



Leather Up Limited

CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	For the quarter ended	
	September 30, 2018	September 30, 2017
	Rupees	
Profit / (loss) after taxation	(1,574,211)	1,133,845
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	(1,574,211)	1,133,845

CONDENSED INTERIM STATEMENT OF  
CHANGES IN EQUITY  
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Share Capital	General Reserve	Accumulated Loss / Profit	Total
	Rupees			
Balance as at July 1, 2017	60,000,000	1,369,610	(2,245,787)	59,123,823
Total comprehensive income / (loss) for the period (Unaudited)		-	1,133,845	1,133,845
Balance as at September 30, 2017 (Unaudited)	60,000,000	1,369,610	(1,111,942)	60,257,668
Balance as at July 1, 2018 (Audited)	60,000,000	1,369,610	44,111,329	105,480,939
Total comprehensive Income / (loss) for the period	-	-	(1,574,211)	(1,574,211)
Balance as at September 30, 2018 (Unaudited)	60,000,000	1,369,610	42,537,118	103,906,728

  
Khalid H. Shah  
Chief Executive

  
Shafqat Mahmood  
Chief Financial Officer

  
Jazim Shah  
Director



Leather Up Limited

CONDENSED INTERIM NOTES TO THE  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial information are un-audited and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange. The condensed interim financial information 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 information 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, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

These interim financial information 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, 2018.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information 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 information, 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 information of the Company as at and for the year ended June 30, 2018.



Leather Up Limited

5. CONTINGENCIES AND COMMITMENTS

Contingencies

The Contingencies remain same as at September 30, 2018 as disclosed in the annual audited financial statements for the year ended June 30, 2018.

Commitments

Commitments for export sale as at September 30, 2018 is Rs.10.00 million (June 30, 2018: Rs. 10.00 million).

6. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 29, 2018 by the Board of Directors of the Company.

7. GENERAL

Figures have been rounded off to the nearest rupee

  
Khalid H. Shah  
Chief Executive

  
Shafqat Mahmood  
Chief Financial Officer

  
Jazim Shah  
Chairman

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  
S. Faisal Shah  
Jazim Shah  
Mohsin Khurseed  
Farooq Raza  
Ali Kausar Khan

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

Board Audit Committee

Mohsin Khurseed  
Jazim Shah  
Mahmooda Shah

Chairman  
Member  
Member

Human Resource Committee

Mohsin Khurseed  
S. Faisal Shah  
Mahmooda Shah

Chairman  
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  
Summit Bank Ltd  
Bank Al-falah Ltd

United Bank Ltd  
Askari Bank Ltd

Faysal Bank Ltd  
Meezan Bank Ltd

Registered Office/Factory

Plot # 23/C, 15th Commercial Street Phase II Ext.  
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



Leather Up Limited

FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
SEPTEMBER 30, 2018



Leather Up Limited

## 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, 2018.

### 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 2018-19, export orders badly hit and declined export graph.

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, 2018, the exports of the company stood at Rs. 14.83 million as compared to Rs. 21.36 million for the last corresponding period i.e. decrease of 31% in value as compared to last years' corresponding period.

The management of the company is trying its level best to explore new markets to get back the company as operational profit making entity.

The balance of short term borrowing as on June 30, 2018 was Rs. 40.80 million has been paid subsequently by Rs. 39.80 million in response of selling of open plot. As of today, i.e. the directors' reporting date, Rs. 1.00 million stands outstanding against such liability.

### 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 in the profits, 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.

### 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

Khalid H. Shah  
(Chief Executive)

Karachi: October 29, 2018



Leather Up Limited

## ڈائریکٹر کی رپورٹ

آپ کی کمپنی کے ڈائریکٹروں نے ۳۰ ستمبر، ۲۰۱۸ کو ختم ہونے والے پہلی سہ ماہی کے لئے اکاؤنٹس کے کنڈرینسڈ انٹرمیڈیٹ بیانات پر رپورٹ جمع کرنے میں خوشی کی ہے۔

### کمپنی کی کارکردگی

حالیہ دور میں یورپ میں متلا گرفت اور وہاں کم کاروباری سرگرمی کے اثرات، پچھڑے کے پکڑے اور اتحادی مصنوعات کی اہم برآمد ممالک کو خود بخود متاثر کیا۔ لہذا، ۲۰۱۸-۱۹ کی پہلی سہ ماہی میں برآمد برآمد کے حکم نے برآمد گراف کو بری طرح مارا اور کمی کی۔ انتظامیہ کی جانب سے بنایا جانے والی بہترین کوششوں کے باوجود، کمپنی نے برآمد میں نمایاں کمی کے ساتھ ساتھ آپریٹنگ منافع کا سامنا کرنا پڑا اور نتیجے میں اس مدت کے دوران پیداوار میں بہتری اور بہت کچھ چھوڑ دیا۔ ۳۰ ستمبر، ۲۰۱۸ کو ختم ہونے والے سہ ماہی کے دوران، کمپنی کی برآمدات رو. ۸۳.۱۲ ملین روپے کے مقابلے میں۔ پچھلے سال کی اسی مدت کے لئے ۲۱.۳۶ ملین کڑ شین سال کے اسی عرصے کے مقابلے میں قیمت میں ۳۱٪ کمی۔ کمپنی کا انتظام اپنے سطح کو بہتر بنانے کی کوشش کر رہا ہے تاکہ کمپنی کو آپریٹنگ منافع بخش ادارے کے طور پر واپس حاصل کرنے کے لئے نئی مارکیٹوں کو تلاش کریں۔

۳۰ جون، ۲۰۱۸ تک مختصر مدت کے قرضے کا توازن لگایا گیا تھا، بعد میں ۸۰.۴۰ ملین روپے ادا کئے گئے ہیں۔ کھلی پلاٹ کی فروخت کے جواب میں ۸۰.۳۹ ملین۔ آج کے، یعنی، ڈائریکٹروں کی رپورٹنگ کی تاریخ، روپے. ۰۰.۱ ملین اس ذمہ داری کے خلاف بتایا ہے۔

### مستقبل کی نظر

عام طور پر اور پچھڑے کی صنعت میں دنیا بھر میں غیر یقینی صورتحال کے باوجود، آپ کی کمپنی کا انتظام کمپنی کے حصول داروں کے مفادات کی حفاظت کے لئے بہت پسند ہے۔ ہم اپنے سطح پر منافع میں رہنے کے لئے سب سے بہتر کوشش کر رہے ہیں، اور موجودہ موجودہ رجحانات پر برآمدات کو برقرار رکھنے کے لئے اپنے موجودہ خریداروں / گاہکوں سے کافی قیمت کے برآمد کے احکامات کے ساتھ ساتھ نئے مارکیٹوں کی تلاش کرنے کی بہترین کوششیں کر رہے ہیں۔ ہم امید کرتے ہیں کہ کمپنی آئندہ مستقبل میں مناسب برآمدات کرنے کے قابل ہوگی۔

### کارکنوں کے انتظام کے تعلقات:

انتظامیہ کو عملے کے تمام ارکان کے ریکارڈ قابل قدر شراکت دارانہ طور پر کرنا ہوگا، عام طور پر نتائج حاصل کرنے کے لئے کارکنوں اور ہم مشکل وقت میں ان کی مسلسل حمایت کے لئے حصص کے حصول کے لئے اپنی شناخت کو ریکارڈ کرنا چاہتے ہیں اور امید رکھتے ہیں کہ وہ اسی میں جاری رکھیں۔ آنے والے سال کارکن منجمنت رشتہ پورے سال میں شاندار رہے، جس کی وجہ سے آپ کی کمپنی کا ہموار آپریشن ہو گیا۔ یہ ٹیم کا کام ہے اور ہم امید رکھتے ہیں کہ آنے والے سالوں میں یہ وہی روح میں جاری رہیں گے۔

شکریہ اور تعریف

ہمارے حصول داروں کا شکریہ ان کے اعتماد اور تعاون کے ساتھ ساتھ مشکل وقت میں۔

محترم خالد حسین شاہ  
چیف ایگزیکٹو

کراچی ۲۹- اکتوبر ۲۰۱۸



Leather Up Limited

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT SEPTEMBER 30, 2018

	SEPTEMBER 30, 2018 (Unaudited)	June 30, 2018 (Audited)
	Rupees	
<b>Non - Current Assets</b>		
Property, plant and equipment	3,878,924	3,951,543
<b>Current Assets</b>		
Stock in trade	85,592,351	95,415,855
Trade debts - considered good	-	-
Advances, deposits, prepayments and other receivables	33,475,984	39,856,480
Cash and bank balances	13,319,175	36,337,561
	132,387,510	171,609,896
	136,266,434	175,561,439
<b>Share Capital and Reserves</b>		
<b>Authorized Capital</b>		
6,000,000 (June 30, 2018: 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 profit	42,537,118	44,111,329
	103,906,728	105,480,939
Deferred liability - staff gratuity	2,323,355	2,323,354
<b>Current liabilities</b>		
Short term borrowing - secured	12,900,000	40,800,000
Loan from directors	1,708,789	2,015,356
Trade and other payables	12,602,713	21,707,296
Accrued markup	68,054	186,986
Unclaimed dividend	2,613,991	2,613,991
Provision for taxation	142,804	433,517
	30,036,351	67,757,146
<b>Contingencies and commitments</b>	-	-
	136,266,434	175,561,439

The annexed notes form integral part of these financial statements

Khalid H. Shah  
Chief Executive

Shafqat Mahmood  
Chief Financial Officer

Jazim Shah  
Director



Leather Up Limited

## CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	For the quarter ended	
	September 30, 2018	September 30, 2017
	Rupees	
Sales - net	14,830,433	21,362,920
Cost of sales	(14,726,093)	(17,003,954)
<b>Gross profit</b>	<b>104,340</b>	<b>4,358,966</b>
<b>Operating expenses</b>		
Administrative expenses	(1,082,606)	(1,365,697)
Distribution cost	(174,500)	(1,042,227)
	(1,257,106)	(2,407,924)
<b>Operating (loss) / profit</b>	<b>(1,152,766)</b>	<b>1,951,042</b>
Finance cost	(278,641)	(599,278)
Other expenses	-	(10,120)
	(278,641)	(609,398)
<b>(Loss) / profit before taxation</b>	<b>(1,431,407)</b>	<b>1,341,644</b>
Taxation	(142,804)	(207,799)
	(1,574,211)	1,133,845
<b>Earnings per share - basic and diluted</b>	<b>(0.26)</b>	<b>0.19</b>

The annexed notes form integral part of these financial statements

Khalid H. Shah  
Chief Executive

Shafqat Mahmood  
Chief Financial Officer

Jazim Shah  
Director



Leather Up Limited

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	September 30, 2018	September 30, 2017
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(1,431,407)	1,341,644
<b>Adjustments for non cash and other items:</b>		
Depreciation	72,619	81,058
Finance cost	278,641	599,278
	351,260	680,336
<b>Operating cashflows before working capital changes</b>	<b>(1,080,147)</b>	<b>2,021,980</b>
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stock in trade	9,823,504	1,353,100
Trade debts	-	(7,692,225)
Advances, deposit, prepayments and other receivable	6,089,783	(1,752,303)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(9,104,583)	(14,179,974)
	6,808,704	(22,271,402)
<b>Cash (used in) / generated from operations</b>	<b>5,728,557</b>	<b>(20,249,422)</b>
Taxes paid	(142,803)	(145,799)
Finance cost paid	(397,573)	(559,290)
<b>Net cash (used in) / generated from operating activities</b>	<b>5,188,181</b>	<b>(20,954,511)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to property, plant and equipment	-	(106,000)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(106,000)</b>
<b>Net cashflow from financing activities</b>		
Loan from directors	(306,567)	(25,605)
	(306,567)	(25,605)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>4,881,614</b>	<b>(21,086,116)</b>
Cash and cash equivalents at the beginning of the period	(4,462,439)	(16,977,678)
Cash and cash equivalents at the end of the period	419,175	(38,063,794)
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balance	13,319,175	731,870
Short term borrowing	(12,900,000)	(38,795,664)
	419,175	(38,063,794)

The annexed notes form integral part of these financial statements

Khalid H. Shah  
Chief Executive

Shafqat Mahmood  
Chief Financial Officer

Jazim Shah  
Director