



Leather Up Limited

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED
MARCH 31, 2022**

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

UHY Hassan Naeem & Co.

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	Bank Al Habib 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, TradeTower, 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 **Financial Statements for the Nine Months Period Ended March 31, 2022.**

Company Performance:

Company's net revenue for the Nine Months period ended July'21 to March'22 stood at Rs. 17.166 million as compared to net revenue of Rs. 14.164 million of the corresponding period of last year.

Future Out look

In spite of various challenges, the company for its part remains focused on improving its operational efficiencies, exploring new markets, effectively minimizing the production costs and focusing on the right performance levers.

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 stable in the current situation, 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 upcoming future. Company is aggressively participating in international forum to boost up the sales.

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 year, 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



Khalid H. Shah
(Chief Executive Officer)

Karachi: April 29, 2022

ڈائریکٹرز رپورٹ۔

آپ کی کمپنی کے ڈائریکٹرز کو 31 مارچ 2022 کو ختم ہونے والی نو ماہ کی مدت کے لیے مالیاتی گوشواروں پر رپورٹ جمع کرانے میں خوشی ہے۔

کمپنی کی کارکردگ

جولائی 21 سے مارچ 22 تک ختم ہونے والی نو ماہ کی مدت میں کمپنی کی خالص آمدنی گزشتہ سال کی اسی مدت کے 14.164 ملین روپے کے خالص ریونیو کے مقابلے میں 17.166 ملین روپے رہی۔

مستقبل کا نظریہ

مختلف چیلنجوں کے باوجود ، کمپنی اپنی آپریشنل صلاحیتوں کو بہتر بنانے ، نئی منڈیوں کی تلاش ، پیداواری لاگت کو مؤثر طریقے سے کم کرنے اور صحیح کارکردگی پر مبنی توجہ مرکوز کرنے پر مرکوز ہے۔
خاص طور پر چمڑے کی صنعت میں پوری دنیا میں غیر یقینی صورتحال کے باوجود ، آپ کی کمپنی کا انتظام کمپنی کے حصص یافتگان کے مفادات کے تحفظ کے لئے بہت خواہش مند ہے۔ ہم موجودہ صورتحال میں مستحکم رہنے کے لئے اپنی سطح کی پوری کوشش کر رہے ہیں ، اور اپنے موجودہ خریداروں / صارفین سے خاطر خواہ قیمت کے برآمدی آرڈر حاصل کرنے کے ساتھ ساتھ اپنی برآمدات کو اوپر کے رجحانات پر برقرار رکھنے کے لئے پوری کوشش کر رہے ہیں۔ ہم best نئی مارکیٹوں کی تلاش کے ل امید کرتے ہیں کہ کمپنی آئندہ مستقبل میں مناسب برآمدات کر سکے گی۔ کمپنی فروخت کو بڑھانے کے لئے بین الاقوامی فورم میں جارحانہ طور پر حصہ لے رہی ہے۔

ورکرز مینجمنٹ ریلیشن شپ۔

انتظامیہ عملے کے تمام ممبروں ، کارکنوں کی ریکارڈ قابل قدر شراکت کو عام طور پر نتائج کے حصول کی طرف رکھنا چاہے گی اور ہم چاہتے ہیں کہ مشکل اوقات میں حصص یافتگان کی مسلسل حمایت پر ان کا شکریہ ادا کیا جائے اور امید ہے کہ اسی طرح جاری رہے گا۔ آنے والے سال ورکرز مینجمنٹ کا رشتہ سال بھر عمدہ رہا ، جس کے نتیجے میں آپ کی کمپنی کا ہموار عمل ہوا۔ یہ ٹیم کا کام ہے اور ہم امید کرتے ہیں کہ آنے والے سالوں میں بھی اسی جذبے سے جاری رہے گا۔
شکریہ اور تعریف
ہمارے حصص یافتگان کا ان کے اعتماد اور تعاون کے ساتھ ساتھ مشکل اوقات میں بھی شکریہ۔

بورڈ کے حکم سے۔

کراچی
29-04-2022



خالد حسین شاہ۔
چیف ایگزیکٹو۔

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2022

		March 2022	June 2021
		Rupees	
ASSETS	<i>Note</i>		
Non-current assets			
Property, plant and equipment	4	2,976,807	3,131,191
Current assets			
Stock-in-trade	5	22,031,006	34,967,953
Trade debts		1,702,529	430,342
Advances, deposits and other receivables		3,390,986	3,068,584
Tax refunds due from government		4,204,830	4,108,886
Cash and bank balances		2,055,261	1,825,288
		33,384,611	44,401,053
Total assets		36,361,418	47,532,244
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorized capital</i>			
6,000,000 (2020: 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
<i>Revenue reserves</i>			
General reserve		1,369,610	1,369,610
Accumulated (losses) / profit		(33,108,882)	(23,480,402)
		(31,739,272)	(22,110,792)
		28,260,728	37,889,208
Non-current liability			
Staff retirement benefits - gratuity	7	1,018,769	1,018,769
Current liabilities	8		
Short term borrowings		-	-
Loan from directors		1,059,287	402,084
Trade and other payables		3,408,643	5,608,192
Unclaimed dividend		2,613,991	2,613,991
Accrued mark up		-	-
		7,081,921	8,624,267
Contingency and commitments	9		
Total equity and liabilities		36,361,418	47,532,244

The annexed notes from 1 to 16 form an 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, 2022

		For the Nine months ended		For the quarter ended	
		March	March	March	March
		2022	2021	2022	2021
	Note	Rupees	Rupees	Rupees	Rupees
Sales revenue	10	17,166,106	14,164,942	5,169,452	1,081,853
Cost of sales	11	(13,599,820)	(14,605,094)	(4,189,554)	(1,789,206)
Gross (loss) / profit		3,566,286	(440,152)	979,898	(707,353)
Administrative expenses		(3,819,418)	(3,352,701)	(1,120,459)	(669,841)
Distribution expenses		(1,008,493)	(704,087)	(322,032)	(27,594)
		(4,827,911)	(4,056,788)	(1,442,491)	(697,435)
Operating loss		(1,261,625)	(4,496,940)	(462,593)	(1,404,788)
Other expense / (income)		(8,220,168)	107,076	(8,227,686)	(22,000)
Loss before taxation		(9,481,793)	(4,389,865)	(8,690,279)	(1,426,789)
Taxation		(146,686)	(141,649)	(3,732)	(10,819)
Loss after taxation		(9,628,479)	(4,531,514)	(8,694,011)	(1,437,608)
Loss per share - basic and diluted	12	(1.60)	(0.76)	(1.45)	(0.24)

The annexed notes from 1 to 16 form an 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, 2022

	For the Nine months ended		For the quarter ended	
	March 2022	March 2021	March 2022	March 2021
	Rupees		Rupees	
Loss after taxation	(9,628,479)	(4,531,514)	(8,694,011)	(1,437,607)
Other comprehensive income				
<i>Items that will not be subsequently reclassified to profit or loss</i>				
Actuarial gain on defined benefit obligation				
Total comprehensive loss	<u>(9,628,479)</u>	<u>(4,531,514)</u>	<u>(8,694,011)</u>	<u>(1,437,607)</u>

The annexed notes from 1 to 16 form an 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, 2022

	Issued, subscribed and paid up capital	Revenue reserves		Total
		General reserve	Accumulated (loss) / profit	
	Rupees			
Balance as at June 30, 2020 - restated	60,000,000	1,369,610	34,230,397	95,600,007
<i>Total comprehensive loss for the year ended March 31, 2021</i>				
- Loss after taxation	-	-	(4,531,514)	(4,531,514)
- Other comprehensive income	-	-	-	-
	-	-	(4,531,514)	(4,531,514)
Balance as at March 31, 2021	60,000,000	1,369,610	29,698,883	91,068,493
Balance as at June 30, 2021	60,000,000	1,369,610	(23,480,402)	37,889,208
<i>Total comprehensive loss for the period ended March 31, 2022</i>				
- Loss after taxation	-	-	(9,628,479)	(9,628,479)
- Other comprehensive income	-	-	-	-
	-	-	(9,628,479)	(9,628,479)
Balance as at March 31, 2022	60,000,000	1,369,610	(33,108,882)	28,260,727

The annexed notes from 1 to 16 form an 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, 2022

		MARCH 2022	MARCH 2021
	<i>Note</i>	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(9,481,793)	(4,389,865)
<i>Adjustments for non-cash and other items:</i>			
- Raw material written off		8,227,686	-
- Gain on disposal of Plant and machinery		-	-
- Depreciation on property, plant and equipment		154,385	175,109
- Provision for staff gratuity		-	-
		8,382,071	175,109
Cash flow before working capital changes		(1,099,723)	(4,214,756)
Working capital changes			
<i>(Increase) / decrease in current assets</i>			
- Stock-in-trade		4,709,261	110,718
- Trade debts		(1,272,187)	(551,978)
- Advances, deposits, prepayments and other receivables		(322,402)	3,189,152
- Sales tax refundable		(64,737)	-
<i>Increase / (decrease) in current liabilities</i>			
- Trade and other payables		(2,199,550)	1,705,033
		850,384	4,452,926
Cash generated from operations		(249,339)	238,170
Taxes paid		(177,894)	(280,870)
Gratuity paid		-	-
Workers' Welfare Fund paid		-	-
Workers' Profit Participation Fund paid		-	-
Markup paid		-	-
		(177,894)	(280,870)
Net cash (used in) / generated from operating activities		(427,232)	(42,701)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan obtained from directors		657,203	400,000
Short term borrowings - net		-	-
Net cash generated from / (used in) financing activities		657,203	400,000
Net increase / (decrease) in cash and cash equivalents		229,971	357,299
Cash and cash equivalents at the beginning of the year		1,825,288	1,599,723
Cash and cash equivalents at the end of the year	<i>14</i>	2,055,261	1,957,021

The annexed notes from 1 to 16 form an integral part of these financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

LEATHER UP LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022

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, 2021.

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, 2021 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, 2022

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, 2022 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, 2021.

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, 2021.

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, 2021.

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, 2022 (Unaudited)	June 30, 2021 (audited)
<hr/> (Rupees)	<hr/>
2,976,807	3,131,191
-	-
-	-
<u>2,976,807</u>	<u>3,131,191</u>

			March 31, 2022 (Rupees)	June 30, 2021
4.1 Additions - operating fixed assets (at cost)				
Plant and Machinery			-	-
Furniture and fixtures			-	-
Vehicles			-	-
Computers and accessories			-	-
Office equipment			-	-
			<u>-</u>	<u>-</u>
			<u>-</u>	<u>-</u>
			March 31, 2022 (Rupees)	June 30, 2021
4.2 Disposals - operating fixed assets (at net book value)				
Plant and Machinery			-	-
Furniture and fixtures			-	-
Vehicles			-	-
Computers and accessories			-	-
Office equipment			-	-
			<u>-</u>	<u>-</u>
			<u>-</u>	<u>-</u>
4.3 Depreciation charge for the period			154,385	233,478
			<u>154,385</u>	<u>233,478</u>
4.4 Additions - capital work-in-progress (at cost)				
Plant and Machinery			-	-
Furniture and fixtures			-	-
Vehicles			-	-
Computers and accessories			-	-
Office equipment			-	-
			<u>-</u>	<u>-</u>
			<u>-</u>	<u>-</u>
			March 31, 2022 (Unaudited) (Rupees)	June 30, 2021 (audited)
5 STOCK IN TRADE				
Raw material and accessories			8,141,069	21,078,016
Work in process			-	-
Finished goods			13,889,937	13,889,937
			<u>13,889,937</u>	<u>13,889,937</u>
			<u>22,031,006</u>	<u>34,967,953</u>
6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL				
MARCH 31, 2022 (Unaudited)	June 30, 2021 (audited)		MARCH 31, 2022 (Unaudited)	June 30, 2021 (audited)
Number of Shares			(Rupees)	
5,759,100	5,759,100	Ordinary shares of Rs. 10/- each fully paid in cash.	57,591,000	57,591,000
125,000	125,000	Ordinary shares of Rs. 10/- each issued for consideration other than cash.	1,250,000	1,250,000
115,900	115,900	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares.	1,159,000	1,159,000
<u>6,000,000</u>	<u>6,000,000</u>		<u>60,000,000</u>	<u>60,000,000</u>

	MARCH 31, 2022 (Unaudited)	June 30, 2021 (audited)
	(Rupees)	
7 DEFERRED LIABILITIES - Gratuity		
Staff retirement benefit	1,018,769	1,018,769
	1,018,769	1,018,769
	MARCH 31, 2022 (Unaudited)	June 30, 2021 (audited)
	(Rupees)	
8 TRADE AND OTHER PAYABLES		
Loan from directors	1,059,287	402,084
Trade and other payables	3,408,643	5,608,192
Unclaimed dividend	2,613,991	2,613,991
	7,081,921	8,624,267
9 CONTINGENCIES AND COMMITMENTS		
9.1 Contingencies		
There has been no material change in the status of contingencies disclosed in note 13 to the Company's financial statements for the year ended June 30, 2021.		
9.2 Commitments		
Export sales as at March 31, 2022 is Rs. 15.941 million (June 30, 2021: Rs. 1.139 million).		
	MARCH 31, 2022	MARCH 31, 2021
	(Rupees)	
10 SALES REVENUE		
Export sales	15,941,401	13,440,760
Export rebate	1,224,705	724,182
	17,166,106	14,164,942
	MARCH 31, 2022	MARCH 31, 2021
11 COST OF SALES		
	(Rupees)	
Raw and packing materials consumed	8,216,781	5,683,253
Manufacturing expenses		
Salaries, wages and benefits	1,805,514	4,551,713
Cutting and stitching charges	2,748,227	3,282,364
Fuel and power	368,873	367,128
Repairs and maintenance	81,790	406,954
Depreciation on property, plant and equipment	92,631	105,065
Entertainment	246,550	109,403
Telephone, fax and postage	33,427	64,115
Rent, rates and taxes	-	24,000
Printing and stationery	6,027	11,100
	5,383,039	8,921,842
Cost of goods manufactured	13,599,820	14,605,094
Finished goods - opening stock	13,889,937	8,132,484
	27,489,757	22,737,578
Cost of goods available for sale		
Finished goods - closing stock	(13,889,937)	(8,132,484)
	13,599,820	14,605,094
Raw and packing materials consumed		

Opening stock	21,078,016	80,110,557
Add: Purchases during the year	<u>10,594,181</u>	<u>5,572,535</u>
	31,672,197	85,683,092
Less: Stock written off during the year		
- Write-off through provision previously recognized	-	-
- Direct write-off	<u>(15,314,347)</u>	<u>-</u>
	16,357,850	85,683,092
Less : Closing stock	<u>(8,141,069)</u>	<u>(79,999,839)</u>
Raw materials consumed	<u>8,216,781</u>	<u>5,683,253</u>

	For the period ended		For the quarter ended	
	MARCH 31, 2022	MARCH 31, 2021	MARCH 31, 2022	MARCH 31, 2021
	(Rupees)			
12 EARNINGS PER SHARE				
Profit after Taxation	<u>(9,628,479)</u>	<u>(4,531,514)</u>	<u>(8,694,011)</u>	<u>(1,437,608)</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>(1.60)</u>	<u>(0.76)</u>	<u>(1.45)</u>	<u>(0.24)</u>
13 CASH GENERATED FROM OPERATIONS			MARCH 31, 2022	MARCH 31, 2021
Profit / Loss before taxation			(9,481,793)	(4,389,865)
Adjustments for non cash and other items:				
Depreciation			154,385	175,109
Stock in trade			12,936,947	110,718
Trade debts			(1,272,187)	(551,978)
Advances, deposit, prepayments and other recievable			(322,402)	3,189,152
Trade and other payables			(2,199,550)	1,705,033
Taxes paid			(242,631)	(280,870)
Net cash (used in) / generated from operating activities			<u>(427,232)</u>	<u>(42,701)</u>

14 CASH AND CASH EQUIVALENTS

	MARCH, 2022	MARCH, 2021
Cash and bank balance	2,055,261	1,957,021
Short term borrowing	-	-
	<u>2,055,261</u>	<u>1,957,021</u>

15 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)	657,203	402,084
Directors Loan Movement (Mr Khalid Shah)	-	-
Directors remuneration payable	-	-
Workers profit participation fund payable	-	-

16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 29, 2022 by the Board of Directors of the Company.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR