



Leather Limited

FINANCIAL STATEMENT
FOR THE QUARTER ENDED
SEPTEMBER 30TH 2020

COMPANY PROFILE

Board of Directors

Khalid H. Shah Director	Chief Executive/ Director	Mahmooda Shah
Jazim Shah Director	Director / Chairman	S. Faisal Shah
Mohsin Khursheed Director	Director	Farooq Raza
Ali Kausar Khan	Director	

Board Audit Committee

Mohsin Khursheed	Chairman
Jazim Shah	Member
Mahmooda Shah	Member

Human Resource Committee

Mohsin Khursheed	Chairman
S. Faisal Shah	Member
Mahmooda Shah	Member

Chief Financial Officer / Company Secretary

Ali Ahmar

Auditors

Abdan & Company , Chartered Accountants

Legal Advisor

Maqsood Ahmad Bullo & Company

Advocate

Bankers

MCB Bank Ltd	United Bank Ltd	Faysal Bank Ltd
Summit Bank Ltd	Askari Bank Ltd	Meezan Bank Ltd
Bank Al-falah Ltd		

Registered Office/Factory

Plot # 23/C, 15th Commercial Street Phase II Extension, Defence Housing Authority, Karachi.

Phone: (021) 35880771-2 Fax: (021) 35880773

E-mail: leatherup@cyber.net.pk

Web site: leatherupltd.com

Share Registrar Office

M/s C&K Management Associates (Pvt) Limited

404, Trade Tower, Abdullah Haroon Road, Near Hotel Metroplote, Karachi-75530

Phone: (021) 35687839- (021) 35685930

DIRECTORS REPORT

The Directors of your Company have pleasure in submitting the report on condensed interim statements of accounts (unaudited) for the first quarter ended September 30, 2020.

Company Performance

The recession grips in Europe in recent period and the impact of low business activity there, automatically affected the main exporting countries of leather garments and allied products. Therefore, in the first quarter of 2020-21, export orders badly hit and declined export graph due to second wave of Covid-19 in Europe .

Despite the best efforts made by the management, the company suffered significant fall in export as well as operating profits and consequently in production during the period under review and leaves a lot to be desired. During the quarter ended September 30, 2020, the exports of the company stood at Rs. 10.1 million as compared to Rs. 12.8 million for the last corresponding period i.e. decrease of -27% in value as compared to last years' corresponding period.

Future Out look

Despite uncertainty all over the world in general and leather industry in particular, the management of your company is very keen to safeguard the interest of shareholders of the company. We are trying our level best to remain stable in the current situation, and are making best efforts to have export orders of considerable value from its existing buyers/customers as well as exploring new markets in order to maintain its exports on upward trends. We do hope that the company would be able to make reasonable exports in the upcoming future. Company is aggressively participating in international forum to boost up the sales. Observing current Covid-19 situation we very much regret but It seems to be the fact that we will also be spending the next quarter with less orders.

Workers Management Relation:

The management will like to put on the record valued contribution of all members of the staff, workers towards achieving results in general and we wish to place on record our gratitude to the shareholders for their continued support in difficult times and hope to continue the same in the coming years. The worker management relation remained excellent throughout the year, which resulted in the smooth operation of your company. This is team work and we hope it shall continue in the same spirit during the coming years.

Thanks and Appreciation

Thanks to our shareholders for their trust and support now as well as in difficult times

By order of the board



Karachi: October 30, 2020

Khalid H. Shah
(Chief Executive)

ڈائریکٹرز رپورٹ۔

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2020 کو ختم ہونے والی پہلی سہ ماہی کے لئے اکاؤنٹس کے سنجیدہ عبوری بیانات (بغیر پڑھے ہوئے) پر رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

کمپنی کی کارکردگی۔

حالیہ عرصے میں یورپ میں کساد بازاری کی لپیٹ اور وہاں کم کاروباری سرگرمیوں کے اثرات نے چمڑے کے لباس اور اس سے منسلک مصنوعات کے اہم برآمد کنندگان کو خود بخود متاثر کیا۔ لہذا ، 2020-21 کی پہلی سہ ماہی میں ، یورپ میں کوویڈ 19 کی دوسری لہر کی وجہ سے برآمدی آرڈر بری طرح متاثر ہوئے اور برآمد گراف میں کمی آئی۔

انتظامیہ کی طرف سے کی جانے والی بہترین کوششوں کے باوجود ، کمپنی کو برآمد کے ساتھ ساتھ آپریٹنگ منافع میں بھی نمایاں کمی کا سامنا کرنا پڑا اور اس کے نتیجے میں زیر جائزہ مدت کے دوران پیداوار میں بھی بہت کچھ باقی رہ گیا۔ 30 ستمبر ، 2020 کو ختم ہونے والی سہ ماہی کے دوران ، کمپنی کی برآمدات 10 روپے رہی۔ روپے کے مقابلے میں 10.1 ملین۔ آخری اسی مدت کے لئے 12.8 ملین یعنی گزشتہ سالوں کے مطابق مدت کے مقابلے میں قیمت میں -27% کی کمی۔

مستقبل کا نظریہ

خاص طور پر چمڑے کی صنعت میں پوری دنیا میں غیر یقینی صورتحال کے باوجود ، آپ کی کمپنی کا انتظام کمپنی کے حصص یافتگان کے مفادات کے تحفظ کے لئے بہت خواہش مند ہے۔ ہم موجودہ صورتحال میں مستحکم رہنے کے لئے اپنی سطح کی پوری کوشش کر رہے ہیں ، اور اپنے موجودہ خریداروں / صارفین سے خاطر خواہ قیمت کے برآمدی آرڈر حاصل کرنے کے ساتھ ساتھ اپنی برآمدات کو اوپر کے رجحانات پر برقرار رکھنے کے لئے پوری کوشش کر رہے ہیں۔ ہم best نئی مارکیٹوں کی تلاش کے ل امید کرتے ہیں کہ کمپنی آئندہ مستقبل میں مناسب برآمدات کر سکے گی۔ کمپنی فروخت کو بڑھانے کے لئے بین الاقوامی فورم میں جارحانہ طور پر حصہ لے رہی ہے۔ موجودہ کوویڈ 19 کی صورتحال کا مشاہدہ کرتے ہوئے ہمیں بہت افسوس ہے لیکن ایسا لگتا ہے کہ ہم اگلی سہ ماہی کو بھی کم احکامات کے ساتھ گزاریں گے۔

ورکرز مینجمنٹ ریلیشن شپ۔

انتظامیہ عملے کے تمام ممبروں ، کارکنوں کی ریکارڈ قابل قدر شراکت کو عام طور پر نتائج کے حصول کی طرف رکھنا چاہے گی اور ہم چاہتے ہیں کہ مشکل اوقات میں حصص یافتگان کی مسلسل حمایت پر ان کا شکریہ ادا کیا جائے اور امید ہے کہ اسی طرح جاری رہے گا۔ آنے والے سال۔ ورکرز مینجمنٹ کا رشتہ سال بھر عمدہ رہا ، جس کے نتیجے میں آپ کی کمپنی کا ہموار عمل ہوا۔ یہ ٹیم کا کام ہے اور ہم امید کرتے ہیں کہ آنے والے سالوں میں بھی اسی جذبے سے جاری رہے گا۔
شکریہ اور تعریف
ہمارے حصص یافتگان کا ان کے اعتماد اور تعاون کے ساتھ ساتھ مشکل اوقات میں بھی شکریہ۔

بورڈ کے حکم سے۔



خالد حسین شاہ۔
چیف ایگزیکٹو۔

کراچی: 30 اکتوبر ، 2020

LEATHER UP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

SEPTEMBER
30, 2020 **June 30, 2020**

————— Rupees —————

Non - Current Assets

Property, plant and equipment

3,167,220

3,400,698

Current Assets

Stock in trade

83,550,530

85,830,720

Trade debts - considered good

145,736

47,768

Advances, deposits, prepayments
and other receivables

12,476,554

11,483,866

Cash and bank balances

1,099,216

1,599,723

97,272,036

98,962,077

100,439,256

102,362,775

Share Capital and Reserves

Authorized Capital

6,000,000 (June 30, 2017: 6,000,000) ordinary
shares of Rs. 10/- each

60,000,000

60,000,000

Issued, subscribed and paid up capital

60,000,000

60,000,000

General reserve (Revenue Reserve)

1,369,610

1,369,610

Accumulated gain/ (loss)

34,239,740

35,091,173

95,609,350

96,460,783

Deferred liability - staff gratuity

1,779,962

1,779,962

Current liabilities

Short term borrowing - secured

-

-

Loan from directors

2,084

2,084

Trade and other payables

331,951

1,225,085

Accrued markup

-

-

Unclaimed dividend

2,613,991

2,613,991

Provision for taxation

101,918

280,870

3,049,944

4,122,030

Contingencies and commitments

-

-

100,439,256

102,362,775

The annexed notes form integral part of these financial statements



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER .



DIRECTOR

LEATHER UP LIMITED
STATEMENT OF PROFIT & LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

For the Quarter ended

	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
	Rupees	
Sales - net	10,191,759	12,836,558
Cost of sales	(9,648,918)	(12,498,485)
Gross profit	542,842	338,073
Operating expenses		
Administrative expenses	(945,216)	(1,669,016)
Distribution cost	(282,170)	(457,757)
	(1,227,386)	(2,126,773)
Operating profit	(684,545)	(1,788,700)
Finance cost	(64,971)	(51,115)
Other income/(loss)	-	-
Other operating expenses	-	-
	(64,971)	(51,115)
Profit before taxation	(749,516)	(1,839,815)
Taxation	(101,918)	(123,486)
Profit after taxation	(851,433)	(1,963,301)
Earnings per share - basic and diluted	(0.14)	(0.33)

The annexed notes form integral part of these financial statements



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

For the Quarter ended

	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
	————— Rupees —————	
		Restated
Profit after taxation	(851,433)	(1,963,301)
Other comprehensive income for the period	-	
Total comprehensive income for the period	<u><u>(851,433)</u></u>	<u><u>(1,963,301)</u></u>

The annexed notes form integral part of these financial statements



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(749,516)	(1,839,815)
Adjustments for non cash and other items:		
Depreciation	233,478	260,367
Provision for gratuity	-	-
Gratuity paid	-	-
Finance cost	64,971	51,115
	<u>298,449</u>	<u>311,482</u>
Operating cashflows before working capital changes	(451,067)	(1,528,333)
Changes in working capital		
(Increase) / decrease in current assets		
Stock in trade	2,280,190	2,101,474
Trade debts	(97,968)	(6,397,740)
Advances, deposit, prepayments and other receivable	(992,688)	(246,987)
Increase / (decrease) in current liabilities		
Trade and other payables	(893,134)	(523,213)
Loan from directors	-	-
	<u>296,400</u>	<u>(5,066,466)</u>
Cash (used in) / generated from operations	(154,666)	(6,594,799)
Taxes paid	(280,870)	(837,157)
Finance cost paid	(64,971)	(51,115)
Net cash (used in) / generated from operating activities	(500,507)	(7,483,071)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	-	-
Receipt against sale of lease hold land	-	6,841,808
Net cash from/(used in) investing activities	-	6,841,808
Net cashflow from financing activities		
Dividend paid	-	-
	<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents	(500,507)	(641,263)
Cash and cash equivalents at the beginning of the period	1,599,723	568,208
Cash and cash equivalents at the end of the period	<u>1,099,216</u>	<u>(73,055)</u>
Cash and cash equivalents comprise the following:		
Cash and bank balance	1,099,216	1,599,723
Short term borrowing	-	-
	<u>1,099,216</u>	<u>1,599,723</u>

The annexed notes form integral part of these financial statements



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Share Capital	General Revenue Reserve	Accumulated Loss	Total
	Rupees			
Balance as at July 1, 2019	60,000,000	1,369,610	35,571,840	105,480,938
Profit after Taxation			(1,963,301)	(1,963,301)
Other Comprehensive income			-	-
Balance as at September 30, 2019	60,000,000	1,369,610	33,608,539	103,517,637
Balance as at July 1, 2020	60,000,000	1,369,610	35,091,173	96,460,783
Profit after Taxation			(851,433)	(851,433)
Other Comprehensive income				-
Balance as at September 30, 2020	60,000,000	1,369,610	34,239,740	95,609,350

The annexed notes form integral part of these financial statements



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

Leather Up Limited ("the Company") was incorporated as a private limited company under the Companies Ordinance, 1984 on December 2, 1990 vide registration no. K-02440 of 1990-91. Subsequently the Company was converted into a public limited Company on May 15, 1993. The Company is listed on Karachi Stock Exchange (now Pakistan Stock Exchange) since 1994. The Company is engaged in the manufacture and export of leather garment products. The registered office and its production facilities are located at plot # 23/C, 15th Commercial Street Phase II Extension Defence Housing Authority, Karachi.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the quarter ended September 30, 2020 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where the requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2020

3.2 Change in accounting standards, interpretations and amendments to published approved accounting and financial reporting standards

(a) Standards and amendments to published approved accounting standards which are effective during the quarter ended September 30, 2020

There are certain new standards and amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

(b) Standards and amendments to published approved accounting and financial reporting standards that are not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2021. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended June 30, 2020.

5 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 30, 2020 by the Board of Directors of the Company.

6 GENERAL

- Figures have been rounded off to the nearest rupee.

- Figures have been rearranged / reclassified where ever necessary



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR