



Leather Up Limited

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED
MARCH 31, 2021**



COMPANY PROFILE

Board of Directors

Khalid H. Shah	Chief Executive/ Director	Mahmooda Shah	Director
Jazim Shah	Director / Chairman	S. Faisal Shah	Director
Mohsin Khursheed	Director	Farooq Raza	Director
Ali Kausar Khan	Director		

Board Audit Committee

Mohsin Khursheed	Chairman
Jazim Shah	Member
Mahmooda Shah	Member

Human Resource Committee

Mohsin Khursheed	Chairman
S. Faisal Shah	Member
Mahmooda Shah	Member

Chief Financial Officer / Company Secretary

Ali Ahmar

Auditors

Abdan & Company , Chartered Accountants

Legal Advisor

Maqsood 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 Extension, 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

DIRECTORS REPORT

The Directors of your Company have pleasure in submitting the report on condensed interim statements of accounts (unaudited) for the nine months period ended on March 31, 2021.

FINANCIAL HIGHLIGHTS

	(Rupees) 31.03.2021	(Rupees) 31.03.2020
(Loss)/ Profit before Taxation	(4,389,865)	575,287
Taxation	(141,649)	(257,861)
(Loss)/ Profit after Taxation	(4,531,514)	317,426
Other Comprehensive Income	-	-
Total Comprehensive Income of the Year	(4,531,514)	317,426
Accumulated Profit/Loss	30,559,659	35,889,267
Earnings per share after tax - Rs	(0.76)	0.05

Company Performance

The downturn holds in Europe in ongoing period and the effect of low business action there, naturally influenced the fundamental trading nations of leather and allied products. In this manner, in the initial nine months of 2020-21, send out orders are seriously hit and export is altogether declined because of Covid-19 globally.

Despite the best efforts made by the management, the company suffered significant fall in export and company shows loss in the nine months period ended March 31, 2021. The exports of the company stood at Rs. 14.16 million as compared to Rs. 27.01 million for the last corresponding period i.e. decrease of - 47.57% in value as compared to last years' corresponding period.

Future Out look

Regardless of vulnerability everywhere on the world by and large and cowhide industry specifically, the administration of your organization is extremely quick to protect the interest of investors of the organization. We are attempting our level best to stay stable in the current circumstance, and are putting forth best attempts to have send out requests of impressive worth from its current purchasers/clients just as investigating new business sectors to keep up its fares on upward patterns. We do trust that the organization would have the option to make sensible fares in the forthcoming future. Noticing current Covid-19 circumstance, we especially lament however, it is by all accounts the way that we may likewise be going through the following quarters with less orders.

Thanks to our shareholders for their trust and support now as well as in difficult times.

By order of the board



Karachi: April 28, 2021

Khalid H. Shah
(Chief Executive)

ڈائریکٹر رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 مارچ 2021 کو ختم ہونے والے نو ماہ کے اکاؤنٹس (غیر آڈٹ شدہ) کے عبوری بیانات پر رپورٹ پیش کرنے میں خوش ہیں۔

مالی ہائی لائنٹس

(روپے)	(روپے)	
31.03.2020	31.03.2021	
575,287	(4,389,865)	(نقصان) / ٹیکس سے پہلے منافع
(257,861)	(141,649)	ٹیکس
317,426	(4,531,514)	(نقصان) / ٹیکس کے بعد منافع
-	-	دیگر جا مع آمدنی
317,426	(4,531,514)	سال کی کل جامع آمدن
35,889,267	30,559,659	جمع شدہ منافع / نقصان
0.05	(0.76)	ٹیکس کے بعد فی شیئر آمدنی

کمپنی کی کارکردگی

موجودہ دور میں یورپ میں مندی برقرار ہے اور وہاں کاروبار میں کم کاروائی کے اثرات نے قدرتی طور پر چمڑے اور اس سے وابستہ مصنوعات کی بنیادی تجارتی ممالک کو متاثر کیا۔ اس طرح سے ، 2020-21 کے ابتدائی نو مہینوں میں برآمدی آرڈر بری طرح کم ہو چکے ہیں ، اور عالمی سطح پر کوویڈ 19 کی وجہ سے برآمد میں یکسر کمی واقع ہوئی ہے۔

انتظامیہ کی بہترین کوششوں کے باوجود ، کمپنی کو برآمدات میں نمایاں گراؤٹ کا سامنا کرنا پڑا اور 31 مارچ 2021 کو ختم ہونے والے نو ماہ کے عرصے میں کمپنی کو خسارہ ہوا۔ کمپنی کی برآمدات گزشتہ سال کے 27.01 ملین روپے کے مقابلے میں 14.16 ملین روپے رہی۔ گزشتہ سالوں کے اسی عرصے کے مقابلے میں اسی مدت یعنی قیمت میں 47.57 فیصد کمی۔

مستقبل کا جائزہ

خاص طور پر چمڑے کی صنعت میں پوری دنیا میں غیر یقینی صورتحال کے باوجود آپ کے ادارے کی انتظامیہ تنظیم کے سرمایہ کاروں کے مفادات کے تحفظ کے لئے انتہائی جدوجہد کر رہی ہے۔ ہم موجودہ حالات میں مستحکم رہنے کے لئے اپنی سطح کی پوری کوشش کر رہے ہیں اور برآمدات کو برقرار رکھنے کے لئے موجودہ خریداروں / صارفین سے ہدف شدہ قیمت کے برآمدی آرڈر حاصل کرنے کے ساتھ ساتھ نئی مارکیٹوں کی تلاش کے لئے پوری کوشش کر رہے ہیں۔ ہم امید کرتے ہیں کہ کمپنی آنے والے مستقبل میں معقول برآمدات کرنے میں کامیاب ہوگی۔ کوویڈ 19 کی موجودہ صورتحال کا مشاہدہ کرتے ہوئے ہمیں بہت افسوس ہے۔ لیکن یہ حقیقت معلوم ہوتی ہے کہ ہم اگلے سیزن کو بھی کم آرڈرز کے ساتھ گزار سکتے ہیں۔

اس مشکل وقت میں ہمارے حصص سرمایہ کاروں کا ان کے اعتماد اور مدد کے لئے شکریہ۔



خالد ایچ شاہ

(چیف ایگزیکٹو)

کراچی: 28 اپریل 2021

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2021

		MARCH 31, 2021 (Unaudited)	June 30, 2020 (Audited)
		<u>Rupees</u>	<u></u>
Non - Current Assets			
Property, plant and equipment	4	3,225,590	3,400,698
Current Assets			
Stock in trade	5	85,720,002	85,830,720
Trade debts - considered good		599,746	47,768
Advances, deposits, prepayments and other receivables		8,294,714	11,483,866
Cash and bank balances		1,957,021	1,599,723
		96,571,483	98,962,077
		99,797,073	102,362,775
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	6	60,000,000	60,000,000
General reserve (Revenue Reserve)		1,369,610	1,369,610
Accumulated gain/ (loss)		30,559,659	35,091,173
		91,929,269	96,460,783
Deferred liability - staff gratuity	7	1,779,962	1,779,962
Current liabilities			
Short term borrowing - secured		-	-
Loan from directors		402,084	2,084
Trade and other payables	8	2,930,119	1,225,085
Accrued markup		-	-
Unclaimed dividend		2,613,991	2,613,991
Provision for taxation		141,649	280,870
		6,087,843	4,122,030
Contingencies and commitments	9	-	-
		99,797,073	102,362,775

The annexed notes form integral part of these financial statements



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT & LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2021

	For the nine months ended		For the quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rupees		Rupees	
Sales - net	14,164,942	27,016,146	1,081,853	6,251,511
Cost of sales	(14,605,094)	(22,806,929)	(1,789,206)	(4,796,896)
Gross profit	(440,152)	4,209,217	(707,353)	1,454,615
Operating expenses				
Administrative expenses	(3,214,219)	(4,328,415)	(644,287)	(526,037)
Distribution cost	(704,087)	(765,461)	(27,594)	(99,748)
	(3,918,306)	(5,093,876)	(671,881)	(625,785)
Operating profit	(4,358,458)	(884,659)	(1,379,234)	828,830
Finance cost	(138,482)	(7,570)	(25,554)	(2,105)
Other income/(loss)	263,076	1,467,516	(22,000)	-
Other operating expenses	(156,000)	-	-	-
	(31,407)	1,459,946	(47,554)	(2,105)
Profit before taxation	(4,389,865)	575,287	(1,426,789)	826,725
Taxation	(141,649)	(257,861)	(10,819)	(62,515)
Profit after taxation	(4,531,514)	317,426	(1,437,607)	764,210
Earnings per share - basic and diluted	(0.76)	0.05	(0.24)	0.13

The annexed notes form integral part of these financial statements


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

LEATHER UP LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2021

	For the nine months ended		For the Quarter ended	
	MARCH 31, 2021	MARCH 31, 2020	MARCH 31, 2021	MARCH 31, 2020
	Rupees		Rupees	
Profit after taxation	(4,531,514)	317,426	(1,437,607)	764,210
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>(4,531,514)</u>	<u>317,426</u>	<u>(1,437,607)</u>	<u>764,210</u>

The annexed notes form integral part of these financial statements



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOW (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

	MARCH 31, 2021	MARCH 31, 2020
	<u>Rupees</u>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(4,389,865)	575,287
Adjustments for non cash and other items:		
Depreciation	175,109	195,275
Provision for gratuity	-	-
Gratuity paid	-	-
Finance cost	138,482	7,570
	<u>313,591</u>	<u>202,845</u>
Operating cashflows before working capital changes	(4,076,274)	778,132
Changes in working capital		
(Increase) / decrease in current assets		
Stock in trade	110,718	(1,082,679)
Trade debts	(551,978)	1,409,494
Advances, deposit, prepayments and other receivable	3,189,152	2,109,869
Increase / (decrease) in current liabilities		
Trade and other payables	1,705,033	(1,168,064)
Loan from directors	400,000	-
	<u>4,852,926</u>	<u>1,268,620</u>
Cash (used in) / generated from operations	776,652	2,046,752
Taxes paid	(280,870)	(611,091)
Finance cost paid	(138,482)	(84,584)
Net cash (used in) / generated from operating activities	357,299	1,351,077
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	-	-
Receipt against sale of lease hold land	-	-
Net cash from/(used in) investing activities	-	-
Net cashflow from financing activities		
Dividend paid	-	-
	<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents	357,299	1,351,077
Cash and cash equivalents at the beginning of the period	<u>1,599,723</u>	<u>568,208</u>
Cash and cash equivalents at the end of the period	<u><u>1,957,021</u></u>	<u><u>1,919,285</u></u>
Cash and cash equivalents comprise the following:		
Cash and bank balance	1,957,021	1,919,285
Short term borrowing	-	-
	<u><u>1,957,021</u></u>	<u><u>1,919,285</u></u>

The annexed notes form integral part of these financial statements


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

	Share Capital	General Revenue Reserve	Accumulated Loss	Total
	Rupees			
Balance as at July 1, 2019	60,000,000	1,369,610	35,571,840	96,941,450
Profit after Taxation			317,426	317,426
Other Comprehensive income			-	-
Balance as at March 31, 2020	60,000,000	1,369,610	35,889,267	97,258,877
Balance as at July 1, 2020	60,000,000	1,369,610	35,091,173	96,460,783
Profit after Taxation			(4,531,514)	(4,531,514)
Other Comprehensive income				-
Balance as at March 31, 2021	60,000,000	1,369,610	30,559,659	91,929,269

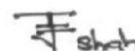
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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

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 (now Pakistan Stock Exchange) since 1994. The Company is engaged in the manufacture and export of leather garment products. The registered office and its production facilities are located at plot # 23/C, 15th Commercial Street Phase II Extension Defence Housing Authority, Karachi.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2020.

2.3 New standards, amendments to approved accounting standards and new Interpretations

2.3.1 Amendments to approved accounting standards which are effective during the year ending June 30, 2021

There are certain amendments to approved accounting standards which are mandatory for accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

2.3.2 New standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2021

There is a new standard and certain amendments to approved accounting standards that will be mandatory for accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or expected to have any significant effect on the Company's financial reporting.

2.4 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements for the year ended June 30, 2020.

3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied to financial statements as at and for the year ended June 30, 2020.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.

4 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - at net book value
Capital work in progress at cost
Right of use assets - at net book value

March 31, 2021 (Unaudited)	June 30, 2020 (audited)
_____ (Rupees) _____	_____
3,225,590	3,400,698
-	-
-	-
<u>3,225,590</u>	<u>3,400,698</u>

		March 31, 2021	December 31, 2019
		(Rupees)	
4.1	Additions - operating fixed assets (at cost)		
	Plant and Machinery	-	-
	Furniture and fixtures	-	-
	Vehicles	-	-
	Computers and accessories	-	-
	Office equipment	-	-

	March 31, 2021 (Unaudited)	June 30, 2020 (audited)
	(Rupees)	
7 DEFERRED LIABILITIES - Gratuity		
Staff retirement benefit	1,779,962	1,779,962
	<u>1,779,962</u>	<u>1,779,962</u>
8 TRADE AND OTHER PAYABLES		
	(Rupees)	
Loan from directors	402,084	2,084
Trade and other payables	2,311,091	1,225,085
Unclaimed dividend	2,613,991	2,613,991
Provision for taxation	141,649	280,870
	<u>5,468,815</u>	<u>4,122,030</u>

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There has been no material change in the status of contingencies disclosed in note 15 to the Company's financial statements for the year ended June 30, 2020.

9.2 Commitments

Export sales as at March 31, 2021 is Rs. 14.1 million (June 30, 2020: Rs. 12.50 million).

	For the nine months ended		For the quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Rupees)			
10 EARNINGS PER SHARE				
Profit after Taxation	<u>(4,531,514)</u>	<u>317,426</u>	<u>(1,437,607)</u>	<u>764,210</u>
	Number			
Weighted average number of ordinary shares	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
	(Rupees)			
Earnings per share - basic and diluted - Rupees	<u>(0.76)</u>	<u>0.05</u>	<u>(0.24)</u>	<u>0.13</u>

11 CASH GENERATED FROM OPERATIONS

	March 31, 2021	March 31, 2020
Profit before taxation	(4,252,575)	575,287
Adjustments for non cash and other items:		
Depreciation	175,109	195,275
Finance cost	138,482	7,570
Stock in trade	110,718	(1,082,679)
Trade debts	(70,240)	1,409,494
Advances, deposit, prepayments and other receivable	3,189,152	2,109,869
Trade and other payables	1,086,005	(1,168,064)
Loan from Directors	400,000	-
Taxes paid	(280,870)	(611,091)
Finance cost paid	(138,482)	(84,584)
Net cash (used in) / generated from operating activities	<u>357,299</u>	<u>1,351,077</u>

12 CASH AND CASH EQUIVALENTS

Cash and bank balance	1,957,021	1,919,285
Short term borrowing	-	-
	<u>1,957,021</u>	<u>1,919,285</u>

13 RELATED PARTIES

Related parties comprise of group companies, directors and their close family members, major shareholders of the Company, key management personnel and staff provident fund. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of chief Executive, directors and executives is as follows:

Loan from directors (Mr Khalid Shah)	402,084	2,084
Directors Loan Movement (Mr Khalid Shah)	400,000	-
Directors remuneration payable	-	-
Workers profit participation fund payable	-	-

14 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 28, 2021 by the Board of Directors of the Company.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR