



Leather Up Limited

**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 2016**

	For the nine months ended		For the quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Rupees		Rupees	
Profit after taxation	8,691,644	9,192,673	2,409,829	2,311,264
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>8,691,644</b>	<b>9,192,673</b>	<b>2,409,829</b>	<b>2,311,264</b>

The annexed notes form integral part of these financial statements

**CONDENSED INTERIM STATEMENT OF  
CHANGES IN EQUITY (UN-AUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 2016**

	Share Capital	General Reserve	Accumulated Loss	Total
	Rupees			
Balance as at July 1, 2014	60,000,000	1,369,610	(33,488,880)	27,880,730
Total comprehensive income for the period (Unaudited)	-	-	9,192,673	9,192,673
Balance as at March 31, 2015 (Unaudited)	<b>60,000,000</b>	<b>1,369,610</b>	<b>(24,296,207)</b>	<b>37,073,403</b>
Balance as at July 1, 2015 (Audited)	60,000,000	1,369,610	(26,117,621)	35,251,989
Total comprehensive income for the period	-	-	8,691,644	8,691,644
Balance as at March 31, 2016 (Unaudited)	<b>60,000,000</b>	<b>1,369,610</b>	<b>(17,425,977)</b>	<b>43,943,633</b>

The annexed notes form integral part of these financial statements

**S. KHALID H. SHAH**  
(Chief Executive)

**S. FAÏSAL SHAH**  
(Director)



Leather Up Limited

**CONDENSED INTERIM NOTES TO THE  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2016**

- 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 since 1994. The Company is principally engaged in manufacturing and export of leather products. The production facility are located at plot # 23/C, 15th Commercial Street, Phase II Extension DHA, Karachi Commercial Street, Phase II Extension DHA, Karachi.
  - BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**  
These condensed interim financial statements are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Pakistan Stock Exchange. The condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan. The condensed interim financial statements do not include all the 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 June 30, 2015.
  - SIGNIFICANT ACCOUNTING POLICIES**  
These interim financial statements have been prepared using the same accounting convention, basis of preparation and significant accounting policies as those applied in the preparation of the audited financial statements for the year ended June 30, 2015, except for the changes described in note 3.1.
  - 3.1 New standards, amendments to approved accounting standards and new interpretations which became effective during the six months period ended March 31, 2016:**  
There were certain new standards, amendments to the approved accounting standards and new interpretation issued by the International Financial Reporting Interpretations Committee (IFRIC) which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.
  - 3.2 New standards, amendments to approved accounting standards and new interpretations that are not yet effective and have not been early adopted by the Company:**  
There are certain new amendments to the approved accounting standards that are mandatory for accounting periods beginning after July 1, 2016, but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.
  - ACCOUNTING ESTIMATES AND JUDGMENTS**  
The preparation of the condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.  
In preparing the condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Company as at for the year ended June 30, 2015.
  - CONTINGENCIES AND COMMITMENTS**  
**Contingencies**  
Contingencies remain same as at March 31, 2016 as disclosed in the audited annual financial statements for the year ended June 30, 2015  
**Commitments**  
Commitments for export sales as at March 31, 2016 is Rs. 45.00 million (June 30, 2015 Rs. 35.00 million).
- |   | As At March 31,          |                |
|---|--------------------------|----------------|
|   | 2016                     | 2015           |
|   | Rupees                   |                |
| Directors' Loan   | 298,537                  | 297,645        |
| Directors' Remuneration Payable   | 0                        | 1,886,047      |
|   | For the Nine Month Ended |                |
|   | March 31, 2016           | March 31, 2015 |
|   | Rupees                   |                |
| Significant Transactions with related parties as at the end of the period are as follows: |                          |                |
| Directors' Loan Received  | 6,196,833                | 5,359,769      |
| Directors' Remuneration for the Period  | 0                        | 738,000        |
- TRANSACTIONS WITH RELATED PARTIES**  
Balances with related parties as at the end of the period are as follows:
  - DATE OF AUTHORIZATION FOR ISSUE**  
These financial statements have been authorized for issue on April 25, 2016 by the Board of Directors of the Company.
  - GENERAL**  
Figures have been rounded off to the nearest rupee.

**S. KHALID H. SHAH**  
(Chief Executive)

**S. FAÏSAL SHAH**  
(Director)

If undelivered, please return to :  
*Leather Up Limited*  
Plot No. 23/C, 15th Commercial Street,  
Phase II Ext. Defence Housing Authority, Karachi.  
Phone : 35880771-35880772  
Fax : 35880773

**BOOK-POST  
PRINTED MATTER**

**COMPANY PROFILE**

**Board of Directors**

Khalid H. Shah  
Mahmooda Shah  
Farooq Raza  
S. Faïsal Shah  
Naheed Parveen Fayyaz  
Jazim Shah  
Ali Kausar Khan

Chief Executive / Director  
Director  
Director / Chairman  
Director  
Director  
Director  
Director

**Board Audit Committee**

S. Faïsal Shah  
Jazim Shah  
Mahmooda Shah

Chairman  
Member  
Member

**Human Resource Committee**

Naheed Parveen Fayyaz  
Farooq Raza  
Ali Kausar Khan  
Jazim Shah

Chairman  
Member  
Member  
Member

**Chief Financial Officer / Company Secretary**

Shafqat Mahmood (Khokhar)

**Auditors**

Abdan & Company, Chartered Accountants

**Legal Advisor**

Maqbool 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

**Registered Office/Factory**

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

**Share Registrar Office**

M/s C&K Management  
Associates (Pvt) Limited  
404, Trade Tower, Abdullah  
Haroon Road, Near Hotel  
Metroplote, Karachi-75530

*Leather Up Limited*

**QUARTERLY  
FINANCIAL STATEMENTS  
MARCH 31, 2016  
(UN-AUDITED)**



Leather Up Limited

## DIRECTORS REPORT

The Directors of your company are pleased to present you the Condensed Interim Financial Statements (un-audited) for the third quarter ended March 31, 2016 of the Company:

### Company Performance

The performance of your company for the period has been satisfactory. The management of the company is trying its level best to explore new markets and get accelerate the momentum of export figures.

The production graph of the company remains on its right direction resulted in export sales recorded comparatively better and satisfactory. In rupee terms the company exported Rs. 97.00 million and achieved Rs. 8.691 million of net profit which is commendable.

### Future Out look

The overall performance of the company has showed relatively good due to substantial orders received in leather products from the international market for the period under review and also for the next quarter of 2016. The management expects to continue the same momentum in coming months. Under the circumstances, the management is making all out efforts to secure orders and has taken steps to cut operating expenses to its minimum level.

The management is also very keen to safeguard the interest of shareholders of the company and hope to do better as evident in the past.

### Workers Management Relation:

The management will like to put on the record the valued contribution of all members of the staff, workers towards achieving results in general and we wish to place our gratitude to the shareholders for their continued support in difficult times and hope to continue the same in the coming years. The workers management relationship remained excellent throughout the period, 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

S. Khalid H. Shah  
(Chief Executive)

Karachi: April 25, 2016



Leather Up Limited

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2016

	MARCH 31, 2016 (Unaudited)	June 30, 2015 (Audited)
	Rupees	
<b>Non - Current Assets</b>		
Property, plant and equipment	17,928,767	17,999,042
<b>Current Assets</b>		
Stock in trade	74,544,812	58,805,167
Trade debts - considered good	1,278,570	2,114,079
Advances, deposits, prepayments and other receivables	20,728,962	11,935,217
Cash and bank balances	3,663,355	658,818
	100,215,699	73,513,281
	<u>118,144,466</u>	<u>91,512,323</u>
<b>Share Capital and Reserves</b>		
<b>Authorized Capital</b>		
6,000,000 (June 30, 2015: 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	1,369,610	1,369,610
Accumulated loss	(17,425,977)	(26,117,621)
	43,943,633	35,251,989
Deferred liability - staff gratuity	2,594,649	2,594,649
<b>Current liabilities</b>		
Short term borrowing - secured	22,000,000	15,000,000
Loan from directors	298,537	1,714,219
Trade and other payables	48,125,351	35,608,095
Accrued markup	242,904	162,082
Provision for taxation	939,392	1,181,289
	71,606,184	53,665,685
<b>Contingencies and commitments</b>	-	-
	<u>118,144,466</u>	<u>91,512,323</u>

The annexed notes form integral part of these financial statements

S. KHALID H. SHAH  
(Chief Executive)

S. FAISAL SHAH  
(Director)



Leather Up Limited

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2016

	For the nine months ended		For the quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Rupees			
Sales - net	97,053,127	102,186,304	45,278,627	44,794,997
Cost of sales	(76,259,651)	(80,788,212)	(38,103,122)	(37,946,155)
<b>Gross profit</b>	<b>20,793,475</b>	<b>21,398,092</b>	<b>7,175,504</b>	<b>6,848,842</b>
<b>Operating expenses</b>				
Administrative expenses	(3,914,420)	(4,445,078)	(1,027,370)	(873,618)
Distribution cost	(5,714,955)	(5,670,755)	(2,787,840)	(3,049,247)
	(9,629,375)	(10,115,833)	(3,815,210)	(3,922,865)
<b>Operating profit</b>	<b>11,164,100</b>	<b>11,282,259</b>	<b>3,360,294</b>	<b>2,925,977</b>
Finance cost	(1,297,452)	(869,680)	(514,001)	(128,234)
Other income/loss	(235,612)	(180,974)	(19,208)	34,750
	(1,533,065)	(1,050,654)	(533,210)	(93,484)
<b>Profit before taxation</b>	<b>9,631,036</b>	<b>10,231,605</b>	<b>2,827,085</b>	<b>2,832,493</b>
Taxation	(939,392)	(1,038,932)	(417,256)	(521,229)
<b>Profit after taxation</b>	<b>8,691,644</b>	<b>9,192,673</b>	<b>2,409,829</b>	<b>2,311,264</b>
<b>Earnings per share - basic and diluted</b>	<b>1.45</b>	<b>1.53</b>	<b>0.40</b>	<b>0.39</b>

The annexed notes form integral part of these financial statements

S. KHALID H. SHAH  
(Chief Executive)

S. FAISAL SHAH  
(Director)



Leather Up Limited

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2016

	MARCH 31, 2016	MARCH 31, 2015
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	9,631,036	10,231,605
<b>Adjustments for non cash and other items:</b>		
Depreciation	250,275	270,268
Provision for gratuity	-	-
Exchange gain	43,294	-
Finance cost	1,297,452	869,680
	1,591,022	1,139,948
<b>Operating cashflows before working capital changes</b>	<b>11,222,057</b>	<b>11,371,553</b>
<b>Changes in working capital (Increase) / decrease in current assets</b>		
Stock in trade	(15,739,645)	(14,685,607)
Trade debts	555,875	(6,631,068)
Advances, deposit, prepayments and other receivable	(8,793,745)	(3,612,539)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	12,517,256	20,173,243
	(11,460,258)	(4,755,971)
<b>Cash (used in) / generated from operations</b>	<b>(238,201)</b>	<b>6,615,582</b>
Taxes paid	(944,950)	(1,038,932)
Finance cost paid	(1,216,630)	(1,061,680)
<b>Net cash (used in) / generated from operating activities</b>	<b>(2,399,781)</b>	<b>4,514,970</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to property, plant and equipment	(180,000)	(136,882)
<b>Net cash used in investing activities</b>	<b>(180,000)</b>	<b>(136,882)</b>
<b>Net cashflow from financing activities</b>		
Loan from directors	(1,415,682)	(2,440,492)
	(1,415,682)	(2,440,492)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(3,995,463)</b>	<b>1,937,596</b>
Cash and cash equivalents at the beginning of the period	(14,341,182)	(8,344,826)
Cash and cash equivalents at the end of the period	(18,336,645)	(6,407,230)
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balance	3,663,355	1,892,770
Short term borrowing	(22,000,000)	(8,300,000)
	(18,336,645)	(6,407,230)

The annexed notes form integral part of these financial statements

S. KHALID H. SHAH  
(Chief Executive)

S. FAISAL SHAH  
(Director)