



*Leather Up Limited*

**QUARTERLY  
FINANCIAL STATEMENTS  
March 31, 2015 (Unaudited)**



*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, 2015 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 over Rs. 100.00 million and achieved over Rs. 9.00 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. 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.

### **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 27, 2015



# Leather Up Limited

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2015

	MARCH 31, 2015 Rupees	JUNE 30, 2014 Rupees
<b>Non - Current Assets</b>		
Property, plant and equipment	18,098,942	18,232,328
<b>Current Assets</b>		
Stock in trade	65,292,748	50,607,141
Trade debts - considered good	7,451,060	819,992
Advances, deposits, prepayments and other receivables	14,002,214	10,389,675
Cash and bank balances	1,892,770	705,174
	<b>88,638,792</b>	<b>62,521,982</b>
	<b>106,737,734</b>	<b>80,754,310</b>
<b>Share Capital and Reserves</b>		
<b>Authorized Capital</b>		
6,000,000 (June 30, 2014: 6,000,000) Ordinary shares of Rs. 10/- each	<b>60,000,000</b>	<b>60,000,000</b>
<b>Issued, subscribed and paid up capital</b>	<b>60,000,000</b>	<b>60,000,000</b>
General reserve	1,369,610	1,369,610
Accumulated loss	(24,296,207)	(33,488,880)
	<b>37,073,403</b>	<b>27,880,730</b>
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	297,645	2,738,137
Trade and other payables	58,262,837	38,089,594
Accrued markup	-	192,000
Provision for taxation	1,665,678	1,665,678
	<b>68,526,160</b>	<b>51,735,409</b>
<b>Contingencies and commitments</b>	<b>-</b>	<b>-</b>
	<b>106,737,734</b>	<b>80,754,310</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 PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2015

	QUARTER ENDED		NINE MONTH ENDED	
	MARCH 31, 2015 Rupees	MARCH 31, 2014 Rupees	MARCH 31, 2015 Rupees	MARCH 31, 2014 Rupees
Sales - net	102,186,304	134,838,585	44,794,997	64,542,239
Cost of sales	(80,788,212)	(112,877,956)	(37,946,155)	(55,936,273)
<b>Gross profit</b>	<b>21,398,092</b>	<b>21,960,629</b>	<b>6,848,842</b>	<b>8,605,966</b>
<b>Operating expenses</b>				
Administrative expenses	(4,445,078)	(5,393,601)	(873,618)	(1,898,832)
Distribution cost	(5,670,755)	(6,992,374)	(3,049,247)	(2,815,698)
	(10,115,833)	(12,385,975)	(3,922,865)	(4,714,530)
<b>Operating profit</b>	<b>11,282,259</b>	<b>9,574,654</b>	<b>2,925,977</b>	<b>3,891,436</b>
Finance cost	(869,680)	(1,533,175)	(128,234)	(818,179)
Other income	(180,974)	(19,921)	34,750	155,122
	(1,050,654)	(1,553,096)	(93,484)	(663,057)
<b>Profit before taxation</b>	<b>10,231,605</b>	<b>8,021,558</b>	<b>2,832,493</b>	<b>3,228,379</b>
<b>Taxation</b>	<b>(1,038,932)</b>	<b>(1,336,716)</b>	<b>(521,229)</b>	<b>(657,211)</b>
<b>Profit after taxation</b>	<b>9,192,673</b>	<b>6,684,842</b>	<b>2,311,264</b>	<b>2,571,168</b>
<b>Earnings per share - basic</b>				
and diluted	1.53	1.11	0.39	0.43

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, 2015

	March 31 2015 Rupees	March 31, 2014 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	10,231,605	8,021,558
<b>Adjustments for non cash and other items:</b>		
Depreciation	270,268	242,679
Provision for gratuity	-	-
Exchange gain	-	-
Finance cost	869,680	1,533,175
	1,139,948	1,775,854
<b>Operating cashflows before working capital changes</b>	<b>11,371,553</b>	<b>9,797,412</b>
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stock in trade	(14,685,607)	(10,669,364)
Trade debts	(6,631,068)	(5,671,934)
Advances, deposit, prepayments and other receivable	(3,612,539)	(7,812,032)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	20,173,243	17,617,582
	(4,755,971)	(6,535,748)
<b>Cash (used in) / generated from operations</b>	<b>6,615,582</b>	<b>3,261,664</b>
Taxes paid	(1,038,932)	(937,257)
Finance cost paid	(1,061,680)	(1,613,657)
<b>Net cash (used in) / generated from operating activities</b>	<b>4,514,970</b>	<b>710,750</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to property, plant and equipment	(136,882)	(1,831,266)
<b>Net cash used in investing activities</b>	<b>(136,882)</b>	<b>(1,831,266)</b>
<b>Net cashflow from financing activities</b>		
Loan from directors	(2,440,492)	1,325,267
	(2,440,492)	1,325,267
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,937,596</b>	<b>204,751</b>
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	(6,407,230)	(6,907,551)
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balance	1,892,770	1,092,449
Short term borrowing	(8,300,000)	(8,000,000)
	(6,407,230)	(6,907,551)

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 STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 2015**

	NINE MONTH ENDED		QUARTER ENDED	
	MARCH 31, 2015 Rupees	MARCH 31, 2014 Rupees	MARCH 31, 2015 Rupees	MARCH 31, 2014 Rupees
Profit after taxation	9,192,673	6,684,842	2,311,264	2,571,168
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the year	<u>9,192,673</u>	<u>6,684,842</u>	<u>2,311,264</u>	<u>2,571,168</u>

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2015**

	Share Capital	General Reserve	Accumulated (Loss)	Total
	----- 2012 (Rupees) -----			
Balance as at July 1, 2013 (Audited)	60,000,000	1,369,610	(39,121,384)	22,248,226
Total comprehensive income for the period (Unaudited)	-	-	6,684,842	6,684,842
<b>Balance as at March 31, 2014 (Unaudited)</b>	<u>60,000,000</u>	<u>1,369,610</u>	<u>(32,436,542)</u>	<u>28,933,068</u>
Balance as at July 1, 2014 (Audited)	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
<b>Balance as at March 31, 2015 (Unaudited)</b>	<u>60,000,000</u>	<u>1,369,610</u>	<u>(24,296,207)</u>	<u>37,073,403</u>

The annexed notes form integral part of these financial statements

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

**S. FAISAL SHAH**  
(Director)



# Leather Up Limited

## NOTES TO THE ACCOUNTS For the quarter ended March 31, 2015

### 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 facility is located at plot # 23/C, 15th Commercial Street, Phase II Extension DHA, 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, 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, 2015:

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, 2015, 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.

### 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 March 31, 2015 as disclosed in the audited annual financial statements for the year ended June 30, 2014

#### Commitments

Commitments for export sales as at March 31, 2015 is Rs. 40.00 million (June 30, 2014 Rs. 35.00 million).

### 6 TRANSECTIONS WITH RELATED PARTIES

Balances with related parties as at the end of the period are as follows :

	As At March 31,	
	2015	2014
	----- Rupees -----	
Directors' Loan	297,645	4,233,767
Directors' Remuneration Payable	1,886,047	5,364,000

#### FOR THE NINE MONTH ENDED

	March 31,	June 30,
	2015	2014
	----- Rupees -----	

Significant Transactions with related parties as at the end of the period are as follows :

Directors' Loan Received	5,359,769	1,325,267
Directors' Remuneration for the Period	738,000	738,000

### 7 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 27, 2015 by the Board of Directors of the Company.

### 8 GENERAL

Figures have been rounded off to the nearest rupee.

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

**S. FAISAL SHAH**  
(Director)

**BOOK-POST**  
**PRINTED MATTER**

*If undelivered, please return to :*

*Leather Up Limited*

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Phase II Ext. Defence Housing Authority, Karachi.  
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**COMPANY PROFILE**

**Board of Directors**

S. Khalid H. Shah	Chief Executive/ Director
Mahmooda Shah	Director
Farooq Raza	Director / Chairman
S. Faisal Shah	Director
Naheed Parveen Fayyaz	Director
Jazim Shah	Director
Ali Kausar Khan	Director

**Board Audit Committee**

S. Faisal Shah	Chairman
Jazim Shah	Member
Mahmooda Shah	Member

**Human Resource Committee**

Naheed Parveen Fayyaz	Chairman
Mahmooda Shah	Member
Ali Kausar Khan	Member
Jazim Shah	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

**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