



Leather Up Limited

**ACCOUNTS FOR
THE QUARTER ENDED
SEPTEMBER 30, 2014
(UN-AUDITED)**



Leather Up Limited

DIRECTORS' REPORT

The Directors of your company are pleased to present you Condensed Interim Financial Statements for the quarter ended September 30, 2014 of the Company:

Company Performance

The production graph of the company increased substantially resulted in export sales improved approximately by 65% during the period under review as compared to the preceding first quarter. In rupee terms the company exported over Rs. 40.00 million as compared to Rs. 24.31 million during the preceding period.

Future Out look

The overall performance of the Company has increased due to substantial orders received in Leather Bags from the international market. 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 minimum to withstand any lean period.

Due to uncertainty and recession in Europe from last couple of years, leather garment industry in particular has been hit badly as far as production is concern and consequently reduced in export volume. The management of your company is very keen to safeguard the interest of shareholders of the company and trying its level best to explore new markets to get back the company as profit making entity.

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: October 28, 2014



Leather Up Limited

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2014

	(Un-Audited) Sep. 30, 2014 (Rupees)	(Audited) June 30, 2014 (Rupees)
Non - Current Assets		
Property, plant and equipment	18,265,943	18,232,328
Current Assets		
Stock in trade	48,729,807	50,607,141
Trade debts - considered good	318,159	819,992
Advances, deposit, prepayments and other receivables	17,950,935	10,389,675
Cash and bank balances	905,294	705,174
	67,904,195	62,521,982
	86,170,138	80,754,310
Share Capital and Reserves		
Authorized Capital		
6,000,000 (June 30, 2014: 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	(30,244,868)	(33,488,880)
	31,124,742	27,880,730
Deferred liability - staff gratuity	1,138,171	1,138,171
Current liabilities		
Short term borrowing - secured	8,300,000	9,050,000
Loan from directors	2,588,821	2,738,137
Trade and other payables	40,597,536	38,089,594
Accrued markup	361,903	192,000
Provision for taxation	2,058,965	1,665,678
	53,907,225	51,735,409
Contingencies and commitments	5	-
	86,170,138	80,754,310

S. KHALID H. SHAH
(Chief Executive)

SHAHJAHAN SHAH
(Director)



Leather Up Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Sep. 30, 2014 (Rupees)	Sep. 30, 2013 (Rupees)
Sales - net	40,049,622	24,314,534
Cost of sales	(31,779,636)	(19,229,129)
Gross profit	8,269,986	5,085,405
Operating expenses		
Administrative expenses	(1,886,197)	(1,379,436)
Distribution cost	(2,266,257)	(1,513,890)
	(4,152,454)	(2,893,326)
Operating profit	4,117,532	2,192,079
Finance cost	(361,903)	(225,204)
Other income / (loss)	(118,332)	620,691
	(480,235)	395,487
Profit before taxation	3,637,297	2,587,566
Taxation	(393,285)	(244,719)
Profit after taxation	3,244,012	2,342,847
Earnings per share - basic and diluted	0.54	0.39

S. KHALID H. SHAH
(Chief Executive)

SHAHJAHAN SHAH
(Director)



Leather Up Limited

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Sep. 30, 2014 (Rupees)	Sep. 30, 2013 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,637,297	2,587,566
Adjustments for non cash and other items:		
Depreciation	92,267	73,512
Finance cost	361,903	225,204
	454,170	298,716
Operating cashflows before working capital changes	4,091,467	2,886,282
Changes in working capital (Increase) / decrease in current assets		
Stock in trade	1,877,334	(4,815,254)
Trade debts	501,833	(257,753)
Advances, deposits, prepayments and other receivables	(6,998,068)	(4,466,751)
Increase / (decrease) in current liabilities		
Trade and other payables	2,507,942	11,200,846
Loan from directors	(149,316)	233,500
	(2,260,275)	1,894,588
Cash (used in) / generated from operations	1,831,192	4,780,870
Taxes paid	(393,287)	(309,082)
Finance cost paid	(361,903)	(307,930)
Net cash (used in) / generated from operating activities	1,076,002	4,163,858
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(125,882)	(978,143)
Net cash used in investing activities	(125,882)	(978,143)
Net cashflow from financing activities		
	-	-
Net increase / (decrease) in cash and cash equivalents	950,120	3,185,715
Cash and cash equivalents at the beginning of the period	(8,344,826)	(7,112,302)
Cash and cash equivalents at the end of the period	(7,394,706)	(3,926,587)
Cash and cash equivalents comprise the following:		
Cash and bank balance	905,294	4,073,413
Short term borrowing	(8,300,000)	(8,000,000)
	(7,394,706)	(3,926,587)

S. KHALID H. SHAH
(Chief Executive)

SHAHJAHAN SHAH
(Director)



Leather Up Limited

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Sep. 30, 2014 (Rupees)	Sep. 30, 2013 (Rupees)
Profit after taxation	3,244,012	2,342,847
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>3,244,012</u>	<u>2,342,847</u>

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Share Capital	General Reserve	Accumulated (Loss)	Total
	----- 2013 (Rupees) -----			
Balance as at July 1, 2013	60,000,000	1,369,610	(39,121,384)	22,248,226
Total comprehensive Income for the year (Audited)	-	-	5,632,504	5,632,504
Balance as at June 30, 2014	<u>60,000,000</u>	<u>1,369,610</u>	<u>(33,488,880)</u>	<u>27,880,730</u>
	----- 2014 (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)	-	-	3,244,012	3,244,012
Balance as at September 30, 2014	<u>60,000,000</u>	<u>1,369,610</u>	<u>(30,244,868)</u>	<u>31,124,742</u>

S. KHALID H. SHAH
(Chief Executive)

SHAHJAHAN SHAH
(Director)



Leather Up Limited

NOTES TO THE ACCOUNTS FOR THE QUARTER ENDED SEPTEMBER 30, 2014

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 since 1994. The company is principally engaged in manufacturing and export of leather products. The production facilities are located at plot # 23/C, 15 th Commercial Street Phase II Extension Defence Housing Authority, Karachi.

2 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 Karachi 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, 2014.

3 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, 2014.

4 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 and for the year ended June 30, 2014.

5 CONTINGENCIES AND COMMITMENTS

Contingencies

Contingencies remain same as at September 30, 2014 as disclosed in the audited annual financial statements for the year ended June 30, 2014.

Commitments

Commitments for export sales as at September 30, 2014 is Rs. 25 million (June 30, 2014: Rs. 35 million)

6 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 28, 2014 by the Board of Directors of the Company.

7 GENERAL

Figures have been rounded off to the nearest rupee.

S. KHALID H. SHAH
(Chief Executive)

SHAHJAHAN SHAH
(Director)

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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

COMPANY PROFILE

Board of Directors

S. Khalid H. Shah
GulnazK. Shah
Rashida A. Shah
S. Faisal Shah
Shahjahan Shah
Naheed Parveen Fayyaz
Ali Kausar Khan

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

Board Audit Committee

S. Faisal Shah
Rashida A. Shah
Shahjahan Shah

Chairman
Member
Member

Human Resource Committee

Naheed Parveen Fayyaz
GulnazK. Shah
Ali Kausar Khan
Shahjahan 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.

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