



Leather Up Limited

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
MARCH 31, 2018**



Leather Up Limited

DIRECTORS REPORT

The Directors of your company are pleased to present you Condensed Financial Statements (un-audited) for the third quarter ended March 31, 2018 of the Company:

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.

Inflationary trend and tough competition from different quarters and continued recessionary conditions in the international leather market, the bad economic conditions of the country, the net sales of the company during the nine months ended March 31, 2018 restricted to Rs. 44.558 million compared with Rs. 116.426 for the corresponding period of the previous year and leaves a lot to be desired.

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

Because of low sales, fixed overhead expenses, as a result of better control over costs, selling, distribution and administrative expenses, the company sustained after tax losses of Rs. 9.477 million during the nine months period ended 2018.

We are optimistic and do hope that the sales will take turnaround and the management of the company is trying to make increase of export sales and to improve financial results for the year ending June 30, 2018.

Moreover, the shareholders in the extraordinary general meeting was held on March 26, 2018 have passed unanimously a resolution to sale/disposal of an open plot of the company, in this context, the deal with interested buyer is under process and hopefully will be finalized soon.

Future Outlook

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, local market of leather garments industry has been hit badly. The management of your company is very keen to safeguard interest of shareholders of the company and trying its level best to explore new markets to remains the company as profit making entity.

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 tiers of staff for their dedication and hard work. This is team work and we hope it shall continue in the same spirit during the coming years.

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: April 26, 2018



Leather Up Limited

ڈائریکٹر کی رپورٹ

آپ کی کمپنی کے ڈائریکٹر ۳۱ مارچ ۲۰۱۸ کو ختم ہونے والی تیسری سہ ماہی کے لئے آپ کو مختصر مالیاتی بیانات (غیر آڈٹ کردہ) پیش کرتے ہیں۔

کمپنی کی کارکردگی

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

بین الاقوامی چرچی مارکیٹ، ملک کی بدتر اقتصادی حالتوں میں مختلف سہ ماہیوں اور مسلسل کھدائی حالتوں سے انفرادی رجحانات اور سخت مقابلہ، ۳۱ مارچ ۲۰۱۸ کو نو ماہ کے دوران کمپنی کی خالص فروخت ۳۱ لاکھ تک محدود تھی، ۵۵۸، ۳۳ ملین روپے کے مقابلے میں ۱۱۶، ۳۲ ملین روپے سال کی اسی مدت کے لئے اور بہت کچھ مطلوب چھوڑ دیتا ہے۔

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۔

اخراجات، فروخت، تقسیم اور انتظامی اخراجات پر بہتر کنٹرول کے نتیجے میں، کم سلاز مقررہ اضافی اخراجات کی وجہ سے، کمپنی کو ٹیکس سے کم ہونے کے بعد برقرار رہتا ہے۔ ۹، ۷۷ ملین روپہ ماہ کی مدت کے دوران ۲۰۱۸ ختم ہونے پر امید مند ہیں اور یہ امید کرتے ہیں کہ فروخت کی واپسی کی جائے گی اور کمپنی کے انتظام ۳۰ جون ۲۰۱۸ تک ختم ہونے والے سال کے لئے مالیاتی نتائج میں اضافہ کرنے کی کوشش کر رہی ہے۔

اس کے علاوہ، غیر معمولی جنرل اجلاس کے حصول داروں نے ۲۶ مارچ ۲۰۱۸ کو منعقد کیا تھا، اس سلسلے میں، اس سلسلے میں، کمپنی کے کھلے پائٹ کے فروخت / ضائع کرنے کے لئے متفق طور پر ایک قرارداد منظور کیا گیا ہے، دلچسپی والے خریدار کے ساتھ معاملہ عمل میں ہے اور امید ہے کہ حتمی طور پر اسی طرح۔

مستقبل کی نظر

حالات کے تحت انتظامیہ اہکامات کو محفوظ کرنے کے لئے تمام کوششیں کر رہے ہیں اور کم سے کم کم کرنے کے لئے آپریشنگ اخراجات کو کم کرنے کے لئے اقدامات لے رہے ہیں۔

گزشتہ دو برسوں سے یورپ میں غیر یقینی اور باہمی کی وجہ سے، چھڑے کے پکڑوں کی صنعت کی مقامی مارکیٹ خراب ہو گئی ہے۔ آپ کی کمپنی کا انتظام کمپنی کے حصول داروں کے مفادات کو برقرار رکھنے اور اس کی سطح کو بہتر بنانے کی کوشش کرنے کے لئے بہت دلچسپ ہے۔

ڈائریکٹر اس موقع پر اپنے قابل قدر کاموں، ٹیکوں کا شکریہ ادا کرتے ہیں۔ کمپنی میں ان کی طرف سے پیش کردہ ٹرسٹ بولڈرز، ہم اپنے تمام درجے کے عمل کو اپنے اعتراف اور محنت کے لئے اپنی تعریف فراہم کرنا چاہتے ہیں۔ یہ ٹیم کام کام ہے اور ہم امید رکھتے ہیں کہ آنے والے سالوں میں یہ وہی روح میں جاری رہیں گے۔

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

یورڈ کے حکم سے

۲

محترم خالد حسین شاہ

چیف ایگزیکٹو

کراچی ۲۶ - اپریل ۲۰۱۸



Leather Up Limited

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2018

		MARCH 31, 2018 (Unaudited)	June 30, 2017 (Audited)
		Rupees	
Non - Current Assets			
Property, plant and equipment	5	4,038,877	17,867,298
Current Assets			
Stock in trade	6	85,332,600	101,096,159
Trade debts - considered goods		938,046	-
Advances, deposits, prepayments and other receivables		9,193,993	10,660,241
Cash and bank balances		2,472,681	2,522,986
		97,937,320	114,279,386
Non current assets held for sale		13,697,520	-
		<u>115,673,717</u>	<u>132,146,684</u>
Share Capital and Reserves			
Authorized Capital			
6,000,000 (June 30, 2017: 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		(11,723,378)	(2,245,787)
		49,646,232	59,123,823
Deferred liability - staff gratuity		3,169,256	3,169,256
Current liabilities			
Short term borrowing - secured		38,300,664	19,500,664
Loan from directors		167,595	129,856
Trade and other payables		23,805,947	48,990,514
Accrued markup		157,722	156,272
Provision for taxation		426,301	1,076,299
		62,858,229	69,853,605
Contingencies and commitments	7	-	-
		<u>115,673,717</u>	<u>132,146,684</u>

The annexed notes form integral part of these financial statements

Khalid H. Shah
(Chief Executive)

S. Faisal Shah
(Director)

Shafqat Mahmood
(Chief Financial Officer)



Leather Up Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2018

	For the nine months ended		For the quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Rupees		Rupees	
Sales - net	44,558,768	116,426,569	17,644,482	48,598,415
Cost of sales	<u>(44,529,407)</u>	<u>(93,245,221)</u>	<u>(17,262,201)</u>	<u>(41,302,370)</u>
Gross profit	29,361	23,181,348	382,281	7,296,045
Operating expenses				
Administrative expenses	<u>(3,180,643)</u>	<u>(3,676,293)</u>	<u>(597,196)</u>	<u>(999,886)</u>
Distribution cost	<u>(4,119,184)</u>	<u>(5,667,894)</u>	<u>(2,475,633)</u>	<u>(1,668,613)</u>
	<u>(7,299,827)</u>	<u>(9,344,187)</u>	<u>(3,072,829)</u>	<u>(2,668,499)</u>
Operating (loss) profit	<u>(7,270,466)</u>	13,837,161	<u>(2,690,548)</u>	4,627,546
Finance cost	<u>(1,730,565)</u>	<u>(1,397,171)</u>	<u>(701,920)</u>	<u>(565,943)</u>
Other income (loss)	<u>(50,259)</u>	<u>(165,554)</u>	<u>(22,339)</u>	<u>(21,810)</u>
	<u>(1,780,824)</u>	<u>(1,562,725)</u>	<u>(724,259)</u>	<u>(587,753)</u>
(Loss) profit before taxation	<u>(9,051,290)</u>	12,274,436	<u>(3,414,807)</u>	4,039,793
Taxation	<u>(426,301)</u>	<u>(1,120,090)</u>	<u>(186,631)</u>	<u>(467,921)</u>
(Loss) profit after taxation	<u>(9,477,591)</u>	11,154,346	<u>(3,601,438)</u>	3,571,872
Earnings per share - basic and diluted	<u>(1.58)</u>	1.86	<u>(0.60)</u>	0.60

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Khalid H. Shah
(Chief Executive)

S. Faisal Shah
(Director)

Shafqat Mahmood
(Chief Financial Officer)



Leather Up Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2018

	March 31, 2018	March 31, 2017
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(9,051,290)	12,274,436
Adjustments for non cash and other items:		
Depreciation	236,901	255,047
Finance cost	1,730,565	1,397,171
	<u>1,967,466</u>	<u>1,652,218</u>
Operating cashflows before working capital changes	(7,083,824)	13,926,654
Changes in working capital		
(Increase) / decrease in current assets		
Stock in trade	15,763,559	(13,845,687)
Trade debts	(938,046)	4,528,011
Advances, deposit, prepayments and other receivable	1,237,817	4,882,071
Increase / (decrease) in current liabilities		
Trade and other payables	(25,184,567)	(3,761,007)
	<u>(9,121,237)</u>	<u>(8,196,612)</u>
Cash (used in) / generated from operations	(16,205,061)	5,730,042
Taxes paid	(846,418)	(1,000,686)
Finance cost paid	(1,730,565)	(1,484,921)
Net cash (used in) / generated from operating activities	(18,782,044)	3,244,434
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(106,000)	(387,135)
Net cash used in investing activities	(106,000)	(387,135)
Net cashflow from financing activities		
Loan from directors	37,739	(35,543)
Dividend paid during the period	-	(490,177)
	<u>37,739</u>	<u>(525,720)</u>
Net increase / (decrease) in cash and cash equivalents	(18,850,305)	2,331,579
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>(35,827,983)</u>	<u>(14,033,478)</u>
Cash and cash equivalents comprise the following:		
Cash and bank balance	2,472,681	1,466,522
Short term borrowing	(38,300,664)	(15,500,000)
	<u>(35,827,983)</u>	<u>(14,033,478)</u>

The annexed notes form integral part of these financial statements

Khalid H. Shah
(Chief Executive)

S. Faisal Shah
(Director)

Shafqat Mahmood
(Chief Financial Officer)



Leather Up Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED MARCH 31, 2018

	For the nine months ended		For the quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Rupees		Rupees	
(Loss) / Profit after taxation	(9,477,591)	11,154,346	(3,601,438)	3,571,872
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) income for the period	<u>(9,477,591)</u>	<u>11,154,346</u>	<u>(3,601,438)</u>	<u>3,571,872</u>

The annexed notes form integral part of these financial statements

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2018

	Share Capital	General Reserve	Accumulated Loss	Total
	Rupees			
Balance as at July 1, 2016	60,000,000	1,369,610	(15,591,906)	45,777,704
Dividend to minority shareholders For June 2016	-	-	(750,000)	(750,000)
Total comprehensive income for the period (Unaudited)	-	-	11,154,346	11,154,346
Balance as at March 31, 2017	<u>60,000,000</u>	<u>1,369,610</u>	<u>(5,187,560)</u>	<u>56,182,050</u>
Balance as at July 1, 2017 (audited)	60,000,000	1,369,610	(2,245,787)	59,123,823
Total comprehensive (loss) for the period (Unaudited)	-	-	(9,477,591)	(9,477,591)
Balance as at March 31, 2018	<u>60,000,000</u>	<u>1,369,610</u>	<u>(11,723,378)</u>	<u>49,646,232</u>

The annexed notes form integral part of these financial statements

Khalid H. Shah
(Chief Executive)

S. Faisal Shah
(Director)

Shafqat Mahmood
(Chief Financial Officer)



Leather Up Limited

CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 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 since 1994. The Company is engaged in the manufacture and export of leather garment products.

2. BASIS OF PREPARATION

The Companies Ordinance, 1984 was repealed by enactment of the Companies Act, 2017 (Act) on May 30, 2017. Securities & Exchange Commission of Pakistan (the Commission) vide its Circular No. 17 of 2017 has communicated its decision that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. In continuation to the above mentioned Circular, the Commission in view of the difficulties faced by the companies to comply with the provisions of the Act has advised vide Circular No. 23/2017 that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, the Institute of Chartered Accountants of Pakistan (ICAP) has obtained clarification from the Commission in this regard, as per which the preparation of financial statements in accordance with the repealed Companies Ordinance, 1984 covers interim financial statements of the companies for the period ending on or before December 31, 2017. Therefore, these condensed interim financial statements for the quarter ended March 31, 2018 have been prepared in accordance with the requirements of International Accounting Standards (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case the requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail. The disclosures in these condensed interim financial statements do not include all of the information required in the annual audited financial statements and should read in conjunction with the annual audited financial statements of the company as at and 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

		MARCH 31, 2018	June 30, 2017
	Note	Rupees	
5 PROPERTY, PLANT & EQUIPMENT			
Operating Fixed Assets	5.1	<u>4,038,877</u>	<u>17,707,292</u>
5.1 Operating Fixed Assets			
Opening WDV		17,867,298	17,830,492
Additions to property, plant & equipment during the period			
Lease hold land	5.1.1	(13,697,520)	-
Plant and machinery		-	387,135
Vehicles		-	-
Furniture and fixtures		-	-
Office equipments		106,000	-
		(13,591,520)	387,135
Depreciation for the period		(236,901)	(350,329)
Closing WDV		<u>4,038,877</u>	<u>17,867,298</u>

5.1.1 The amount represents the value of land reclassified as held for sale as per resolution passed in the Extra Ordinary General Meeting (EOGM) held on March 26, 2018.

6 STOCK IN TRADE			
Finished goods		5,671,388	15,314,388
Raw material		82,073,533	88,194,092
		87,744,921	103,508,480
Less: Provision for obsolete stock		(2,412,321)	(2,412,321)
		<u>85,332,600</u>	<u>101,096,159</u>

7. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

7.1 Contingencies remain the same as at March 31, 2018 as disclosed in the audited financial statements for the year ended year ended June 30, 2017.

7.2 Commitments Contingencies for export sales as at March 31, 2018 is Rs. 20.00 million

8. RELATED PARTIES TRANSACTION

	2018	2017
Loan from Directors	167,595	129,856

9. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 26, 2018 by the Board of Directors of the Company.

10. GENERAL

Figures have been rounded off to the nearest rupee.

Khalid H. Shah
(Chief Executive)

S. Faisal Shah
(Director)

Shafqat Mahmood
(Chief Financial Officer)

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Leather Up Limited

Plot No. 23/C, 15th Commercial Street,
Phase II Ext. Defence Housing Authority, Karachi.
Phone : 35880771-35880772
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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 / Chairman
Director
Director
Director
Director

Board Audit Committee

Mohsin Khurseed
Jazim Shah
Mahmooda Shah

Chairman
Member
Member

Human Resource Committee

Ali Kausar Khan
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 Metropolole, Karachi-75530
Phone: (021) 35687839- (021) 35685930