



Leather Up Limited

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED
MARCH 31, 2023**



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: 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 Metroplole, 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, 2023.**

Company Performance:

The company's net revenue for the nine months ended in July 2022 to March 2023 is Rs. 15.465 million, compared to Rs. 17.166 million for the same period the previous year. The Net loss after taxation for the nine months ended in July 2022 to March 2023 stands at 1.837 million whereas in the same comparative period the net loss was 9.628 million

Future Out look:

Despite facing various challenges, the company remains committed to enhancing operational efficiencies, exploring new markets, optimizing production costs, and focusing on key performance drivers. Despite uncertainties in the global and leather industries, the management is dedicated to safeguarding the interests of the company's shareholders. We are diligently working to maintain stability in the current situation, striving to secure substantial export orders from existing customers while also exploring new markets to sustain upward trends in our exports. We are actively engaging in international forums to boost sales and are optimistic about the company's prospects for reasonable exports in the near future.

Workers Management Relation:

The management wishes to formally acknowledge and express deep appreciation for the esteemed contributions made by all members of our staff and workers towards our collective achievements. We are profoundly grateful to our shareholders for their unwavering support, especially during challenging times, and we look forward to continuing this symbiotic relationship in the future. The exceptional level of worker-management relations has facilitated seamless operations within the company, underscoring the importance of effective teamwork. We are committed to upholding this spirit of collaboration in the coming years. Once again, we extend our utmost gratitude to our shareholders for their trust and support.

By order of the board



Khalid H. Shah
(Chief Executive Officer)

Karachi: April 28, 2023

ڈائریکٹرز رپورٹ۔

جولائی 2022 سے مارچ 2023 تک نو ماہی دورانیہ کے دوران کمپنی کی صاف آمدنی 15.465 ملین روپے تھی، جو پچھلے سال اسی دورانیہ میں کمائی گئی 17.166 ملین روپے سے کم ہے۔ البتہ، ٹیکس کے بعد صاف نقصان میں نمایاں اصلاحیہ آئی ہے، جو موجودہ دورانیہ کے لئے 1.837 ملین روپے ہے، جبکہ پچھلے سال کی اسی دورانیہ میں نقصان کل 9.628 ملین روپے تھا۔

کمپنی کی کارکردگ

جولائی 22 سے مارچ 23 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

کئی مختلف چیلنجوں کا سامنا کرنے کے باوجود، کمپنی اپنے کاروباری کارکردگی کو بہتر کرنے، نئے مارکیٹس کی تلاش کرنے، پیداواری لاگت کی کم کرنے اور کلیدی کارکردگی کے پابندیوں پر توجہ مرکوز رکھتی ہے۔ عالمی اور لیتھر صنعت کی غیر یقینیات کے باوجود، انتظامیہ کسی بھی صورت میں کمپنی کے سهامداروں کے مفاد کی حفاظت کرنے پر واقف ہے۔ ہم مستقبل میں بھی اس تعاونی تعلق کو جاری رکھنے کیلئے کام کر رہے ہیں۔ ہم فیصلہ شدہ طور پر کارروائیوں کو جاری رکھتے ہیں تاکہ فعلی صورتحال میں مستحکم کو برقرار رکھیں، موجودہ کسٹمرز سے کم سے کم صادراتی آرڈرز حاصل کرنے کی کوشش کر رہے ہیں جبکہ نئے مارکیٹس کی تلاش کر کے ہماری صادرات کی بڑھتی ہوئی روند کو برقرار رکھیں۔ ہم بین الاقوامی فورموں میں سرگرمی کرتے ہیں تاکہ فروخت کو بڑھانے میں کامیابی حاصل کریں اور کمپنی کے نزدیکی مستقبل کے صادراتی منصوبوں کے بارے میں پر امید ہیں۔

ورکرز مینجمنٹ رٹیشن شیپ۔

ادارہ کی جانب سے توجہ سے اقرار کیا جاتا ہے اور عمومی طور پر تمام ملازمین اور کام کرنے والوں کی قیمتی کوششوں کے لئے ہماری مشترکہ کامیابیوں کی تسلیم کی گئی ہے۔ ہمارے سهامداروں کا بے لوث حمایت کے لئے ہم بہت شکرگزار ہیں، خاص طور پر مشکل وقتوں میں، اور ہم منتظر ہیں کہ ہمیں آنے والے وقت میں بھی اس رابطے کو جاری رکھیں گے۔ کارکن-ادارہ کے تعلقات کی غیر معمولی سطح نے کمپنی کے اندر بلا خبری کے بغیر کام کرنے کو ممکن بنایا ہے، جس نے کامیاب ٹیم کی اہمیت کو اوج پر لہر دیا ہے۔ ہم ہم آہنگی کے اس روح کو آئندہ سالوں میں برقرار رکھنے کی پر عزمی کرتے ہیں۔ ایک بار پھر، ہمارے سهامداروں کو ان کے اعتماد اور حمایت کے لئے عمدہ شکریہ جتاتے ہیں۔

بورڈ کے حکم سے۔

کراچی
28-April-2023



خالد حسین شاہ۔
چیف ایگزیکٹو۔

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2023

	<i>Note</i>	(Unaudited) March, 2023	(Audited) June, 2022
ASSETS		———— Rupees ————	
Non-current assets			
Property, plant and equipment	4	2,786,808	2,925,345
Current assets			
Stock-in-trade	5	13,805,671	20,678,494
Trade debts		270,816	7,754,644
Advances, deposits and other receivables		2,775,298	3,339,207
Tax refunds due from government		4,357,895	4,235,262
Cash and bank balances		1,435,815	4,104,144
		22,645,495	40,111,751
Total assets		25,432,304	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		(40,454,414)	(38,616,908)
		(39,084,804)	(37,247,298)
		20,915,196	22,752,702
Non-current liability			
Staff retirement benefits - gratuity	7	126,028	1,890,572
Current liabilities			
Loan from directors		-	3,232,084
Trade and other payables	8	2,760,729	12,547,747
Unclaimed dividend		1,630,351	2,613,991
		4,391,080	18,393,822
Contingency and commitments	9		
Total equity and liabilities		25,432,304	43,037,096



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2023

	<i>Note</i>	FOR THE NINE MONTHS ENDED		FOR THE QUARTER ENDED	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		Rupees			
Sales revenue	10	15,465,289	17,166,106	976,708	5,169,452
Cost of sales	11	(12,160,063)	(13,599,820)	(1,286,309)	(4,189,554)
Gross (Loss) / Profit		3,305,226	3,566,286	(309,601)	979,898
		-			
Administrative expenses		(4,569,854)	(3,819,418)	(723,778)	(1,120,459)
Distribution expenses		(1,169,667)	(1,008,493)	(145,332)	(322,032)
		(5,739,521)	(4,827,911)	(869,110)	(1,442,491)
Operating loss		(2,434,295)	(1,261,625)	(1,178,711)	(462,593)
		-			
Other (expense) / income		772,706	(8,220,168)	10,192	(8,227,686)
		-			
Profit/Loss before taxation		(1,661,589)	(9,481,793)	(1,168,520)	(8,690,279)
		-			
Taxation	12	(175,917)	(146,686)	(9,547)	(3,732)
		-			
Loss after taxation		(1,837,506)	(9,628,479)	(1,178,067)	(8,694,011)
		-			
Loss per share - basic and diluted	13	(0.31)	(1.60)	(0.20)	(1.45)



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2023

	FOR THE NINE MONTHS ENDED		FOR THE QUARTER ENDED	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees			
(Loss) after taxation	(1,837,506)	(9,628,479)	(1,178,067)	(8,694,011)
Other comprehensive income				
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	(1,837,506)	(9,628,479)	(1,178,067)	(8,694,011)



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2023

	March 31, 2023	March 31, 2022
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,661,589)	(9,481,793)
<i>Adjustments for non-cash and other items:</i>		
- Raw material written off	-	8,227,686
- Depreciation on property, plant and equipment	138,537	154,385
	<u>138,537</u>	<u>8,382,071</u>
Cash flow before working capital changes	(1,523,052)	(1,099,722)
Working capital changes		
<i>(Increase) / decrease in current assets</i>		
- Stock-in-trade	6,872,824	4,709,261
- Trade debts	7,483,828	(1,272,187)
- Advances, deposits, prepayments and other receivables	563,909	(322,402)
- Sales tax refundable	(84,492)	(64,737)
<i>Increase / (decrease) in current liabilities</i>		
- Trade and other payables excluding gratuity payable	(9,713,342)	(2,199,550)
	<u>5,122,727</u>	<u>850,385</u>
Cash generated from operations	3,599,674	(249,337)
Gratuity paid	(1,838,221)	-
Taxes paid	(214,057)	(177,894)
	<u>(2,052,278)</u>	<u>(177,894)</u>
Net cash (used in) / generated from operating activities	1,547,396	(427,231)
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)	657,203
Unclaimed Dividend Paid	(983,640)	-
Net cash generated from / (used in) financing activities	(4,215,724)	657,203
Net increase / (decrease) in cash and cash equivalents	<u>(2,668,328)</u>	<u>229,971</u>
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	1,435,815	2,055,261

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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Revenue reserves		Total	
	Issued, subscribed and paid up capital	General reserve		Accumulated (loss) / profit
	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 March 31, 2022</i>				
- Profit/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
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 March 31, 2023</i>				
- Loss after taxation	-	-	(1,837,506)	(1,837,506)
- Other comprehensive income	-	-	-	-
	-	-	(1,837,506)	(1,837,506)
Balance as at March 31, 2023	60,000,000	1,369,610	(40,454,414)	20,915,196



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2023
(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.

	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)	
	Rupees		
4 PROPERTY, PLANT AND EQUIPMENT			<i>Note</i>
Operating fixed assets - at net book value	2,786,808	2,925,345	
Additions - operating fixed assets (at cost)	-	-	
Disposals - operating fixed assets (at net book value)	-	-	
	2,786,808	2,925,345	
	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)	
	Rupees		
4.1 Depreciation charge for the period	138,537	205,846	
	March 31, 2023 (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	9,621,170	13,889,937	
Less: Provision for obsolete stock	(3,472,484)	(3,472,484)	
	13,805,671	20,678,494	
6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
March 31, 2023 (Unaudited)	June 30, 2022 (Audited)		March 31, 2023 (Unaudited)
Number of Shares			June 30, 2022 (Audited)
			Rupees
5,759,100	5,759,100	Ordinary shares of Rs. 10/- each fully paid in cash.	57,591,000
125,000	125,000	Ordinary shares of Rs. 10/- each issued for consideration other than	1,250,000
115,900	115,900	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares.	1,159,000
6,000,000	6,000,000		60,000,000
7 DEFERRED LIABILITIES - Gratuity			
Staff retirement benefit			126,028
			1,890,572
			126,028
			1,890,572
	March 31,	June 30,	

	2023 (Unaudited)	2022 (Audited)
<i>Note</i>	Rupees	
8 TRADE AND OTHER PAYABLES		
Creditors	856,835	4,727,793
Accrued liabilities	368,072	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
	<u>2,760,729</u>	<u>12,547,747</u>

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There has been no material change in the status of contingencies to the Company's financial statements for the year ended June 30, 2022.

9.2 Commitments

Commitments for export sales as at March 31, 2023 were Rs. 18 million (June 30, 2022: Rs. 4.1 million).

	March 31, 2023	March 31, 2022
	Rupees	
10 SALES REVENUE		
Export Sales	14,245,693	15,941,401
Export Rebates	1,219,596	1,224,705
	<u>15,465,289</u>	<u>17,166,106</u>

11 COST OF SALES

Raw and packing materials consumed	<i>11.1 & 11.2</i>	7,823,022	8,216,781
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Manufacturing Expenses

Salaries, wages and benefits		1,245,000	1,805,514
Cutting and stitching charges	<i>11.2</i>	2,226,570	2,748,227
Fuel and power		506,050	368,873
Repairs and maintenance		75,140	81,790
Depreciation on property, plant and equipment	<i>11.3</i>	83,122	92,631
Entertainment		178,875	246,550
Telephone, fax and postage		16,654	33,427
Printing and stationery		5,630	6,027
		<u>4,337,041</u>	5,383,039
Cost of goods manufactured		<u>12,160,063</u>	13,599,820
Finished goods - opening stock		<u>13,889,937</u>	13,889,937
Cost of goods available for sale		<u>26,050,000</u>	27,489,757
Less: Stock sold at cost as scrap		(4,268,767)	-
Finished goods - closing stock		<u>(9,621,170)</u>	(13,889,937)
		<u>12,160,063</u>	13,599,820

March 31, 2023 March 31, 2022

	<i>Note</i>	————— 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>10,594,181</u>
		15,480,007	31,672,197
Less: Stock written off during the year			
Write-off through provision previously recognized			
Direct write-off			(15,314,347)
Less : Closing stock		<u>(7,656,985)</u>	<u>(8,141,069)</u>
Raw materials consumed		<u><u>7,823,022</u></u>	<u><u>8,216,782</u></u>

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

12 TAXATION

Current - for the year	<u>175,917</u>	146,686
	<u><u>175,917</u></u>	<u><u>146,686</u></u>

	For the nine months ended		For the quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	————— Rupees —————			
13 LOSS PER SHARE				
Loss after Taxation	<u>(1,837,506)</u>	<u>(9,628,479)</u>	<u>(1,178,067)</u>	<u>(8,694,011)</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>(0.31)</u>	<u>(1.60)</u>	<u>(0.20)</u>	<u>(1.45)</u>

14 CASH AND CASH EQUIVALENTS

	March 31, 2023	March 31, 2022
Cash and bank balance	1,435,815	2,055,261
Short term borrowing	-	-
	<u><u>1,435,815</u></u>	<u><u>2,055,261</u></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. 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 28 April 2023 by the Board of Directors of the Company.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR