



Leather Up Limited

**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
DECEMBER 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
Shaikh Abdus Sami	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: Inquiry@leatherupltd.com
Website: www.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 **Financial Statements for the Half Year Ended December 31, 2022 (UNAUDITED)**.

Company Performance:

Company's net revenue for the half year ended July'22 to Dec'22 stood at Rs. 14.488 million as compared to net revenue of Rs. 11.996 million of the corresponding period of last year and the net loss has decreased from 0.9M to 0.6M in the half year ended December 31, 2022.

Future Outlook:

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.

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

Karachi: 27 FEB, 2023



Khalid H. Shah
(Chief Executive)



Jazim Shah
(Chairman / Director)

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز خوشی سے آپ کو غیر مصدقہ دسمبر ۳۱، ۲۰۲۲ تک کے مالی اظہارات کی رپورٹ پیش کرتے ہیں۔

کمپنی کی کارکردگی

جولائی ۲۲ سے دسمبر ۲۲ تک کمپنی کا صاف آمدنی ۱۴.۴۸۸ ملین روپے تھا جبکہ متاثرہ دور کے مقابلہ کرنے والے دور کے ۱۱.۹۹۶ ملین روپے کے صاف آمدنی کے مقابلہ میں اضافہ ہوا۔ اسی طرح، صاف نقصان بھی کم ہوا جس کی مقدار دسمبر ۳۱، ۲۰۲۲ تک کے نصف سال کے لئے ۰.۹ ملین سے ۰.۶ ملین کے حدود تک کم ہوگئی۔

مستقبل کی توقعات

مختلف کشیدگیوں کے باوجود، کمپنی اپنی آپریشنل کارکردگی میں بہتری لائے، نئے مارکیٹس کی تلاش کرنے، پیداوار کی لاگتوں کو کم کرنے اور درست کارکردگی کے سمتہلے حوالوں پر توجہ مرکوز رہتی ہے۔ دنیا بھر میں ابتدائی طور پر اور خاص طور پر چمڑے کی صنعت میں اندھیرے کے باوجود، آپ کمپنی کے انتظامیہ کو اس بات کے لئے بہت دلچسپی ہے کہ کمپنی کے حاملین کے مفاد کی حفاظت کرے۔ ہم موجودہ صورتحال میں مستحکم رہنے کی کوشش کر رہے ہیں، اور اپنے موجودہ خریداروں گاہکوں سے کافی قدرتی قیمتوں کے ہی۔

کارکنان کی مینجمنٹ سے تعلقات

مینجمنٹ مقدرت کی تمام ارکان کے قیمتی کردار کو دستاویز کرنا چاہتا ہے جنہوں نے عام طور پر نتائج حاصل کرنے میں مدد کی اور ہم اپنی شکرگزاری کے اظہار کرنا چاہتے ہیں کہ سینئر بولڈرز کا شدید وقتوں میں جاری رہنے والا حمایت، جس کے بغیر مشکلات کا سامنا کرنا مشکل تھا، ابھی تک جاری ہے اور آنے والے سالوں میں بھی اسی طرح رہے گا۔ کارکنان اور مینجمنٹ کے درمیان تعلقات سال بھر عمدہ رہے جس کی وجہ سے آپ کی کمپنی کا سلسلہ وار کارروائی ممکن ہو سکا۔ یہ ٹیم کا کام ہے اور ہم امید کرتے ہیں کہ آنے والے سالوں میں بھی اسی روح سے جاری رہے گا۔

شکریہ اور تعریف: ہمارے سینئر بولڈرز کو ان کے اعتماد اور حمایت کے لئے شکریہ کہتے ہیں جو مشکل وقتوں میں ابھی تک جاری ہے۔



Khalid H. Shah
(Chief Executive)

کراچی: 27 فروری، 2023



Jazim Shah
(Chairman / Director)



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Sharah-e-Faisal,
Karachi, Pakistan.

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Independent Auditors' Review Report to the Members of Leather Up Limited

Report on review of condensed interim financial statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **LEATHER UP LIMITED** as at December 31, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the financial statements for the six-month period then ended (here-in-after referred to as the 'interim financial statements'). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of condensed interim statements of profit and loss and condensed statement of comprehensive income and the notes forming part thereof for the three months period ended 31st December 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended 31st December 2022.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial statements as of is not prepared, in all material respects in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' review report is **Imran Iqbal**

UHY Hassan Naeem & Co.

KARACHI

DATE : February 27, 2023

UDIN : RR202210215y0lnsHrT3

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2022

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
ASSETS	Note	————— Rupees —————	
Non-current assets			
Property, plant and equipment	4	2,832,987	2,925,345
Current assets			
Stock-in-trade	5	14,826,821	20,678,494
Trade debts		270,816	7,754,644
Advances, deposits and other receivables		2,995,671	3,339,207
Tax refunds due from government		4,306,018	4,235,262
Cash and bank balances		3,387,089	4,104,144
		25,786,415	40,111,751
Total assets		28,619,402	43,037,096
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		(39,276,348)	(38,616,908)
		(37,906,738)	(37,247,298)
		22,093,262	22,752,702
Non-current liability			
Staff retirement benefits - gratuity	7	852,533	1,890,572
Current liabilities			
Loan from directors		-	3,232,084
Trade and other payables	8	4,043,256	12,547,747
Unclaimed dividend		1,630,351	2,613,991
		5,673,607	18,393,822
Contingency and commitments	9		
Total equity and liabilities		28,619,402	43,037,096



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	<i>Note</i>	HALF YEAR ENDED		QUARTER ENDED	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		Rupees			
Sales revenue	10	14,488,581	11,996,654	3,812,285	4,106,750
Cost of sales	11	(10,873,754)	(9,410,266)	(1,723,985)	(2,722,149)
Gross (Loss) / Profit		3,614,827	2,586,388	2,088,300	1,384,601
Administrative expenses		(3,846,076)	(2,698,959)	(1,842,678)	(1,706,617)
Distribution expenses		(1,024,335)	(686,461)	(442,087)	(676,028)
Operating loss		(1,255,584)	(799,032)	(196,465)	(998,044)
Other (expense) / income		762,514	7,518	99,034	6,826
Profit/Loss before taxation		(493,070)	(791,514)	(97,432)	(991,218)
Taxation	12	(166,370)	(142,954)	(35,823)	(124,967)
Loss after taxation		(659,440)	(934,468)	(133,255)	(1,116,185)
Loss per share - basic and diluted	13	(0.11)	(0.16)	(0.02)	(0.19)



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	HALF YEAR ENDED		QUARTER ENDED	
	December 31,	December 31,	December 31,	December 31,
	2022	2021	2022	2021
	Rupees			
(Loss) after taxation	<u><u>(659,440)</u></u>	<u><u>(934,468)</u></u>	<u><u>(133,255)</u></u>	<u><u>(1,116,185)</u></u>
Other comprehensive income				
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u><u>(659,440)</u></u>	<u><u>(934,468)</u></u>	<u><u>(133,255)</u></u>	<u><u>(1,116,185)</u></u>



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	December 31, 2022	December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES	<i>Note</i>	Rupees
Loss before taxation		(493,070) (791,514)
<i>Adjustments for non-cash and other items:</i>		
- Provision for staff gratuity		302,020 207,750
- Depreciation on property, plant and equipment		92,358 102,923
		394,378 310,673
Cash flow before working capital changes		(98,692) (480,841)
Working capital changes		
<i>(Increase) / decrease in current assets</i>		
- Stock-in-trade		5,851,674 (4,773,686)
- Trade debts		7,483,828 (29,730)
- Advances, deposits, prepayments and other receivables		343,536 (755,481)
- Sales tax refundable		(48,394) (53,541)
<i>Increase / (decrease) in current liabilities</i>		
- Trade and other payables excluding gratuity payable		(8,430,815) 8,354,210
		5,199,829 2,741,772
Cash generated from operations		5,101,137 2,260,931
Gratuity paid		(1,413,737) -
Taxes paid		(188,732) (167,550)
		(1,602,469) (167,550)
Net cash (used in) / generated from operating activities		3,498,668 2,093,381
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash (used in) / generated from investing activities		- -
CASH FLOWS FROM FINANCING ACTIVITIES		
Net loan obtained from / (repaid to) directors		(3,232,084) 129,629
Dividend paid		(983,640) -
Net cash generated from / (used in) financing activities		(4,215,724) 129,629
Net increase / (decrease) in cash and cash equivalents		(717,055) 2,223,010
Cash and cash equivalents at the beginning of the year		4,104,144 1,825,288
Cash and cash equivalents at the end of the year	14	3,387,089 4,048,298

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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Revenue reserves			
	Issued, subscribed and paid up capital	General reserve	Accumulated (loss) / profit	Total
	Rupees			
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 December 31, 2021</i>				
- Profit after taxation	-	-	(934,468)	(934,468)
- Other comprehensive income	-	-	-	-
	-	-	(934,468)	(934,468)
Balance as at December 31, 2021	60,000,000	1,369,610	(24,414,871)	36,954,738
Balance as at June 30, 2022	60,000,000	1,369,610	(38,616,908)	22,752,702
<i>Total comprehensive loss for the period ended December 31, 2022</i>				
- Loss after taxation	-	-	(659,440)	(659,440)
- Other comprehensive income	-	-	-	-
	-	-	(659,440)	(659,440)
Balance as at December 31, 2022	60,000,000	1,369,610	(39,276,348)	22,093,262



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2022
(UN-AUDITED)

1. STATUS AND NATURE OF BUSINESS

Leather Up Limited ('the Company') was incorporated in Pakistan as a private limited company 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 products. The Head Office and the manufacturing facility of the Company are located at Plot # 23/C, 15th Commercial Street, Phase II Extension, Defence Housing Authority, Karachi.

2. BASIS OF PREPARATION

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 are unaudited and subject to limited scope review by the auditors. These are being submitted to the members in accordance with Section 237 of the Companies Act, 2017 (the Act).

2.3 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, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies and method of computations followed for the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual published financial statements of the company for the year ended June 30, 2022.

3.1 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgements that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual financial statements for the year ended June 30, 2022, except as disclosed otherwise.

	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
<i>Note</i>	Rupees	
4 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - at net book value	2,832,987	2,925,345
Additions - operating fixed assets (at cost)	-	-
Disposals - operating fixed assets (at net book value)	-	-
	2,832,987	2,925,345
	December 31, 2022	December 31, 2021
	Rupees	
4.1 Depreciation charge for the period	92,358	102,923
	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
	Rupees	
5 STOCK IN TRADE		
Raw material and accessories	7,656,985	7,353,279
Work in process	-	2,907,762
Finished goods	10,642,320	13,889,937
Less: Provision for obsolete stock	(3,472,484)	(3,472,484)
	14,826,821	20,678,494
6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
December 31, 2022 (Unaudited) Number of Shares	June 30, 2022 (Audited)	December 31, 2022 (Unaudited) Rupees
5,759,100	5,759,100	57,591,000
	Ordinary shares of Rs. 10/- each fully paid in cash.	
125,000	125,000	1,250,000
	Ordinary shares of Rs. 10/- each issued for consideration other	
115,900	115,900	1,159,000
	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares.	
6,000,000	6,000,000	60,000,000
7 DEFERRED LIABILITIES - Gratuity		
Staff retirement benefit	852,533	1,890,572
	852,533	1,890,572

	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
<i>Note</i>	Rupees	
8 TRADE AND OTHER PAYABLES		
Creditors	1,858,877	4,727,793
Accrued liabilities	648,557	1,299,992
Advance from customers	1,486,277	6,396,740
Gratuity payable	-	73,677
Provision for Workers' Welfare Fund	49,545	49,545
	4,043,256	12,547,747

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, 2022.

9.2 Commitments

Commitments for export sales as at December 31, 2022 were Rs. 13 million (June 30, 2022: Rs. 4.1 million).

	December 31, 2022 (Unaudited)	December 31, 2021 (Audited)
	Rupees	
10 SALES REVENUE		
Export Sales	13,301,165	11,054,080
Export Rebates	1,187,416	942,574
	14,488,581	11,996,654

11 COST OF SALES

Raw and packing materials consumed	11.1 & 11.2	7,823,022	5,296,415
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Manufacturing Expenses

Salaries, wages and benefits		1,270,808	1,393,764
Cutting and stitching charges	11.2	2,226,570	2,138,166
Fuel and power		291,945	296,632
Repairs and maintenance		75,140	70,480
Depreciation on property, plant and equipment	11.3	55,415	61,754
Entertainment		136,470	153,055
Telephone, fax and postage		9,904	-
Printing and stationery		5,630	-
		4,071,882	4,113,851
Cost of goods manufactured		11,894,904	9,410,266
Finished goods - opening stock		13,889,937	13,889,937
Cost of goods available for sale		25,784,841	23,300,203
Less: Stock sold at cost as scrap		(4,268,767)	-

Finished goods - closing stock	(10,642,320)	(13,889,937)
	<u>10,873,754</u>	<u>9,410,266</u>

December 31, December 31,

2022 2021
(Unaudited) (Audited)

Note ————— Rupees —————

11.1 Raw and packing materials consumed

Opening stock	7,353,279	21,078,016
Add: Purchases during the year	<u>8,126,728</u>	<u>10,070,100</u>
	<u>15,480,007</u>	<u>31,148,116</u>
Less : Closing stock	(7,656,985)	(25,851,702)
Raw materials consumed	<u><u>7,823,022</u></u>	<u><u>5,296,415</u></u>

11.2 This includes an amount of Rs. 790,400 and Rs. 230,750 in raw material consumed and cutting and stitching charges respectively, that were transferred to finished goods.

11.3 Depreciation expense is allocated to cost of sales and administrative expenses in ratio of 60:40 respectively.

12 TAXATION

Current - for the year	166,370	142,954
	<u>166,370</u>	<u>142,954</u>

For the half year ended		For the quarter ended	
December 31,	December 31,	December 31,	December 31,
2022	2021	2022	2021
————— Rupees —————		————— Rupees —————	

13 LOSS PER SHARE

Profit after Taxation	<u>(659,440)</u>	<u>(934,468)</u>	<u>(133,255)</u>	<u>(1,116,185)</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>(0.11)</u>	<u>(0.16)</u>	<u>(0.02)</u>	<u>(0.19)</u>

14 CASH AND CASH EQUIVALENTS

Cash and bank balance	3,387,089	4,048,298
Short term borrowing	-	-

<u>3,387,089</u>	<u>4,048,298</u>
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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. Related parties balances and transaction during the period is as follows:

Loan from directors (Mr Khalid Shah) - Balance	-	3,232,084
Directors Loan Movement - Net (Repaid to Mr Khalid Shah)	3,232,084	-

16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on _____ by the Board of Directors of the Company.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR