

BATA PAKISTAN LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT 31 MARCH 2009

	Note	(UN - AUDITED) 31 March 2009	(AUDITED) 31 December 2008
(Rupees in'000')			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	554,800	548,222
Long term investments		31,564	30,650
Long term deposits and prepayments		45,872	45,793
		<u>632,236</u>	<u>624,665</u>
CURRENT ASSETS			
Stores and spares		592	140
Stock in trade		1,314,748	1,274,289
Trade debts - unsecured		238,146	94,518
Advances - unsecured		1,512	893
Deposits, short term prepayments and other receivables		-	-
		78,312	67,472
Tax refunds due from Government	5	134,318	126,007
Cash and bank balances		41,808	88,952
		<u>1,809,436</u>	<u>1,652,271</u>
TOTAL ASSETS		<u><u>2,441,672</u></u>	<u><u>2,276,936</u></u>
SHARE CAPITAL AND RESERVES			
Authorized share capital		<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid up capital		75,600	75,600
Reserves			
Capital reserve		483	483
General reserve		880,000	880,000
Unappropriated profits		551,306	479,612
		<u>1,431,789</u>	<u>1,360,095</u>
		<u>1,507,389</u>	<u>1,435,695</u>
NON-CURRENT LIABILITIES			
Long term deposits		31,564	30,650
Provision for gratuity	6	63,999	62,780
Deferred taxation		16,996	12,904
		<u>112,559</u>	<u>106,334</u>
CURRENT LIABILITIES			
Trade and other payables		766,834	663,818
Mark - up accrued		3,964	2,364
Short term borrowings		35,000	-
Provision for taxation		15,926	68,725
		<u>821,724</u>	<u>734,907</u>
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		<u><u>2,441,672</u></u>	<u><u>2,276,936</u></u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

Chief Executive

Director

BATA PAKISTAN LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2009
(UN - AUDITED)

	Jan - Mar 2009	Jan - Mar 2008
	(Rupees in '000')	
CASH GENERATED FROM OPERATIONS		
Profit before taxation	101,164	62,886
Adjustment for non - cash charges and other items:		
Depreciation	18,753	13,871
Provision for gratuity	1,724	1,521
Profit on disposal of property, plant and equipment	(194)	(443)
Finance cost	11,132	5,249
	<u>31,415</u>	<u>20,198</u>
Operating profit before working capital changes	132,579	83,084
Working capital adjustments:		
(Increase) / decrease in current assets:		
Stores and spares	(452)	(116)
Stock in trade	(40,459)	(76,496)
Trade debts - unsecured	(143,628)	45,651
Advances - unsecured	(619)	(5,857)
Deposits, short term prepayments and other receivables	(10,840)	(14,422)
Tax refunds due from Government	(8,311)	(22,686)
	<u>(204,309)</u>	<u>(73,926)</u>
(Decrease) / increase in current liabilities:		
Trade and other payables	105,039	(72,369)
	<u>33,309</u>	<u>(63,211)</u>
Cash generated / (used) from operations		
Finance costs paid	(9,532)	(3,659)
Income taxes paid	(80,200)	(15,085)
Gratuity paid	(505)	(7,242)
	<u>(90,237)</u>	<u>(25,986)</u>
Increase / (decrease) in long term deposits - net	835	(2,441)
Net cash used in operating activities	(56,093)	(91,638)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(25,427)	(17,319)
Proceeds from sale of property, plant and equipment	290	823
Increase in long term investments	(914)	(596)
Net cash used in investing activities	(26,051)	(17,092)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings	35,000	35,000
Net cash generated from financing activities	35,000	35,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(47,144)	(73,730)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	88,952	247,713
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	41,808	173,983

The annexed notes from 1 to 15 form an integral part of these financial statements.

Chief Executive

Director

CORPORATE INFORMATION

Board of Directors

Mr. Fernando Garica	Chairman
Mr. M. Imran Malik	Managing Director
Mr. M. G. Middleton	Director
Mr. Muhammad Ali Malik	Director
Mr. Salahuddin Niazi	Director
Mr. Fakir Syed Aijazuddin	Director
Mr. Ijaz Ahmad Chaudhry	Director
Mr. Shahid Anwar (Nominee of NIT)	Director
Mr. Shamshad Ahmad (Nominee of NIT)	Director

Audit Committee

Mr. Fakir Syed Aijazuddin	Chairman
Mr. Ijaz Ahmad Chaudhry	Member
Mr. Salahuddin Niazi	Member

Company Secretary

Mr. S. M. Ismail

Auditors

Ford Rhodes Sidat Hyder & Co.
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 "Leather and Tannery" sector.

Bankers

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

Registered Office

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

Share Registrar

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

Factories

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

Maraka,
26 - Km, Multan Road,
Lahore.

Liaison Office

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

DIRECTOR'S REVIEW

It is my privilege to place the un-audited Condensed Interim financial statements and brief review of the Company's operations for the 1st Quarter ended March 31, 2009.

Sales in this quarter were Rs.1,213.2 million as compared to Rs.923.3 million which represents a very healthy growth under the prevailing circumstances. Our wholesale division had achieved record sales in this period and it is expected that the trend will continue. Management is continuously striving to curtail operating and financial costs. However, factors such as high inflation and increase in cost of utilities had a major inevitable adverse impact on the business.

The profit after tax increased from Rs.43.1 million to Rs.71.7 million, consequently earning per share increased from Rs.5.69 to Rs.9.48.

Our factories produced 2.3 million pairs compared to 1.9 million pairs in the same period of last year. Continuous balancing and modernization in the manufacturing operations has been planned to provide versatility in our shoe-line collection.

In order to enhance our market position an amount of Rs.22.3 million had been spend to open eight big format retail stores while six had major renovations.

During the period under review cash flow remained slightly under pressure to meet extra working capital requirements because of depreciation of Pak Rupee. We are continuing to make considerable efforts to recover due amounts from our dealers and distributors within stipulated credit period allowed to them without affecting our business to ease the situation.

We remain confident as regard our prospects for the remaining year, despite the highly competitive marketing environment, due to our leading position in the industry. We look forward to continued support from all our stakeholders to achieve the objective for the year 2009.

On behalf of the Board

Batapur:
Lahore: April 22, 2009

(M. IMRAN MALIK)
Chief Executive

BATA PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2009
(UN - AUDITED)

	Share capital	Capital reserve	General reserve	Unappropriated profits	Total
	(-----Rupees in '000'-----)				
Balance as at 31 December 2007 as previously reported	75,600	483	880,000	16,957	973,040
Correction of prior year error			(298,000)	298,000	-
Balance as at 31 December 2007 - restated	75,600	483	582,000	314,957	973,040
Final dividend for 2007 @ Rs. 2.00 per share	-	-	-	(15,120)	(15,120)
Transfer to general reserve for 2007	-	-	298,000	(298,000)	-
Net profit for three months ended March 31, 2008	-	-	-	43,047	43,047
Balance as at 31 March 2008 - restated	75,600	483	880,000	44,884	1,000,967
Net profit for nine months ended Dec. 31, 2008	-	-	-	434,728	434,728
Balance as at 31 December 2008	75,600	483	880,000	479,612	1,435,695
Balance as at 31 December 2008	75,600	483	880,000	479,612	1,435,695
Net profit for three months ended March 31, 2009	-	-	-	71,694	71,694
Balance as at 31 March 2009	75,600	483	880,000	551,306	1,507,389

The annexed notes from 1 to 15 form an integral part of these financial statements.

Chief Executive

Director

BATA PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED
FOR THREE MONTHS ENDED 31 MARCH, 2009

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.

2. These condensed interim financial information are un-audited and have been prepared in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 and International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. These should be read in conjunction with the financial statements of the company for the year ended December 31, 2008.

3. SIGNIFICANT ACCOUNTING POLICIES

The present accounting policies and method of computation adopted for the preparation of these financial statements are the same as those applied in preparation of the annual audited and published financial statements of the Company for the year ended 31 December, 2008.

4. ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Gas installation	Office equipment	Computers	Furniture, fixture and fittings	Plant and machinery in transit	(UN - AUDITED)	
							31 March, 2009	31 March, 2008
							(Rupees in '000')	
Additions	1,559	14	54	2,245	21,261	294	25,427	17,319
Disposals (cost)		-	-	56	177	-	233	2,904
							(UN - AUDITED)	(AUDITED)
							31 March, 2009	31 December, 2008
							(Rupees in '000')	

5. TAX REFUNDS DUE FROM GOVERNMENT

Sales tax refundable	134,318	126,007
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5.1 This represents sales tax paid on raw materials used in zero-rated taxable shoes for which refund claims have been lodged / are being lodged with the Sales Tax Department.

6. PROVISION FOR GRATUITY - DEFINED BENEFITS PLAN

Opening liability	62,780	67,403
Amount recognized during the period/year	1,724	4,402
Payment made by the Company during the period/year	(505)	(9,025)
Closing Liability	63,999	62,780

The latest actuarial valuation was carried out as at 31 December, 2008

7. CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments disclosed in the annual financial statements for the year ended December 31, 2008 except for the following:

7.1 The Company is contingently liable for:

Counter Guarantees given to banks	11,358	11,358
Indemnity Bonds given to Custom Authorities	5,795	28,458
Claims not acknowledged as debts - under appeal	17,461	11,454
Law suit by ex-employee - damages for malicious prosecution	3,000	3,000
Show cause notices by sales tax department-under appeals (Note 7.2)	138,851	156,972
Show cause notices by income tax department (Note 7.3)	3,659	3,659
	180,124	214,901

7.2 The Sales Tax Department has issued show-cause notice followed by an order amounting to Rs.138.851 million for non-payment of sales tax on certain items including disposal of fixed assets, inadmissible input claimed on electricity bills of retail outlets, inadmissible input tax adjustment claimed against zero-rated retail supplies and less declaration of output sales tax in returns when compared with final accounts. Out of the total amount, the Company provided and paid an amount of Rs. 2.49 million as advised by the Company's sales tax advisor.

The Company has filed an appeal against the order before the Appellate Tribunal which is pending adjudication. The Company has also referred this matter to Federal Board of Revenue for resolving the same through 'Alternative Dispute Resolution Committee' (ADRC), which has been duly constituted.

The Company and its legal advisors expect a favorable outcome of the matter.

7.3 The Company has received a show-cause notice followed by 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(1B) of the Income Tax Ordinance, 2001 amounting to Rs. 8.566 million out of which Rs. 4.907 million paid based on actual calculations. The remaining demand of Rs. 3.659 million shall be rectified, with no demand against the company on this account.

7.4 Commitments in respect of:

- Capital expenditure
- Letters of credit

(UN - AUDITED)	(AUDITED)
31 March, 2009	31 December, 2008
(Rupees in '000')	
15,452	-
125,030	130,790
140,482	130,790

(UN - AUDITED)	
Quarter ended	
31 March, 2009	31 March, 2008
(Rupees in '000')	

8. SALES

Shoes and accessories		
Local	1,263,653	958,159
Export	53,658	33,453
	1,317,311	991,612
Sundry articles and scrap material	2,041	1,894
	1,319,352	993,506
Less: Sales tax paid	20,064	11,481
Discount to dealers and distributors	72,938	48,195
Commission to agents/business associates	13,130	10,567
	106,132	70,243
	1,213,220	923,263

9. COST OF SALES

Raw material consumed	424,024	255,678
Store and spares consumed	1,439	1,238
Fuel and power	17,754	11,854
Salaries, wages and benefits	50,146	46,872
Repairs and maintenance	6,805	3,584
Insurance	1,474	1,229
Depreciation	3,773	2,939
	505,415	323,394
Add: Opening goods in process	59,962	45,196
	565,377	368,590
Less: Closing goods in process	51,691	30,537
Cost of goods manufactured	513,686	338,053
Add: Opening stock of finished goods	891,349	538,913
Finished goods purchased	379,347	260,580
	1,784,382	1,137,546
Less: Closing stock of finished goods	1,058,311	588,154
	726,071	549,392

10. OTHER OPERATING EXPENSES

These include Rs. ('000) 436 (2008: Rs. ('000) 41,497) in respect of Voluntary Retirement Scheme given to those employees who opted for the scheme.

(UN - AUDITED)	
Quarter ended	
31 March, 2009	31 March, 2008
(Rupees in '000')	

11. TAXATION

Current		
- For the year	25,378	17,521
Deferred	4,092	2,318
	<u>29,470</u>	<u>19,839</u>

12. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of parent company, related group companies, provident fund trusts, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to executive directors and key management personnel under the terms of their employment, during the period, are as follows:

		(UN - AUDITED)	
		Quarter ended	
Relationship with the Company	Nature of transactions	31 March, 2009	31 March, 2008
		(Rupees in '000')	
Associated Companies	Purchase of goods and services	147,826	62,530
	Sale of goods and services	1,986	1,254
	Dividend paid	-	9,072
	Brand royalty	28,593	10,847
	Service charges	9,604	-
Staff Retirement Benefits	Contribution to provident fund trusts	5,586	4,532

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

Profit after taxation attributable to ordinary share holders (in '000)	<u>71,694</u>	<u>43,047</u>
Weighted average number of ordinary shares - Number (in '000)	<u>7,560</u>	<u>7,560</u>
Earnings per share - Basic (Rs.)	<u>9.48</u>	<u>5.69</u>

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

These financial statements were authorized for issue by the Board of Directors on 22 April, 2009

15. GENERAL

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

Chief Executive

Director

BATA PAKISTAN LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE THREE MONTHS ENDED 31 MARCH, 2009
(UN - AUDITED)

	<u>Note</u>	<u>Jan - Mar 2009</u>	<u>Jan - Mar 2008</u>
		(Rupees in '000')	
SALES	8	1,213,220	923,263
COST OF SALES	9	726,071	549,392
GROSS PROFIT		<u>487,149</u>	<u>373,871</u>
SELLING AND DISTRIBUTION EXPENSES		277,712	191,287
ADMINISTRATIVE EXPENSES		89,831	72,567
OTHER OPERATING EXPENSES	10	8,866	46,671
		<u>376,409</u>	<u>310,525</u>
OTHER OPERATING INCOME		1,556	4,789
OPERATING PROFIT		<u>112,296</u>	<u>68,135</u>
FINANCE COST		11,132	5,249
PROFIT BEFORE TAXATION		<u>101,164</u>	<u>62,886</u>
TAXATION	11	29,470	19,839
PROFIT AFTER TAXATION		<u>71,694</u>	<u>43,047</u>
EARNINGS PER SHARE - BASIC AND DILUTED		<u>Rs.9.48</u>	<u>Rs.5.69</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

Chief Executive

Director