



Leather Up Limited

CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED MARCH 31, 2019

	For the nine months ended		For the quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees		Rupees	
Loss after taxation	(9,127,395)	(9,477,591)	(1,702,761)	(3,601,438)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	(9,127,395)	(9,477,591)	(1,702,761)	(3,601,438)

The annexed notes form integral part of these financial statements

CONDENSED INTERIM STATEMENT OF  
CHANGES IN EQUITY  
FOR THE PERIOD ENDED MARCH 31, 2019

	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 for the period (Unaudited)	-	-	(9,477,591)	(9,477,591)
Balance as at March 31, 2018	60,000,000	1,369,610	(11,723,378)	49,646,232
Balance as at July 1, 2018 (audited)	60,000,000	1,369,610	44,111,329	105,480,939
Total comprehensive Income for the period (Unaudited)	-	-	(9,127,395)	(9,127,395)
Balance as at March 31, 2019	60,000,000	1,369,610	34,983,934	96,353,544

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 NOTES TO THE  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2019

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 Pakistan Stock Exchange since 1994. The Company is engaged in the manufacture and export of leather garment and its allied products.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard - IAS 34 - "Interim Financial Reporting" issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017; and
- Provisions of and directives issued under Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2018

3. 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

		MARCH 31, 2019	June 30, 2018
	Note	Rupees	
4 PROPERTY, PLANT & EQUIPMENT			
Operating Fixed Assets	4.1	3,739,280	3,951,543
4.1 Operating Fixed Assets			
Opening WDV		3,951,543	17,867,298
Additions (Disposal) to property, plant & equipment during the period			
Lease hold Land		-	(13,697,520)
Office Equipment		-	106,000
		-	(13,591,520)
Depreciation for the period		(212,263)	(324,235)
Closing WDV		3,739,280	3,951,543
5 STOCK IN TRADE			
Finished goods		11,031,792	12,190,264
Raw material		71,370,091	85,637,912
		82,401,883	97,828,176
Less: Provision for obsolete stock		(2,412,321)	(2,412,321)
		79,989,562	95,415,855

6. CONTINGENCIES AND COMMITMENTS

Contingencie

Contingencies remain the same as at March 31, 2019 as disclosed in the audited annual financial statements for the year ended June 30, 2018.

Commitments

No commitments exist at balance sheet date.

	MARCH 31, 2019	June 30, 2018
	Rupees	
7 RELATED PARTIES TRANSACTION		
Loan from Director (Mr. Khalid Shah)	202,099	2,015,356
Director's Loan Movement (Mr. Khalid Shah)	(1,813,257)	(1,885,500)
Directors' remuneration	-	-
Directors' remuneration payable	1,886,047	1,886,047
Workers profit participation fund payable	2,452,495	2,452,495

8 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 29, 2019 by the Board of Directors of the Company.

9 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

COMPANY PROFILE

Board of Directors

Khalid H. Shah  
Mahmooda Shah  
Jazim Shah  
S. Faisal Shah  
Mohsin Khursheed  
Farooq Raza  
Ali Kausar Khan

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

Board Audit Committee

Mohsin Khursheed  
Jazim Shah  
Mahmooda Shah

Chairman  
Member  
Member

Human Resource Committee

Mohsin Khursheed  
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  
MARCH 31, 2019



Leather Up Limited

## DIRECTORS REPORT

The Directors of your Company are pleased to present you condensed interim financial information (un-audited) of the company for the third quarter ended March 31, 2019.

### Company Performance

Despite uncertainty all over the world in general and leather industry in particular, the management of your company is very optimistic and keen to safeguard the interest of shareholders of the company.

There has been continuous fall in leather garment exports and its allied products, consequently in production since the last couple of months due to problems both at the local and as well as international scenes.

Inflationary trend and tough competition from different quarters and continued recession in the international leather market, the export sales of the company during the nine months ended March 31, 2019 restricted to Rs.40.555 million compared to Rs. 44.558 million, resulting of 8.98% decreased as compare to the corresponding period and leaves a lot to be desired.

Because of low sales volume, as a result of better control over costs, selling distribution and administrative expenses, the company suffered loss after tax Rs. 9.127 million during the period under review.

### Future Out look

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.

We are optimistic and do hope that the situation will take turnaround and the management of the company would be able to make more export sales and improve financial results in coming months.

The directors take this opportunity to thanks our valued customers, bankers, shareholders for the trust reposed by them in the company. We wish to convey our appreciation to all of our staff for their dedication and hard work. This is a team work and we hope it shall continue in the same spirit during coming years.

By order of the Board

Khalid H. Shah  
(Chief Executive)

Karachi: April 29, 2019



Leather Up Limited

## ڈائریکٹر کی رپورٹ

آپ کی کمپنی کا ڈائریکٹر مارچ، ۲۰۱۹ کو ختم ہونے والے تیسرے سہ ماہی کے لئے کمپنی کے عبوری مالیاتی معلومات (غیر آڈٹ شدہ) کی شرکت کرنے میں خوش ہیں۔

### کمپنی کی کارکردگی

عام طور پر اور چمڑے کی صنعت میں دنیا بھر میں غیر یقینی صورتحال کے باوجود، آپ کی کمپنی کا انتظام بہت خوشگوار رہے اور کمپنی کے حصول داروں کے مفادات کی حفاظت کی خواہش ہے۔

چرمی لباس کی برآمدات اور اس کے اتحادیوں کی پیداوار میں مسلسل موسم خزاں رہا ہے، نتیجے میں مقامی اور بین الاقوامی مناظر دونوں مسائل کے باعث آخری ماہ کے بعد سے پیداوار میں۔

انٹرنیشنل چرمی مارکیٹ میں مختلف سہ ماہیوں اور مسلسل جاری ہونے سے انفرادی رجحانات اور سخت مقابلہ، مارچ، ۲۰۱۹ کو نو ماہ کے دوران کمپنی کی برآمد کی فروخت ۴۰.۵۵۵ ملین روپے رہی، اور پچھلے سال ۴۴.۵۵۸ ملین، جس کے نتیجے میں ۸.۹۸ فیصد کمی اس مدت میں رہی۔

کم سیلز حجم کی وجہ سے، اخراجات پر بہتر کنٹرول، تقسیم کی تقسیم اور انتظامی اخراجات کے نتیجے میں، کمپنی ٹیکس کے بعد، جائزہ کے تحت ۹.۱۲ ملین روپے نقصان رہا۔

### مستقبل سے باہر نظر

حالات کے تحت انتظامیہ احکامات کو محفوظ کرنے کے لئے تمام کوششیں کر رہے ہیں اور نقصان کو کم سے کم کرنے کے لئے آپریٹنگ اخراجات کو کم کرنے کے لئے اقدامات کئے ہیں۔

ہم امید مند ہیں اور یہ امید رکھتے ہیں کہ حالات ٹھیک ہو جائیں گے اور کمپنی کا انتظام زیادہ برآمد کی فروخت کرنے اور آنے والے مہینوں میں مالیاتی نتائج کو بہتر بنانے کے قابل ہو جائے گا۔

ڈائریکٹر اس موقع پر اپنے قابل قدر گاہکوں، بینکوں، شریک اسٹاک ہولڈرز کو ان کمپنیوں سے مشکل اعتماد کا شکریہ ادا کرتے ہیں۔ ہم اپنے تمام عملے کو اپنے اعتراف اور محنت کے لئے اپنی تعریف فراہم کرنا چاہتے ہیں۔ یہ ٹیم کام کرتی ہے اور ہم امید رکھتے ہیں کہ آنے والے سالوں میں یہ وہی روح میں جاری رہیں گے۔

بورڈ کے حکم سے

محترم خالد حسین شاہ

چیف ایگزیکٹو

کراچی ۲۹- اپریل ۲۰۱۹



Leather Up Limited

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT MARCH 31, 2019

	MARCH 31, 2019 (Unaudited)	JUNE 30, 2018 (Audited)
	Rupees	Rupees
<b>Non - Current Assets</b>		
Property, plant and equipment	4 3,739,280	3,951,543
<b>Current Assets</b>		
Stock in trade	5 79,989,562	95,415,855
Trade debts - considered good	2,385,557	-
Advances, deposits, prepayments and other receivables	18,573,961	39,856,480
Cash and bank balances	2,631,720	36,337,561
	103,580,800	171,609,896
	107,320,080	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 loss	34,983,934	44,111,329
	96,353,544	105,480,939
Deferred liability - staff gratuity	2,323,354	2,323,354
<b>Current liabilities</b>		
Short term borrowing - secured	1,992,976	40,800,000
Loan from directors	202,099	2,015,356
Trade and other payables	3,418,678	21,707,296
Accrued markup	25,142	186,986
Unclaimed dividend	2,613,991	2,613,991
Provision for taxation	390,296	433,517
	8,643,182	67,757,146
<b>Contingencies and commitments</b>	-	-
	107,320,080	175,561,439

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 MARCH 31, 2019

	For the nine months ended		For the quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees	Rupees	Rupees	Rupees
Sales - net	40,555,483	44,558,768	13,158,960	17,644,482
Cost of sales	(40,530,892)	(44,529,407)	(12,744,042)	(17,262,201)
<b>Gross profit</b>	<b>24,591</b>	<b>29,361</b>	<b>414,918</b>	<b>382,281</b>
<b>Operating expenses</b>				
Administrative expenses	(3,241,339)	(3,180,643)	(345,655)	(597,196)
Distribution cost	(2,740,504)	(4,119,184)	(1,379,044)	(2,475,633)
	(5,981,843)	(7,299,827)	(1,724,699)	(3,072,829)
<b>Operating loss</b>	<b>(5,957,252)</b>	<b>(7,270,466)</b>	<b>(1,309,781)</b>	<b>(2,690,548)</b>
Finance cost	(2,779,847)	(1,730,565)	(276,649)	(701,920)
Other income	-	(50,259)	-	(22,339)
	(2,779,847)	(1,780,824)	(276,649)	(724,259)
<b>Loss before taxation</b>	<b>(8,737,099)</b>	<b>(9,051,290)</b>	<b>(1,586,430)</b>	<b>(3,414,807)</b>
Taxation	(390,296)	(426,301)	(116,331)	(186,631)
<b>Loss after taxation</b>	<b>(9,127,395)</b>	<b>(9,477,591)</b>	<b>(1,702,761)</b>	<b>(3,601,438)</b>
<b>Earnings per share basic and diluted</b>	<b>(1.52)</b>	<b>(1.58)</b>	<b>(0.28)</b>	<b>(0.60)</b>

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 MARCH 31, 2019

	March 31, 2019	March 31, 2018
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(8,737,099)	(9,051,290)
<b>Adjustments for non cash and other items:</b>		
Depreciation	212,263	236,901
Finance cost	2,779,847	1,730,565
	2,992,110	1,967,466
<b>Operating cashflows before working capital changes</b>	<b>(5,744,989)</b>	<b>(7,083,824)</b>
<b>Changes in working capital (Increase) / decrease in current assets</b>		
Stock in trade	15,426,293	15,763,559
Trade debts	(2,385,557)	(938,046)
Advances, deposit, prepayments and other receivable	21,282,519	1,237,817
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(18,288,618)	(25,184,567)
	16,034,637	(9,121,237)
<b>Cash (used in) / generated from operations</b>	<b>10,289,648</b>	<b>(16,205,061)</b>
Taxes paid	(710,927)	(846,418)
Finance cost paid	(2,664,281)	(1,730,565)
<b>Net cash (used in) / generated from operating activities</b>	<b>6,914,440</b>	<b>(18,782,044)</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	(1,813,257)	37,739
	(1,813,257)	37,739
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>5,101,183</b>	<b>(18,850,305)</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	638,744	(35,827,983)
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balance	2,631,720	2,472,681
Short term borrowing	(1,992,976)	(38,300,664)
	638,744	(35,827,983)

The annexed notes form integral part of these financial statements

Khalid H. Shah  
Chief Executive

Shafqat Mahmood  
Chief Financial Officer

Jazim Shah  
Director