

CORPORATE INFORMATION

Board of Directors

Mr. Fernando Garcia	Chairman
Mr. M. Imran Malik	Chief Executive
Mr. M. G. Middleton	Director
Mr. Carlos Gomez	Director
Mr. Muhammad Ali Malik	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. Carlos Gomez	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

Surrige & 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 Area,
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.

DIRECTORS' REVIEW

I am pleased to present the un-audited Condensed Interim Financial Statements along with the brief review of Company's Operations for the nine months and quarter ended 30 September 2009.

This year "Eid Business" has been switched over to 3rd quarter from last quarter of the year. Sterling performance by each of our division has added to the Company, to maintain its progression under the persisting recessionary conditions. During the period, sales of the Company's product resulted in highest ever net sales revenue of Rs. 4.733 billion which reflect an increase of 31% over the net sales revenue of corresponding period of last year. An improvement in gross profit to this period was accompanied by productivity and increased revenue. The profit after tax increased from Rs. 251.6 Million to Rs. 454.8 Million, consequently earning per share increased from Rs. 33.28 to Rs. 60.16.

Our production facilities at Batapur and Maraka remained fully loaded to meet the higher demand for popular articles. These facilities produced 7.5 Million pairs as compared to 6.8 Million pairs in the same period of last year. The company is committed to increase its innovation by specialization in the product development and internal efficiency to implement a strong growth strategy in different segments of its business.

Increased working capital requirement because of inflationary pressure and continuous devaluation of Pak Rupee against major currencies had an impact on the cash flow. Under the circumstances the Company was able to manage the situation with better planning. We also admire the co-operation of our dealers and distributors for their timely payments within stipulated credit period.

In order to sustain the growth, to provide friendly and modern atmosphere in the stores, an amount of Rs. 78.1 Million has been spent to open twenty five stores at key business locations, twenty six non profitable stores have been closed while eight stores have been uplifted with major renovations.

The Company has invested a considerable time and money on human resource during the period to acquire latest development in the field of technology and business administration. Training of our employees always considered as an investment for the future with the object 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 marketing environment. We look forward to continued support from all our stakeholders to achieve the objectives for the year 2009.

On behalf of the Board

Batapur:
Lahore: October 21, 2009

(M. IMRAN MALIK)
Chief Executive

BATA PAKISTAN LIMITED
CONDENSED INTERIM BALANCE SHEET - UNAUDITED
AS AT 30 SEPTEMBER 2009

	Note	(UN - AUDITED) 30 September 2009 Rs.'000	(AUDITED) 31 December 2008 Rs.'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	584,736	548,222
Long term investments		33,967	30,650
Long term deposits and prepayments		36,408	45,793
		<u>655,111</u>	<u>624,665</u>
CURRENT ASSETS			
Stores and spares		162	140
Stock in trade		1,255,470	1,274,289
Trade debts		344,433	94,518
Loans and advances		7,353	893
Deposits, short term prepayments and other receivables		76,718	67,472
Tax refunds due from Government	5	177,670	126,007
Cash and bank balances		563,530	88,952
		<u>2,425,336</u>	<u>1,652,271</u>
TOTAL ASSETS		<u><u>3,080,447</u></u>	<u><u>2,276,936</u></u>
EQUITY AND LIABILITIES			
Authorized 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 and surplus			
Capital reserve		483	483
General reserve		1,298,000	880,000
Unappropriated profit		455,968	479,612
		<u>1,754,451</u>	<u>1,360,095</u>
TOTAL EQUITY		<u>1,830,051</u>	<u>1,435,695</u>
NON CURRENT LIABILITIES			
Long term deposits		32,472	30,650
Deferred liabilities	6	85,941	75,684
		<u>118,413</u>	<u>106,334</u>
CURRENT LIABILITIES			
Trade and other payables		1,033,544	663,818
Mark - up accrued		4,187	2,364
Provision for taxation		94,252	68,725
		<u>1,131,983</u>	<u>734,907</u>
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		<u><u>3,080,447</u></u>	<u><u>2,276,936</u></u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Batapur,
Lahore: October 21, 2009

Chief Executive

Director

BATA PAKISTAN LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UNAUDITED
FOR THE NINE MONTHS AND QUARTER ENDED 30 SEPTEMBER 2009

	Note	Nine Months ended		Quarter ended	
		30 September 2009 Rs. '000	30 September 2008 Rs. '000	30 September 2009 Rs. '000	30 September 2008 Rs. '000
NET SALES	8	4,733,331	3,616,593	1,883,801	1,475,547
COST OF SALES	9	2,753,515	2,175,618	1,070,989	902,281
GROSS PROFIT		1,979,816	1,440,975	812,812	573,266
OPERATING EXPENSES					
Selling and distribution		989,894	749,968	380,949	303,327
Administrative		295,590	241,140	102,283	85,612
Other operating expenses		50,267	78,245	23,422	16,507
		1,335,751	1,069,353	506,654	405,446
OPERATING PROFIT		644,065	371,622	306,158	167,820
FINANCE COST		29,192	22,967	9,358	12,711
		614,873	348,655	296,801	155,109
OTHER INCOME		5,331	11,294	2,595	1,408
PROFIT BEFORE TAXATION		620,204	359,949	299,396	156,517
PROVISION FOR TAXATION					
Current		161,728	100,028	72,708	40,223
Prior years		-	4,000	-	-
Deferred		3,640	4,301	(543)	1,733
		165,368	108,329	72,165	41,956
PROFIT AFTER TAXATION		454,836	251,620	227,231	114,561
EARNINGS PER SHARE					
- BASIC AND DILUTED	12	Rs.60.16	Rs.33.28	Rs.30.06	Rs.15.15

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Batapur,
Lahore: October 21, 2009

Chief Executive

Director

BATA PAKISTAN LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

	Note	Nine Months ended	
		30 September 2009 Rs. '000	30 September 2008 Rs. '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		620,204	359,949
Adjustments to reconcile profit before tax to net cash flows			
Depreciation		59,968	46,378
Provision for gratuity		8,166	4,478
Provision for doubtful debts		-	1,412
Loss on disposal of property, plant and equipment		506	246
Finance cost		29,192	22,967
		97,832	75,481
Operating cash flows before working capital changes		718,036	435,430
Net changes in operating assets and liabilities	10	94,851	(600,563)
Finance costs paid		(27,369)	(16,009)
Income taxes paid		(148,606)	(142,560)
Gratuity paid		(1,549)	(8,930)
Net cash generated from / (used in) operating activities		635,363	(332,632)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(99,149)	(128,491)
Proceeds from sale of property, plant and equipment		2,161	4,052
Decrease / (Increase) in long term investments		(3,317)	66
Net cash used in investing activities		(100,305)	(124,373)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short term borrowings		-	260,941
Dividend paid		(60,480)	(15,120)
Net cash (used in) / generated from financing activities		(60,480)	245,821
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		474,578	(211,184)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		88,952	247,713
CASH AND CASH EQUIVALENTS AT END OF PERIOD		563,530	36,529

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Batapur,
Lahore: October 21, 2009

Chief Executive

Director

BATA PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

	Share capital	Capital reserve	General reserve	Unappropriated profit	Total
	(-----Rupees in '000-----)				
Balance as at 31 December 2007	75,600	483	582,000	314,957	973,040
Final dividend for 2007 @ Rs. 2 per share	-	-	-	(15,120)	(15,120)
Transfer to general reserve	-	-	298,000	(298,000)	-
Net profit for nine months ended 30 September 2008	-	-	-	251,620	251,620
Balance as at 30 September 2008	<u>75,600</u>	<u>483</u>	<u>880,000</u>	<u>253,457</u>	<u>1,209,540</u>
Net profit for three months ended 31 December 2008	-	-	-	226,155	226,155
Balance as at 31 December 2008	<u>75,600</u>	<u>483</u>	<u>880,000</u>	<u>479,612</u>	<u>1,435,695</u>
Final dividend 2008 @ Rs. 8 per share	-	-	-	(60,480)	(60,480)
Transfer to general reserve	-	-	418,000	(418,000)	-
Net profit for nine months ended 30 September 2009	-	-	-	454,836	454,836
Balance as at 30 September 2009	<u><u>75,600</u></u>	<u><u>483</u></u>	<u><u>1,298,000</u></u>	<u><u>455,968</u></u>	<u><u>1,830,051</u></u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Batapur,
Lahore: October 21, 2009

Chief Executive

Director

BATA PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 company is engaged mainly in the manufacturing and sale of footwear of all kinds along with sale of accessories and hosiery items. The registered office of the Company is at Batapur, Lahore.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements 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 31 December 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

	Building factory	Plant and machinery	Office equipment	Computers	Furniture, fixture and fittings	Gas installation	(UN - AUDITED)	
							30 Sep 2009 Rs. '000	30 Sep 2008 Rs. '000
Additions	-	9,803	312	8,009	81,011	14	99,149	128,491
Disposals (cost)	2	19,230	-	358	182	-	19,772	18,193

	(UN - AUDITED)	(AUDITED)
	30 Sep 2009 Rs. '000	31 Dec 2008 Rs. '000
Note		

5. TAX REFUNDS DUE FROM GOVERNMENT

Sales tax refundable	5.1	177,670	126,007
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. DEFERRED LIABILITIES

Provision for gratuity	6.1	69,397	62,780
Deferred tax		16,544	12,904
		<u>85,941</u>	<u>75,684</u>
6.1 Provision for gratuity			
Opening liability		62,780	67,403
Amount recognized during the period / year		8,166	4,402
Payment made by the Company during the period / year		(1,549)	(9,025)
Closing liability		<u>69,397</u>	<u>62,780</u>

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 31 December 2008 except for the following:

	(UN - AUDITED)	(AUDITED)
	30 Sep 2009 Rs. '000	31 Dec 2008 Rs. '000
7.1 The Company is contingently liable for:		
Counter Guarantees given to banks	9,906	11,358
Indemnity Bonds given to Custom Authorities	16,527	28,458
Claims not acknowledged as debts - under appeal	17,412	11,454
Law suit by ex-employee - damages for malicious prosecution	-	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
	186,355	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 Federal Board of Revenue (FBR) has levied an additional tax u/s 205(IB) of the Income Tax Ordinance, 2001 amounting to Rs. 8.566 million in respect of inadequacy of advance tax paid by the Company for the tax year 2008. The Company has paid Rs. 4.907 million against this levy as additional tax and charged to income statement. However, with respect to the remaining amount the Company has filed a rectification application with the honourable Income Tax Appellate Tribunal (ITAT) pointing out that number of days for computing the change were incorrect. The application is pending adjudication. The Company, based on advice from its tax advisor, expects a favourable outcome of the case.

	(UN - AUDITED)	(AUDITED)
	30 Sep 2009 Rs. '000	31 Dec 2008 Rs. '000
7.4 Commitments in respect of:		
- Capital expenditure	2,425	-
- Letters of credit	235,281	130,790
	237,706	130,790

	(UN - AUDITED)		(UN - AUDITED)	
	Nine Months ended		Quarter ended	
	30 Sep 2009 Rs. '000	30 Sep 2008 Rs. '000	30 Sep 2009 Rs. '000	30 Sep 2008 Rs. '000
8. NET SALES				
Shoes and accessories				
Local	5,003,325	3,780,647	2,020,886	1,559,531
Export	148,642	132,504	31,430	37,740
	5,151,967	3,913,151	2,052,316	1,597,271
Sundry articles and scrap material	6,627	8,749	2,110	3,362
	5,158,594	3,921,900	2,054,426	1,600,633
Less: Sales tax paid	72,617	55,777	20,618	18,596
Discount to dealers and distributors	300,879	212,240	128,790	91,411
Commission to agents/business associates	51,767	37,290	21,217	15,079
	425,263	305,307	170,625	125,086
	4,733,331	3,616,593	1,883,801	1,475,547
9. COST OF SALES				
Raw material consumed	1,204,315	1,090,488	381,153	425,699
Salaries, wages and benefits	170,600	155,652	59,777	55,498
Fuel and power	56,729	45,166	20,241	18,373
Store and spares consumed	4,840	4,575	1,419	1,748
Repairs and maintenance	20,546	19,226	7,405	8,644
Insurance	4,215	3,922	1,404	1,298
Depreciation	11,602	8,967	3,934	3,050
	1,472,847	1,327,996	475,333	514,310
Add: Opening goods in process	59,962	45,196	39,633	65,260
	1,532,809	1,373,192	514,966	579,570
Less: Closing goods in process	37,708	43,086	37,708	43,086
Cost of goods manufactured	1,495,101	1,330,106	477,258	536,484
Add: Opening stock of finished goods	891,349	538,913	1,115,697	733,329
Finished goods purchased	1,429,343	1,337,265	540,312	663,134
	3,815,793	3,206,284	2,133,267	1,932,947
Less: Closing stock of finished goods	1,062,278	1,030,666	1,062,278	1,030,666
	2,753,515	2,175,618	1,070,989	902,281

	(UN - AUDITED)	
	Nine Months ended	
	30 Sep 2009	30 Sep 2008
	Rs. '000	Rs. '000
10. NET CHANGES IN OPERATING ASSETS AND LIABILITIES		
(Increase) / decrease In assets		
Store and spares	(22)	(380)
Stock in trade	18,819	(695,102)
Trade debts	(249,915)	(25,788)
Loans and advances	(6,460)	(900)
Deposits, short term prepayments and other receivables	(9,246)	(34,889)
Tax refunds due from Government	(51,663)	(40,077)
Long term deposits and prepayments	9,385	(11,347)
Increase in liabilities		
Trade and other payables	382,131	207,986
Long term deposits	1,822	(66)
	<u>94,851</u>	<u>(600,563)</u>

11. 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:

Relationship with the Company	Nature of transactions	(UN - AUDITED)		(UN - AUDITED)	
		Nine Months ended		Quarter ended	
		30 Sep 2009	30 Sep 2008	30 Sep 2009	30 Sep 2008
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Associated Companies	Purchase of goods and services	552,790	392,704	142,762	219,245
	Sale of goods and services	9,199	13,445	1,214	3,994
	Dividend paid	36,288	9,072	-	-
	Brand royalty	111,159	42,389	44,387	17,312
	Service charges	30,909	24,896	10,873	9,412
Staff Retirement Benefits	Contribution to provident fund trusts	18,292	14,926	5,378	4,670
Payment in respect of gratuity		1,549	8,930	664	431

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

12. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary share holders (in '000)	454,836	251,620	227,231	114,561
Weighted average number of ordinary shares - Number (in '000)	7,560	7,560	7,560	7,560
Earnings per share - Basic (Rs.)	60.16	33.28	30.06	15.15

12.1 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.

13. DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors on 21 October, 2009.

14. GENERAL

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

Batapur,
Lahore: October 21, 2009

Chief Executive

Director