



*Leather Up Limited*

**QUARTERLY  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
(UN-AUDITED)**



Leather Up Limited

## DIRECTORS REPORT

The Directors of your company are pleased to present you Condensed Financial Statements (un-audited) for the first quarter ended September 30, 2017 of the Company:

### Company Performance

The management of your company is trying its level best to explore new markets and get accelerate the momentum of export figures to the days to come.

Despite the best efforts made by the management, the export sale of the company has been decreased by 41% as compared to the last preceding period and leaves a lot to be desired.

We are optimistic and a result of vigorous efforts made by the management of your company, in rupee term, the export sales recorded Rs. 21.362 million and achieved 1.133 million of net profit.

### Future Outlook

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 financial year of 2017-18.

### 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 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 and time to time.

By order of the Board

Khalid H. Shah  
(Chief Executive)

Karachi: October 27, 2017



Leather Up Limited

## ڈائریکٹر کی رپورٹ

آپ کی کمپنی کے ڈائریکٹر کمپنی کے 30 ستمبر، 2017 کو ختم ہونے والے پہلے ماہی کے لیے آپ کو کمساز مالی بیانات (غیر آڈٹ کردہ) پیش کرنے کی خوشی ہے۔

کمپنی کی کارکردگی  
کمپنی کا انتظام اس کی سطح کو بہتر بنانے کی کوشش کر رہا ہے کہ وہ نئی مارکیٹوں کو تلاش کریں اور آنے والے دنوں کے برآمدات کے اعداد و شمار کو تیز کر دیں۔

انتظامیہ کی جانب سے ناپا جانے والی بہترین کوششوں کے باوجود، پچھلی مدت کے مقابلے میں کمپنی کی برآمد فروخت میں 41 فیصد کمی گئی ہے اور بہت کچھ کرنے سے روکیا ہے۔

ہم امید مند ہیں اور آپ کی کمپنی کے انتظام کے ذریعہ زبردست کوششوں کا نتیجہ اسی مدت میں، برآمد کی فروخت میں ریکارڈ کی گئی ہے۔ 21.362 ملین اور خالص منافع کی 1.133 ملین حاصل کی۔

### مستقبل پر نظر

عام طور پر اور میگزین کی صنعت میں نیا بہتر میں فیصلی صورتحال کے باوجود آپ کی کمپنی کا انتظام فوراً ہو رہا ہے اور کمپنی کے حصول داروں کے مفادات کو برقرار رکھنے اور کمپنی کو منافع بخش ہونے کے طور پر برقرار رکھنے کی خواہش ہے۔ ہم اپنے کئی منافع میں رہنے کے لئے سب سے بہتر کوشش کر رہے ہیں اور موجودہ حالات پر برآمدات کو برقرار رکھنے کے لئے اپنے موجودہ خریداروں/کابول سے کافی قیمت کے برآمد کے امکانات کے ساتھ ساتھ مارکیٹوں کی تلاش کرنے کی بہترین کوششیں کر رہے ہیں۔ ہم امید کرتے ہیں کہ کمپنی 2017-18 کے مالی سال میں مناسب برآمدات کرنے کے قابل ہوگی۔

### کارکنوں کے تعلقات

انتظامیہ کو چیلن کے تمام کان کے پکارڈ قابل قدر شراکت داران طور پر کہہ سکتے ہیں اور عام طور پر نتائج حاصل کرنے کے لئے کارکنوں اور ہم مشکل وقت میں ان کی مسلسل حمایت کے لئے انہیں شکرانہ کو پکارڈ کرنا چاہتے ہیں اور امید کرتے ہیں کہ وہ ہی میں جاری رہیں۔ آئے دن سال بھر کن میٹنڈ شپ پورے مدت میں بہت فائدہ ہے، جس کی وجہ سے آپ کی کمپنی کامیاب رہے ہیں۔ ہمارے نیک کام ہے اور ہم امید رکھتے ہیں کہ آنے والے سالوں میں یہ وہی روح میں جاری رہے گی۔

### شکریہ اور تعریف

جانے حصول داروں کو ان کے اعتماد کے لئے شکر ہے اور اب وقت اور وقت کی حمایت۔

بورڈ کے حکم سے

مخترم خالد حسین شاہ  
چیف ایگزیکٹو

کراچی ۲۷ اکتوبر ۲۰۱۷ء



Leather Up Limited

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT SEPTEMBER 30, 2017**

	SEPTEMBER 30, 2017 (Unaudited)	June 30, 2017 (Audited)
	Rupees	
<b>Non - Current Assets</b>		
Property, plant and equipment	17,892,240	17,867,298
<b>Current Assets</b>		
Stock in trade	99,743,059	101,096,159
Trade debts - considered good	7,692,225	-
Advances, deposits, prepayments and other receivables	12,558,343	10,860,241
Cash and bank balances	731,870	2,522,986
	<b>120,725,498</b>	<b>114,279,386</b>
	<b>138,617,738</b>	<b>132,146,684</b>
<b>Share Capital and Reserves</b>		
<b>Authorized Capital</b>		
6,000,000 (June 30, 2017: 6,000,000) ordinary shares of Rs. 10/- each	<b>60,000,000</b>	<b>60,000,000</b>
Issued, subscribed and paid up capital	<b>60,000,000</b>	<b>60,000,000</b>
General reserve	1,369,610	1,369,610
Accumulated loss	(1,111,942)	(2,245,787)
	<b>60,257,668</b>	<b>59,123,823</b>
Deferred liability - staff gratuity	3,169,256	3,169,256
<b>Current liabilities</b>		
Short term borrowing - secured	<b>38,795,664</b>	<b>19,500,664</b>
Loan from directors	104,251	129,856
Trade and other payables	34,810,541	48,990,514
Accrued markup	196,260	156,272
Provision for taxation	1,284,098	1,076,299
	<b>75,190,814</b>	<b>69,853,605</b>
<b>Contingencies and commitments</b>	-	-
	<b>138,617,738</b>	<b>132,146,684</b>

The annexed notes form integral part of these financial statements

  
KHALID H. SHAH  
(Chief Executive)

  
S. FAÏSAL SHAH  
(Director)



Leather Up Limited

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	For the quarter ended	
	September 30, 2017	September 30, 2016
	Rupees	
Sales - net	21,362,920	36,407,049
Cost of sales	(17,003,954)	(28,231,604)
<b>Gross profit</b>	<b>4,358,966</b>	<b>8,175,445</b>
<b>Operating expenses</b>		
Administrative expenses	(1,365,697)	(1,604,444)
Distribution cost	(1,042,227)	(2,251,921)
	<b>(2,407,924)</b>	<b>(3,856,365)</b>
<b>Operating profit</b>	<b>1,951,042</b>	<b>4,319,080</b>
Finance cost	(599,278)	(324,035)
Other expenses	(10,120)	(21,790)
	<b>(609,398)</b>	<b>(345,825)</b>
<b>Profit before taxation</b>	<b>1,341,644</b>	<b>3,973,255</b>
Taxation	(207,799)	(364,070)
<b>Profit after taxation</b>	<b>1,133,845</b>	<b>3,609,185</b>
<b>Earnings per share - basic and diluted</b>	<b>0.19</b>	<b>0.60</b>

The annexed notes form integral part of these financial statements

  
KHALID H. SHAH  
(Chief Executive)

  
S. FAÏSAL SHAH  
(Director)



Leather Up Limited

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT SEPTEMBER 30, 2017**

	SEPTEMBER 30, 2017 (Unaudited)	June 30, 2017 (Audited)
	Rupees	
<b>Non - Current Assets</b>		
Property, plant and equipment	17,892,240	17,867,298
<b>Current Assets</b>		
Stock in trade	99,743,059	101,096,159
Trade debts - considered good	7,692,225	-
Advances, deposits, prepayments and other receivables	12,558,343	10,860,241
Cash and bank balances	731,870	2,522,986
	<b>120,725,498</b>	<b>114,279,386</b>
	<b>138,617,738</b>	<b>132,146,684</b>
<b>Share Capital and Reserves</b>		
<b>Authorized Capital</b>		
6,000,000 (June 30, 2017: 6,000,000) ordinary shares of Rs. 10/- each	<b>60,000,000</b>	<b>60,000,000</b>
Issued, subscribed and paid up capital	<b>60,000,000</b>	<b>60,000,000</b>
General reserve	1,369,610	1,369,610
Accumulated loss	(1,111,942)	(2,245,787)
	<b>60,257,668</b>	<b>59,123,823</b>
Deferred liability - staff gratuity	3,169,256	3,169,256
<b>Current liabilities</b>		
Short term borrowing - secured	<b>38,795,664</b>	<b>19,500,664</b>
Loan from directors	104,251	129,856
Trade and other payables	34,810,541	48,990,514
Accrued markup	196,260	156,272
Provision for taxation	1,284,098	1,076,299
	<b>75,190,814</b>	<b>69,853,605</b>
<b>Contingencies and commitments</b>	-	-
	<b>138,617,738</b>	<b>132,146,684</b>

The annexed notes form integral part of these financial statements

  
KHALID H. SHAH  
(Chief Executive)

  
S. FAÏSAL SHAH  
(Director)



Leather Up Limited

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	For the quarter ended	
	September 30, 2017	September 30, 2016
	Rupees	
Sales - net	21,362,920	36,407,049
Cost of sales	(17,003,954)	(28,231,604)
<b>Gross profit</b>	<b>4,358,966</b>	<b>8,175,445</b>
<b>Operating expenses</b>		
Administrative expenses	(1,365,697)	(1,604,444)
Distribution cost	(1,042,227)	(2,251,921)
	<b>(2,407,924)</b>	<b>(3,856,365)</b>
<b>Operating profit</b>	<b>1,951,042</b>	<b>4,319,080</b>
Finance cost	(599,278)	(324,035)
Other expenses	(10,120)	(21,790)
	<b>(609,398)</b>	<b>(345,825)</b>
<b>Profit before taxation</b>	<b>1,341,644</b>	<b>3,973,255</b>
Taxation	(207,799)	(364,070)
<b>Profit after taxation</b>	<b>1,133,845</b>	<b>3,609,185</b>
<b>Earnings per share - basic and diluted</b>	<b>0.19</b>	<b>0.60</b>

The annexed notes form integral part of these financial statements

  
KHALID H. SHAH  
(Chief Executive)

  
S. FAÏSAL SHAH  
(Director)



# Leather Up Limited

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	September 30, 2017	September 30, 2016
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,341,644	3,973,255
<b>Adjustments for non cash and other items:</b>		
Depreciation	81,058	86,654
Provision for gratuity	-	-
Exchange gain	-	-
Finance cost	599,278	324,035
	<u>680,336</u>	<u>410,689</u>
<b>Operating cashflows before working capital changes</b>	<b>2,021,980</b>	<b>4,383,944</b>
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stock in trade	1,353,100	4,251,555
Trade debts	(7,692,225)	(6,404,599)
Advances, deposit, prepayments and other receivable	(1,752,303)	1,176,466
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(14,179,974)	(8,997,959)
	<u>(22,271,402)</u>	<u>(9,974,537)</u>
<b>Cash (used in) / generated from operations</b>	<b>(20,249,422)</b>	<b>(5,590,593)</b>
Taxes paid	(145,799)	(364,070)
Finance cost paid	(559,290)	(273,035)
<b>Net cash (used in) / generated from operating activities</b>	<b>(20,954,511)</b>	<b>(6,227,698)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to property, plant and equipment	(106,000)	(350,000)
<b>Net cash used in investing activities</b>	<b>(106,000)</b>	<b>(350,000)</b>
<b>Net cashflow from financing activities</b>		
Loan from directors	(25,605)	1,397,988
	<u>(25,605)</u>	<u>1,397,988</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(21,086,116)</b>	<b>(5,179,709)</b>
Cash and cash equivalents at the beginning of the period	(16,977,678)	(16,365,057)
Cash and cash equivalents at the end of the period	<u>(38,063,794)</u>	<u>(21,544,766)</u>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balance	731,870	2,535,234
Short term borrowing	(38,795,664)	(24,080,000)
	<u>(38,063,794)</u>	<u>(21,544,766)</u>

The annexed notes form integral part of these financial statements

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

**S. FAISAL SHAH**  
(Director)



Leather Up Limited

**CONDENSED INTERIM STATEMENT OF  
CONDENSED INTERIM STATEMENT  
OF CHANGES IN EQUITY FOR THE  
THIRD QUARTER ENDED SEPTEMBER 30, 2017**

	Share Capital	General Reserve	Accumulated Loss / Profit	Total
	Rupees			
Balance as at July 1, 2016	60,000,000	1,369,610	(15,591,906)	45,777,704
Total comprehensive income for the period (Unaudited)	-	-	3,609,185	3,609,185
Balance as at September 30, 2016 (Unaudited)	<u>60,000,000</u>	<u>1,369,610</u>	<u>(11,982,721)</u>	<u>49,386,889</u>
Balance as at July 1, 2017 (Audited)	60,000,000	1,369,610	(2,245,787)	59,123,823
Total comprehensive Income for the period	-	-	1,133,845	1,133,845
Balance as at September 30, 2017 (Unaudited)	<u>60,000,000</u>	<u>1,369,610</u>	<u>(1,111,942)</u>	<u>60,257,668</u>

The annexed notes form integral part of these financial statements

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

  
**S. FAIZAL SHAH**  
(Director)



Leather Up Limited

**CONDENSED INTERIM NOTES TO THE  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

Leather Up Limited ("the Company") was incorporated as a private limited company under the Companies Ordinance, 1984 (now Companies Act, 2017) 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.

**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, 2017.

**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, 2017.

**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, 2017.



Leather Up Limited

5. CONTINGENCIES AND COMMITMENTS

**Contingencies**

The Contingencies remain same as at September 30, 2017 as disclosed in the annual audited financial statements for the year ended June 30, 2017.

**Commitments**

Commitments for export sale as at September 30, 2017 is Rs. 20.00 Million (June 30, 2017: Rs. 14.50 million).

6. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 27, 2017 by the Board of Directors of the Company.

7. GENERAL

Figures have been rounded off to the nearest rupee.

BOOK-POST  
PRINTED MATTER

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	Chief Executive / Director
Mahmooda Shah	Director
Farooq Raza	Director
S. Faisal Shah	Director
Jazim Shah	Director
Mohsin Khurseed	Director
Farooq Raza	Director
Ali Kausar Khan	Director

**Board Audit Committee**

Mohsin Khurseed	Chairman
Jazim Shah	Member
Mahmooda Shah	Member

**Human Resource Committee**

Ali Kausar Khan	Chairman
S. Faisal Shah	Member
Mahmooda 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	Meezan Bank Ltd
Bank Al-falah 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

KHALID H. SHAH  
(Chief Executive)

S. FAISAL SHAH  
(Director)