	Member
Mr. Reamgwut Chuenchomsakun	Member

Human Resource and

Remuneration Committee

Ms. Fatima Asad Khan	Chairperson
Mr. Muhammad Imran Malik	Member
Mr. Muhammad Maqbool	Member

Chief Financial Officer (CFO)

Mr. Amjad Farooq

Company Secretary

Mr. Haroon Shoukat

Auditors

A.F. Ferguson & Co.
(a member firm of PwC Network)
308-Upper Mall, Shahrah-e-Quaid-e-Azam
P.O Box-39, 54000, Lahore.

Legal Advisor

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

Stock Exchange Listing

Bata Pakistan Limited is listed on Pakistan
Stock Exchange under "Leather and Tanneries" sector.

Web Presence

<https://www.bata.com.pk/>

Bankers

Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Bank Al Habib Limited
National Bank of Pakistan Limited
United Bank Limited
Meezan Bank Limited
Allied Bank Limited
Bank Alfalah Limited
Standard Chartered Bank (Pakistan) Limited

Registered Office

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

Share Registrar

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

Factories

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

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

DIRECTORS' REVIEW

It is our pleasure to present the un-audited Condensed Interim Financial Information and brief review of the Company's operations for the six-month period ended 30 June 2024.

Net turnover in the period under review was Rs. 9,543 billion as compared to Rs. 9,964 billion for the corresponding period of last year. Profit before Tax during the current period was Rs. 771.432 million as compared to Rs. 701.009 million of last year. Profit after tax was Rs. 470.950 million as compared to Rs. 410.556 million of last year. Earnings per share was Rs. 62.29 against last year of Rs. 54.31.

Both retail and non-retail divisions remained under pressure due to challenging economic conditions. Consistent high inflation adversely impacted the purchasing power of the consumers which resulted in reduction in customer footfall and resultantly the business.

The pressure on turnover has an impact on inhouse production at both Batapur and Maraka plants. However we are continuously trying to improve the efficiencies of our plants to remain competitive both in terms of quality and cost. We are continually making investment in new moulds, the majority of which are proved very successful in the marketplace.

Our precedence remains to satisfy the demand of our valued customers and provide them with services exclusively and efficiently. In spite of challenging economic environment and competitive market conditions, we are preparing ourselves to grasp all opportunities that come our way this year. Our priority right now is to hit our target sales and stay connected with our customers through social media platforms and online campaigns.

The Company continued its Corporate Social Responsibilities (CSR) activities during the period under review. In order to promote physical fitness of the students, constructed a badminton court in a local government school. We also built a Water Filtration Plant in school to provide clean & safe drinking water to the students and nearby community. Annual sports were arranged for the students of underprivileged schools, donated 1132 pairs of shoes. To commemorate women's accomplishments, raised awareness about gender discrimination and to promote global support for women, we celebrated International Women's Day by arranging activities in office, factories and SOS Village Lahore. To impart our role for better environment, Plant for Life campaign was launched with the participation of our employees and their children; and planted 2,100 trees / saplings in Batapur & Maraka along with nearby communities including schools and residential areas. Arranged mentoring sessions at SOS Village Lahore focusing on character building, personality development and computer skills. Arranged Health Awareness & Medical Camp in school where 235 students and teachers along with their families were examined and provided with free tests, consultation and medicines. Celebrated World Environment Day with the students of girls' school at Batapur; and explained them the importance of global warming, habitat loss and pollution hazards.

We are anticipating challenges but we are very much confident that with passion of our staff and unconditional support from our all stakeholders, we will not only achieve our goals for the year but also maintain a cohesion on national level by fulfilling our corporate responsibility to the society.

On behalf of the Board



MUHAMMAD IMRAN MALIK
Chief Executive

ڈائریکٹرز کا جائزہ

30 جون 2024 کو ختم ہونے والی ششماہی مدت کے لیے غیر آڈٹ شدہ کنڈینسڈ عبوری مالیاتی معلومات اور کمپنی کے آپریشنز کا مختصر جائزہ پیش کرتے ہوئے ہمیں خوشی ہے۔

زیر جائزہ مدت میں نیٹ ٹرن اور 9,543.771.432 ملین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 9,964.701.009 ملین روپے تھا۔ بعد از ٹیکس منافع 470.950.141.556 ملین روپے رہا جو کہ گزشتہ سال کے مقابلے میں گزشتہ برس فی شخص آمدن 62.29 روپے رہی جس کے مقابلے میں گزشتہ برس فی شخص آمدن 54.31 روپے تھی۔

مشکل معاشی صورتحال کے سبب ریٹیل اور انارٹیل دونوں ڈویژن دباؤ میں رہے۔ مسلسل بڑھتی ہوئی قیمتوں نے صارفین کی قوت خرید پر منفی اثرات مرتب کیے جس کے نتیجے میں صارفین کی تعداد میں کمی واقع ہوئی اور کاروبار بھی متاثر ہوا۔

ٹرن اور پروڈاکٹ کا اثر بٹا پورا اور مرا کہ میں ہمارے دونوں پلانٹس کی پیداواری صلاحیت پر پڑتا ہے۔ تاہم، ہم معیار اور لاگت دونوں اعتبار سے مسابقتی سطح کو برقرار رکھنے کے لیے اپنے پلانٹس کی صلاحیت کو بہتر بنانے کی مسلسل کوشش کر رہے ہیں۔ ہم مسلسل نئے سانچوں میں سرمایہ کاری کر رہے ہیں، جن میں سے زیادہ تر مارکیٹ میں بہت کامیاب ثابت ہوئے ہیں۔

ہماری ترجیح ہمارے قابل قدر صارفین کی مانگ کو پورا کرنے اور انہیں خصوصی طور پر اور موثر طریقے سے خدمات فراہم کرنا ہے۔ مشکل اقتصادی ماحول اور مسابقتی مارکیٹ کے حالات کے باوجود ہم اس سال ہر کاروباری موقع سے مستفید ہونے کی تیاری کر رہے ہیں۔ اس وقت ہماری ترجیح اپنی مارگٹ سٹریٹجی کو پورا کرنا اور سوشل میڈیا پلیٹ فارمز اور آن لائن کمپینز کے ذریعے اپنے صارفین سے جڑے رہنا ہے۔

کمپنی نے زیر جائزہ مدت کے دوران اپنی کارپوریٹ سماجی ذمہ داریوں (CSR) کی سرگرمیوں کو جاری رکھا۔ طلباء کی جسمانی فٹنس کو فروغ دینے کے لیے مقامی سرکاری سکول میں بیڈمنٹن کورٹ تعمیر کیا۔ طلباء اور قریبی کمیونٹی کو پینے کا صاف اور محفوظ پانی فراہم کرنے کے لیے اسکول میں واٹر فلٹریشن پلانٹ بنایا۔ صحت مند ثقافت کے فروغ کے لیے ہمسامندہ سکولوں کے طلبہ کے لیے سالانہ کھیلوں کا اہتمام کیا گیا۔ مختلف سکولوں اور شہروں میں زیر تعلیم غریب بچوں کو 1132 جوڑے جوڑتے عطیہ کئے۔ خواتین کے کارناموں کو یاد کرنے، صنفی امتیاز کے بارے میں شعور اجاگر کرنے اور خواتین کے لیے عالمی حمایت کو فروغ دینے کے لیے ہم نے خواتین کا عالمی دن دفتر، ٹیکسٹریوں اور SOS ویلج لاہور میں اس حوالے سے سرگرمیوں کا اہتمام کر کے منایا۔ بہتر ماحول کے لیے اپنا کردار ادا کرنے کے لیے ہمارے ملازمین اور ان کے بچوں کی شرکت سے ”پلانٹ فار لائف“ مہم شروع کی گئی۔ اور بٹانا پورا اور مرا کہ میں اسکولوں اور رہائشی علاقوں سمیت قریبی کمیونٹی کے ساتھ 2,100 درخت/پودے لگائے۔ SOS ویلج لاہور میں کردار سازی، بہتر شخصیت اور کمپیوٹر سیکھنے کے حوالے سے سیشن کا اہتمام کیا گیا۔ سکول میں صحت سے متعلق آگاہی اور میڈیکل کیمپ کا اہتمام کیا گیا جس میں 235 طلباء اور اساتذہ کے ساتھ ان کے اہل خانہ کا معائنہ کیا گیا اور انہیں مفت ٹیسٹ، طبی مشورے اور ادویات فراہم کی گئیں۔ بٹانا پور میں گزشتہ سکول کی طالبات کے ساتھ ماحولیات کا عالمی دن منایا گیا اور انہیں گلوبل وارمنگ، رہائش ماحول کی خرابی اور آلودگی کے خطرات کے بارے میں بتایا۔

ہمیں مزید چیلنجز اور معاشی مشکلات کا سامنا کرنا پڑ سکتا ہے لیکن ہمیں اپنے اسٹاف کے جذبے اور اپنے تمام اسٹیک ہولڈرز کی غیر مشروط حمایت کی بدولت یقین ہے کہ ہم نہ صرف سال کے لیے اپنے اہداف حاصل کریں گے بلکہ معاشرے کے لیے اپنی کارپوریٹ ذمہ داری کو پورا کرتے ہوئے قومی سطح پر ہم آہنگی بھی برقرار رکھیں گے۔

مخائب پورڈ



محمد عمران ملک

چیف ایگزیکٹو

بٹانا پور:-

لاہور:- ۲۲ اگست ۲۰۲۳ء

INDEPENDENT AUDITOR'S REVIEW REPORT

**TO THE MEMBERS OF BATA PAKISTAN LIMITED
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Bata Pakistan Limited as at June 30, 2024 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended June 30, 2023 and 2024 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2024.

Scope of Review

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

Conclusion

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

The engagement partner on the audit resulting in this independent auditor's report is Khurram Akbar Khan.



A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: August 29, 2024
UDIN: RR202410070KT0jQF6kP

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
308-Upper Mall, Shahrah-e-Quaid-e-Azam, P.O. Box 39, Lahore-54000, Pakistan
Tel: +92 (42) 3519 9343-50 ; Fax: +92 (42) 3519 9351 www.pwc.com/pk*

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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION - UNAUDITED

AS AT JUNE 30, 2024

Note	(UN-AUDITED) 30 June 2024	(AUDITED) 31 December 2023
(Rupees in '000)		
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	6	2,732,087
Right of use assets		2,865,544
Intangible assets		212,123
Long term security deposits		59,372
Deferred tax asset		684,070
	6,553,196	6,448,797
CURRENT ASSETS		
Stores and spare parts		-
Stock in trade		6,462,295
Trade debts		1,080,182
Advances		107,887
Trade deposits and short term prepayments		300,202
Other receivables		87,658
Income tax receivable		317,351
Interest accrued		10,652
Short term investments		45,061
Tax refunds due from Government		350,161
Cash and bank balances		902,247
	9,663,696	10,100,355
TOTAL ASSETS	16,216,892	16,549,152
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		100,000
Issued, subscribed and paid up share capital		75,600
Reserves		483
Capital reserve		6,076,891
Revenue reserves		6,077,374
Total equity		6,152,974
NON-CURRENT LIABILITIES		
Lease liabilities		2,600,519
Long term deposits		20,322
Long term finance from financial institution - secured	7	31,481
Employee benefits obligations		40,700
		2,693,022
CURRENT LIABILITIES		
Current portion of lease liabilities		1,087,383
Current portion of long term finances		6,296
Trade and other payables		5,708,551
Unclaimed dividend		70,833
Unpaid dividend		-
Short term borrowings from financial institutions - secured	8	-
Provision for income tax		497,833
		7,370,896
CONTINGENCIES AND COMMITMENTS	9	7,939,374
TOTAL EQUITY AND LIABILITIES		16,216,892

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

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

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2024

	Note	Three-month period ended		Six-month period ended	
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
(Rupees in '000)					
Revenue from contracts with customers - net	10	5,039,721	5,846,989	9,542,885	9,964,292
Cost of sales	11	(2,667,630)	(3,187,771)	(4,928,800)	(5,154,443)
Gross profit		2,372,091	2,659,218	4,614,085	4,809,849
Distribution costs		(1,408,563)	(1,502,733)	(2,693,618)	(2,791,488)
Administrative expenses		(491,116)	(461,381)	(998,541)	(889,328)
Net impairment loss on financial assets		(5,330)	(12,487)	(14,197)	(9,431)
Other expenses		(44,442)	(53,005)	(72,317)	(180,388)
Other income		154,432	99,729	258,504	153,712
Finance costs	12	(172,140)	(194,838)	(322,484)	(391,917)
Profit before income tax		404,931	534,503	771,432	701,009
Income tax		(148,437)	(248,840)	(300,482)	(290,453)
Profit for the period		256,494	285,663	470,950	410,556
Other comprehensive income					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		256,494	285,663	470,950	410,556
Earnings per share -					
basic and diluted (Rupees per share)		33.93	37.79	62.29	54.31

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

	Share capital	Capital reserve	Revenue reserves		Total
			General reserve	Unappropriated profits	
			(Rupees in '000)		
Balance as at January 01, 2023 (audited)	75,600	483	4,557,000	1,040,574	5,673,657
Total comprehensive income for period	-	-	-	410,556	410,556
Balance as at June 30, 2023 (un-audited)	75,600	483	4,557,000	1,451,130	6,084,213
Balance as at January 01, 2024 (audited)	75,600	483	4,557,000	1,048,941	5,682,024
Total comprehensive income for period	-	-	-	470,950	470,950
Balance as at June 30, 2024 (un-audited)	75,600	483	4,557,000	1,519,891	6,152,974

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

	Note	Six-month period ended	
		30 June	30 June
		2024	2023
		(Rupees in '000)	
Cash flows from operating activities			
Cash generated from operations	13	372,760	1,871,662
Finance cost paid		(322,484)	(391,917)
Income tax paid		(277,660)	(171,134)
Gratuity paid		(8,476)	(10,632)
Long term security deposits - net		(3,851)	4,092
Net cash (outflow)/inflow from operating activities		(239,711)	1,302,071
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(264,209)	(336,482)
Payments for intangible assets		(6,802)	(183,939)
Proceeds from disposal of property, plant and equipment		8,827	8,932
Investments made during the period		(90,050)	(45,000)
Investments encashed during the period		90,000	45,061
Interest income received		75,928	43,633
Net cash outflow from investing activities		(186,306)	(467,795)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finances		(3,149)	(81,020)
Lease payments		(453,808)	(523,992)
Dividend paid		(683,129)	(1,400)
Net cash outflow from financing activities		(1,140,086)	(606,412)
Net (decrease)/increase in cash and cash equivalents		(1,566,103)	227,864
Cash and cash equivalents at the beginning of the period		2,470,297	2,585,946
Effects of exchange rate changes on cash and cash equivalents		(1,947)	9,165
Cash and cash equivalents at the end of the period	13.1	902,247	2,822,975

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

1 LEGAL STATUS AND OPERATIONS

Bata Pakistan Limited (the 'Company') was incorporated in Pakistan as a public company limited by shares under the repealed Companies Act, 1913 (now, the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at Batapur, Lahore. The principal activity of the Company is manufacturing and sale of footwear of all kinds along with sale of accessories and hosiery items. The parent company of Bata Pakistan Limited is Bafin B.V. (Nederland), whereas the ultimate parent is Compass Limited, Bermuda. Furthermore, the Company has the following production facilities:

Sr. No	Business Units	Geographical Location
1	Batapur Factory	G.T. Road, P.O. Batapur, Lahore
2	Maraka Factory	26 - km, Multan Road, Lahore

The Company operates through retail outlets spread across the country with 7 outlets situated in Azad Kashmir, 8 in Balochistan, 11 in Islamabad Capital Territory, 2 in Gilgit Baltistan, 46 in Khyber Pakhtunkhwa, 273 in Punjab and 67 retail outlets in Sindh.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of (IAS) 34, the provisions and directives issued under the Companies Act, 2017 have been followed.

- 2.2 These condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017 (the 'Act').

These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual audited financial statements as at and for the year ended December 31, 2023. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in 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, 2023, except for the estimation of income tax (see note 5) and adoption of new and amended standards as set out in note 3.1.

3.1 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting period beginning on January 1, 2024, 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.

3.2 Standards, amendments and interpretations to existing standards not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

4 ACCOUNTING ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual financial statements of the Company for the year ended December 31, 2023, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 5.

5 INCOME TAX

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year, if the estimate of the annual income tax rate changes. Where different income tax rates apply to different categories of income, a separate rate is applied to each category of pre-tax income.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	(UN-AUDITED) 30 June 2024	(AUDITED) 31 December 2023
Property, plant and equipment	6.1	2,691,765	2,623,235
Capital work-in-progress	6.2	40,322	50,892
		<u>2,732,087</u>	<u>2,674,127</u>
6.1 Opening net book value ('NBV')		2,623,235	2,075,618
Additions / transfers in during the period / year	6.1.1	274,779	914,738
		<u>2,898,014</u>	<u>2,990,356</u>
Disposals during the period / year at net book value	6.1.1	(8,977)	(20,964)
Depreciation charged during the period / year		(197,272)	(346,157)
		<u>(206,249)</u>	<u>(367,121)</u>
		<u>2,691,765</u>	<u>2,623,235</u>

	(UN-AUDITED) Six-month period ended		(AUDITED) Year ended	
	30 June 2024	30 June 2023	31 December 2024	31 December 2023
6.1.1 Additions				
Disposal (NBV)				
	<u>274,779</u>	<u>8,977</u>	<u>914,738</u>	<u>20,964</u>

6.1.1

	(Rupees in '000)			
Buildings				
- Factory	126	-	22,916	-
- Others	3,865	-	15,586	-
Plant and machinery	5,877	-	236,681	1,940
Office equipment	-	-	2,148	-
Furniture, fixture and fittings	241,811	8,078	482,672	17,204
Computers	19,077	899	154,735	1,067
Vehicles	4,023	-	-	753
	<u>274,779</u>	<u>8,977</u>	<u>914,738</u>	<u>20,964</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

	Note	(UN-AUDITED)	(AUDITED)
		30 June 2024	31 December 2023
(Rupees in '000)			
6.2		50,892	217,644
		36,452	157,207
		87,344	374,851
		(47,022)	(323,959)
		40,322	50,892
7			
LONG TERM FINANCES FROM FINANCIAL INSTITUTIONS - SECURED			
Long term finance - secured	7.1	37,777	40,926
Less: current portion shown under current liabilities		6,296	6,296
		31,481	34,630
7.1			
The reconciliation of the carrying amount is as follows:			
		40,926	125,093
		(3,149)	(84,167)
		37,777	40,926
		(6,296)	(6,296)
		31,481	34,630

8 SHORT TERM BORROWINGS FROM FINANCIAL INSTITUTIONS - SECURED

There is no significant change in the nature, terms and utilization of credit facilities available to the Company since the preceding published annual financial statements for the year ended December 31, 2023.

9 CONTINGENCIES AND COMMITMENTS

9.1 There are no significant changes in contingencies since the date of preceding published annual financial statements for the year ended December 31, 2023 except for the following:

- (i) With reference to the matter disclosed in note 31.1.16 of the annual audited financial statements of the Company for the year ended December 31, 2023 wherein the Deputy Commissioner Inland Revenue (DCIR) issued an order on June 19, 2023 (received on August 16, 2023) raising a demand of Rs 1,827.399 million including penalty in respect of tax periods from January 2017 to December 2017. Being aggrieved, the Company had preferred an appeal before the Commissioner Inland Revenue (Appeals), who decided the appeal in favor of the Company vide order dated April 5, 2024 by reducing the amount of demand to the tune of Rs 2.880 million. Being aggrieved, the Company and the tax department, both have filed appeals before the Appellate Tribunal Inland Revenue (ATIR) that are pending adjudication as of the reporting date. Based on tax advisor's opinion, the Company's management expects favorable outcome due to which no provision has been recorded in these condensed interim financial statements.
- (ii) With reference to the matter disclosed in note 31.1.17 of the annual audited financial statements of the Company for the year ended December 31, 2023 wherein the DCIR issued an order on November 27, 2023, demanding Rs 36.427 million for tax year 2021 due to Federal Excise Duty not paid on royalty fees under section 3(1)(d) of the Federal Excise Act, 2005, read with rule 43-A of the Federal Excise Rules 2005 and Federal Excise General Order 05/2006 dated August 05, 2005. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals), who decided the appeal in favor of the Company vide order dated April 29, 2024 and annulled the impugned order.
- (iii) With reference to the matter disclosed in note 31.1.18 of the annual audited financial statements of the Company for the year ended December 31, 2023 wherein the DCIR issued an order on November 27, 2023, demanding Rs 30.058 million for tax year 2021. The Company had preferred an appeal before the Commissioner Inland Revenue (Appeals), who decided the appeal in favor of the Company vide order dated April 23, 2024, and disposed of

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

the case on account of the demand being unlawful and unjustified. Being aggrieved, the department has filed an appeal before the ATIR against the said order which is pending adjudication as of the reporting date. Based on tax advisor's opinion, the Company's management expects favorable outcome due to which no provision has been recorded in these condensed interim financial statements.

	(UN-AUDITED)	(AUDITED)
	30 June 2024	31 December 2023
	(Rupees in '000)	
9.2 Commitments in respect of:		
- Capital expenditure	21,287	66,414
- Letters of credit and bank contracts	125,923	356,192
	147,210	422,606

	(UN-AUDITED)		(UN-AUDITED)	
	Three month period ended		Six month period ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	(Rupees in '000)			
10 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET				
SALES:				
Shoes and accessories				
Local	6,055,846	6,894,132	11,552,151	11,858,927
Export	80,624	56,127	115,737	70,698
	6,136,470	6,950,259	11,667,888	11,929,625
Sundry articles and scrap material	11,983	18,167	25,511	32,502
	6,148,453	6,968,426	11,693,398	11,962,127
Less: Sales tax	853,128	810,124	1,646,894	1,452,049
Discount to dealers and distributors	157,572	170,790	320,009	294,077
Commission to agents/business associates	98,032	140,523	183,611	251,709
	1,108,732	1,121,437	2,150,513	1,997,835
	5,039,721	5,846,989	9,542,885	9,964,292
11 COST OF SALES				
Raw material consumed	903,784	1,086,555	2,419,954	2,967,498
Stores and spare parts consumed	6,382	6,430	13,225	13,845
Fuel and power	46,379	36,609	108,223	109,689
Salaries, wages and benefits	141,189	142,196	351,752	338,768
Repairs and maintenance	18,425	23,808	37,177	40,564
Insurance	8,405	8,045	17,404	13,218
Depreciation on operating fixed assets	20,669	18,104	41,220	34,067
	1,145,233	1,321,747	2,988,955	3,517,649
Add: opening goods in process	99,766	114,518	72,532	101,020
	1,244,999	1,436,265	3,061,487	3,618,669
Less: closing goods in process	87,775	119,347	87,775	119,347
Cost of goods manufactured	1,157,224	1,316,918	2,973,712	3,499,322
Add: opening stock of finished goods	6,821,042	6,536,110	4,824,477	4,480,321
Finished goods purchased	500,811	460,832	2,942,058	2,300,889
	8,479,077	8,313,860	10,740,247	10,280,532
Less: closing stock of finished goods	5,811,447	5,126,089	5,811,447	5,126,089
	2,667,630	3,187,771	4,928,800	5,154,443

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

	(UN-AUDITED)		(UN-AUDITED)	
	Three month period ended		Six month period ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	(Rupees in '000)			
12 FINANCE COST				
Interest / mark-up on:				
Long term finances	336	326	687	1,920
Workers' profit participation fund	16,457	-	16,457	8,583
Lease liabilities	150,590	166,891	297,369	333,524
	167,383	167,217	314,512	344,027
Bank charges and commission	4,757	27,621	7,972	47,890
	172,140	194,838	322,484	391,917

	Six-month period ended	
	30 June 2024	30 June 2023
	(Rupees in '000)	
13 Cash generated from operations		
Profit before income tax	771,432	701,009
Adjustments for non-cash charges and other items:		
Depreciation of property, plant and equipment	197,272	157,811
Depreciation of right of use assets	632,701	560,580
Amortization of intangible assets	38,578	144,019
Provision for gratuity	4,641	4,729
Loss on disposal of property, plant and equipment	150	1,317
Gain on lease modification	(47,755)	(13,396)
Income from short term investments	(65,340)	(61,634)
Income from long term investments	-	(3,547)
Exchange (gain)/loss - net	(39,206)	113,359
Finance costs	322,484	391,917
Impairment loss on trade debts	14,197	9,431
Provision for slow moving and obsolete stock - net	54,787	47,119
Provision for obsolescence of raw material - net	563	35,013
Provision for obsolescence of stores and spare parts - net	2,080	3,395
	1,115,152	1,390,113
Profit before working capital changes	1,886,585	2,091,122
Effect on cash flow due to working capital changes:		
(Increase)/decrease in current assets		
Stores and spare parts	(2,080)	(3,395)
Stock in trade	(1,125,764)	(772,629)
Trade debts	(245,824)	48,988
Advances	89,204	332,262
Trade deposits and short term prepayments	(76,367)	(334,353)
Other receivables	(2,542)	(10,344)
	(1,363,374)	(739,471)
Increase/(decrease) in current liabilities		
Trade and other payables	(150,451)	520,011
Effect on cash flow due to working capital changes	(1,513,825)	(219,460)
	372,760	1,871,662

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

	(UN-AUDITED)	(AUDITED)
	30 June 2024	31 December 2023
	(Rupees in '000)	
13.1 Cash and cash equivalents		
Cash and bank balances	902,247	1,522,975
Short term investments	–	1,300,000
	902,247	2,822,975

14 TRANSACTIONS WITH RELATED PARTIES

The related parties include the parent company, group companies, key management personnel including directors, related parties on the basis of common directorship and provident fund trust. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company. The Company in the normal course of business carries out transactions with various related parties. Significant transactions and balances with related parties are as follows:

Relationship with the Company	Nature of transactions	(UN-AUDITED)		(UN-AUDITED)	
		Three month period ended		Six month period ended	
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
		(Rupees in '000)			
Common control companies	Purchase of goods and services	–	5,480	–	7,608
	Sale of goods and services	45,313	–	72,636	–
	Reimbursement of expenses	3,272	2,778	4,783	10,148
	Dividend paid	682,304	–	682,304	–
	Trade mark license fee	249,713	292,594	473,505	498,215
Post employment benefit plans	Management service fee	96,010	99,238	193,151	193,483
	Contribution to provident fund trusts	22,943	25,619	45,248	48,026
Key management personnel	Remuneration	65,716	100,977	106,224	144,908

All transactions with related parties and common control companies are carried out at mutually agreed terms and conditions.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

	(UN-AUDITED)	(AUDITED)
	30 June 2024	31 December 2023
	(Rupees in '000)	
Period / year end balances		
Receivable from related parties	53,923	7,981
Payable to related parties	3,027,928	3,296,913

	(UN-AUDITED)	(AUDITED)	(UN-AUDITED)	(AUDITED)
	Segment assets		Segment liabilities	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	(Rupees in '000)			
15 SEGMENT ASSETS AND LIABILITIES				
Retail	9,866,690	8,920,809	3,816,381	3,766,329
Wholesale	1,842,779	1,696,028	28,870	29,457
Export	8,411	32,895	-	-
Unallocated	4,499,012	5,899,420	6,218,667	7,071,342
	<u>16,216,892</u>	<u>16,549,152</u>	<u>10,063,918</u>	<u>10,867,128</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

(UN-AUDITED)
Six month period ended

	Retail		Wholesale		Export		Others		Total	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
(Rupees in '000)										
Net sales	8,410,185	8,786,364	994,044	1,078,292	115,737	70,688	22,919	28,938	9,542,885	9,964,292
Inter - segment sales	-	-	-	-	-	-	-	-	-	-
Total Sales	8,410,185	8,786,364	994,044	1,078,292	115,737	70,688	22,919	28,938	9,542,885	9,964,292
Segment result before unallocated expenses	2,019,109	1,994,022	31,858	81,344	13,435	31,053	12,764	12,967	2,077,166	2,119,386
Unallocated operating expenses									(1,169,436)	(999,784)
Other expenses									(72,317)	(180,388)
Other income									298,504	153,712
Operating profit									1,093,916	1,092,926
Finance cost									(322,486)	(391,917)
Profit before income tax									771,432	701,009
Income tax									(300,482)	(290,453)
Profit for the period									470,950	410,556

(UN-AUDITED)
Three month period ended

	Retail		Wholesale		Export		Others		Total	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
(Rupees in '000)										
Net sales	4,432,197	5,174,589	516,358	600,481	80,624	56,127	10,542	15,792	5,039,721	5,816,689
Inter - segment sales	-	-	-	-	-	-	-	-	-	-
Total Sales	4,432,197	5,174,589	516,358	600,481	80,624	56,127	10,542	15,792	5,039,721	5,816,689
Segment result before unallocated expenses	1,012,348	1,153,717	18,436	13,402	11,341	25,766	6,878	2,329	1,099,003	1,195,211
Unallocated operating expenses									(581,921)	(512,594)
Other expenses									(44,442)	(53,005)
Other income									154,432	99,729
Operating profit									577,071	729,341
Finance cost									(172,140)	(194,888)
Profit before income tax									404,931	534,503
Income tax									(148,437)	(248,840)
Profit for the period									256,494	285,663

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

	(UN-AUDITED)		(UN-AUDITED)	
	Three month period ended		Six month period ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	(Rupees in '000)			
17 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit for the period	256,494	285,663	470,950	410,556
Weighted average number of ordinary shares - Number (in '000)	7,560	7,560	7,560	7,560
Earnings per share - basic and diluted (Rupees per share)	33.93	37.79	62.29	54.31

There is no dilutive effect on the basic earnings per share of the Company.

18 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk

These condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2023.

There have been no significant changes in the risk management department or in risk management policies since the year ended December 31, 2023.

19 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on August 22, 2024 by the Board of Directors of the Company.

20 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows 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, there were no material re-arrangements, other than the presentation of 'net impairment loss on financial assets' previously classified under 'Distribution costs', now presented as a separate line item on face of the condensed interim statement of profit or loss.



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Chief Financial Officer



Director

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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