



Leather Up Limited

**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2023**



COMPANY PROFILE

Board of Directors

Khalid H. Shah	Chief Executive/ Director	Mahmooda Shah	Director
Jazim Shah	Director / Chairman	S. Faisal Shah	Director
Ellahi Bukhsh	Director	Farooq Raza	Director
Shaikh Abdus Sami	Director		

Board Audit Committee

Ellahi Bukhsh	Chairman
Jazim Shah	Member
Mahmooda Shah	Member

Human Resource Committee

Ellahi Bukhsh	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 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 Half Year Ended December 31, 2023 (UNAUDITED)**.

Company Performance:

The company's net revenue for the half-year ended July '23 to December '23 stood at Rs. 22.135 million compared to a net revenue of Rs. 14.488 million for the corresponding period last year. Additionally, the net profit was 3M compared to a loss of 0.6M in the half-year ended December 31, 2022.

Future Outlook:

Despite various challenges, the company remains focused on improving operational efficiencies, exploring new markets, minimizing production costs effectively, and emphasizing the right performance levers. Despite global uncertainty and challenges within the leather industry, the management is committed to safeguarding the interests of the company's shareholders. We are striving to maintain stability in the current situation and are making concerted efforts to secure export orders of significant value from existing buyers/customers, as well as exploring new markets to sustain upward trends in exports. We hope to achieve reasonable export figures in the foreseeable future.

Workers Management Relation:

The management would like to acknowledge the valued contributions of all staff and workers towards achieving results. We express our gratitude to the shareholders for their continued support during difficult times and aim to maintain this support in the coming years. The worker-management relationship remained excellent throughout the year, resulting in the smooth operation of the company. This is a testament to teamwork, and we hope it continues in the same spirit in the future.

Thanks and Appreciation:

We extend our thanks to our shareholders for their trust and support, both now and during challenging times

Karachi: 27 February, 2024

Khalid H. Shah
(Chief Executive)

Jazim Shah
(Chairman / Director)

ڈائریکٹرز کی رپورٹ

کمپنی کی پرفارمنس

صاف درآمد: کمپنی نے نصف سالہ مدت کے دوران صاف درآمد میں نمایاں اضافہ دیکھا، جس میں 22.135 ملین روپے شامل ہیں جبکہ موازنہ کے دورانیہ کی میں 14.488 ملین روپے تھے۔
صاف منافع/نقصان: کمپنی نے 31 دسمبر، 2023 کو ختم ہونے والے نصف سال کے لئے 3 ملین روپے کا صاف منافع حاصل کیا، جبکہ اسی دورانیہ میں 2022 میں 0.6 ملین روپے کا نقصان تھا۔

ستقبل کا مشاہدہ: مختلف چینلجوں کا سامنا ہونے کے باوجود، کمپنی عملیاتی ماہریت میں بہتری، نئے مارکیٹس کی تلاش، پیداواری لاگتوں کو کم کرنے اور کارکردگی میں اضافہ کے لئے متوجہ ہے۔

ادارہ سچی چارہ: مینجمنٹ سہمداروں کے مفاد کی حفاظت کے لئے مصروف ہے اور مستقلیت برقرار رکھنے اور قدرتی طور پر نئے مارکیٹس سے صارفین/کسٹمرز کیساتھ صادرات کی مقدار بڑھانے کی کوشش کر رہی ہے۔

کمپنی صادرات میں اوپر کی روایتوں کو برقرار رکھنے کی کوشش کرتی ہے اور مستقبل میں معقول صادرات کی امید کرتی ہے۔

ورکرز کا انتظامات رشتہ: رپورٹ میں تمام اسٹاف اور کارکنوں کی قیمتی شراکت کو ناپسند کیا گیا ہے جو نتائج حاصل کرنے میں مدد کرتے ہیں۔

مینجمنٹ شراکت داروں کا شکریہ ادا کرتی ہے جن کی مشکل وقتوں میں جاری حمایت کا اظہار ہے۔

ورکر انتظاماتی تعلقات پورے سال بھر میں بہتر رہے، جو کمپنی کے چلنے کو سموتھ بناتا ہے۔ یہ ٹیم کام ہے اور امید ہے کہ آئندہ سالوں میں اسی روح میں جاری رہے گی۔

شکر و قدر کا اظہار: رپورٹ شکریہ کے ساتھ ختم ہوتی ہے کہ شراکت داروں کو ان کی بھرپور حمایت کا اظہار کرتی ہے، حال میں اور مشکل وقتوں میں۔

کل کی بات یہ ہے کہ رپورٹ کمپنی کی پرفارمنس کے لئے مثبت مشاہدہ فراہم کرتی ہے، جس میں ترقی، مستقلیت، اور عملہ اور شراکت داروں کی حمایت کی اہمیت کو نہایت اہمیت دی گئی ہے۔



Khalid H. Shah
(Chief Executive)

27 February 2024, Karachi



Jazim Shah
(Chairman / Director)

INDEPENDENT AUDITOR'S 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 31 December 2023 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 comprising material accounting policy information and other explanatory information 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 this 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 financial statements based on our review.

The figures for the quarter ended 31 December 2023 and 31 December 2022 as presented in the condensed statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and thus, we do not express a conclusion on them.

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". Review of interim financial statements consists of making inquiries 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 respect in accordance with accounting and reporting standards as applicable in Pakistan for interim reporting.

The engagement partner on the review resulting in this independent auditor's review report is **Arslan Ahmed**.

UHY Hassan Naeem - C

KARACHI
DATE: February 27, 2024
UDIN: RR202310311kg9sPw3iV

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2023

		December 2023	June 2023
ASSETS	<i>Note</i>	Rupees	
Non-current assets			
Property, plant and equipment	4	2,657,725	2,740,629
Long term deposits		63,072	63,072
Current assets			
Stock-in-trade	5	19,923,852	33,920,530
Trade debts		112,554	-
Advances, deposits and other receivables		4,177,387	2,888,165
Tax refunds due from government		1,809,134	1,809,133
Cash and bank balances		2,833,155	2,754,248
		28,856,082	41,372,075
Total assets		31,576,879	44,175,776
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorized capital</i>			
6,000,000 (2022: 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		(38,581,340)	(41,582,119)
		(37,211,730)	(40,212,509)
		22,788,270	19,787,491
Non-current liability			
Staff retirement benefits - gratuity	7	500,406	333,604
Current liabilities			
Loan from directors		208,600	-
Trade and other payables	8	6,449,252	22,424,331
Unclaimed dividend		1,630,351	1,630,351
		8,288,203	24,054,682
Total equity and liabilities		31,576,879	44,175,777
Contingency and commitments	9		

The annexed notes are integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2023

		HALF YEAR ENDED		QUARTER ENDED	
		DECEMBER 2023	DECEMBER 2022	DECEMBER 2023	DECEMBER 2022
	<i>Notes</i>	Rupees			
Sales revenue	10	22,135,752	14,488,581	3,354,441	3,812,285
Cost of sales	11	(18,001,975)	(10,873,754)	(1,341,540)	(1,723,085)
Gross (Loss) / Profit		4,133,777	3,614,827	2,012,901	2,089,200
		-	-	-	-
Administrative expenses		(2,172,393)	(3,846,076)	344,188	(1,842,678)
Distribution expenses		(830,887)	(1,024,335)	(331,377)	(442,087)
		(3,003,280)	(4,870,411)	12,811	(2,284,765)
Operating loss		1,130,497	(1,255,584)	2,025,712	(195,565)
		-	-	-	-
Other (expense) / income		2,062,601	762,514	880,962	99,034
		-	-	-	-
Profit/(Loss) before taxation		3,193,098	(493,070)	2,906,674	(96,531)
		-	-	-	-
Taxation	12	(192,319)	(166,370)	(4,506)	(35,823)
		-	-	-	-
Profit/(Loss) after taxation		3,000,779	(659,440)	2,902,168	(132,354)
		-	-	-	-
Profit/(Loss) per share - basic and diluted	13	0.50	(0.11)	0.59	(0.02)

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 (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2023

	HALF YEAR ENDED		QUARTER ENDED	
	DECEMBER	DECEMBER	DECEMBER	DECEMBER
	2023	2022	2023	2022
	Rupees			
Profit/(Loss) after taxation	3,000,779	(659,440)	2,868,877	(132,354)
Other comprehensive income				
<i>Items that will not be subsequently reclassified to profit or loss</i>	-	-	-	-
Actuarial gain on defined benefit obligation	-	-	-	-
Total comprehensive income (Loss)	3,000,779	(659,440)	3,000,779	(132,354)

The annexed notes form integral part of these financial statements



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF CASFLOW (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2023

	<i>Note</i>	December 31, 2023	December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES	—	Rupees —	
Profit/Loss before taxation		3,193,098	(493,070)
<i>Adjustments for non-cash and other items:</i>			
- Provision for staff gratuity		166,802	302,020
- Depreciation on property, plant and equipment		82,904	92,358
		249,706	394,378
Cash flow before working capital changes		3,442,804	(98,692)
Working capital changes			
<i>(Increase) / decrease in current assets</i>			
- Stock-in-trade		13,996,678	5,851,674
- Trade debts		(112,554)	7,483,828
- Advances, deposits, prepayments and other receivables		(1,289,222)	343,536
- Sales tax refundable		(1)	(48,394)
<i>Increase / (decrease) in current liabilities</i>			
- Trade and other payables excluding gratuity payable		(15,975,079)	(8,430,815)
		(3,380,178)	5,199,829
Cash generated from operations		62,626	5,101,137
Gratuity paid		-	(1,413,737)
Taxes paid		(192,319)	(188,732)
		(192,319)	(1,602,469)
Net cash (used in) / generated from operating activities		(129,693)	3,498,668
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		208,600	(3,232,084)
Dividend Paid		-	(983,640)
Net cash generated from / (used in) financing activities		208,600	(4,215,724)
Net increase / (decrease) in cash and cash equivalents		78,907	(717,056)
Cash and cash equivalents at the beginning of the year		2,754,248	4,104,144
Cash and cash equivalents at the end of the year	<i>14</i>	2,833,155	3,387,092

The annexed notes are integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2023

	Issued, subscribed and paid up capital	Revenue reserves		Total
		General reserve	Accumulated (loss) / profit	
Rupees				
Balance as at July 1, 2022	60,000,000	1,369,610	(38,616,907)	22,752,703
<i>Total comprehensive loss for the period ended December 31, 2022</i>				
- Loss after taxation	-	-	(160,858)	(160,858)
- Other comprehensive loss	-	-	-	-
	-	-	(160,858)	(160,858)
Balance as at December 31, 2022	60,000,000	1,369,610	(38,777,766)	22,591,844
Balance as at July 1, 2023	60,000,000	1,369,610	(41,582,119)	19,787,491
<i>Total comprehensive profit for the period ended December 31, 2023</i>				
- Profit after taxation	-	-	3,000,779	3,000,779
- Other comprehensive income	-	-	-	-
	-	-	3,000,779	3,000,779
Balance as at December 31, 2023	60,000,000	1,369,610	(38,581,340)	22,788,270

The annexed notes are integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 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

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, 2023.

3 MATERIAL ACCOUNTING POLICY INFORMATION

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, 2023.

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

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, 2023, except as disclosed otherwise.

			December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
		<i>Note</i>	————— Rupees —————	
4	PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets - at net book value		2,657,725	2,740,629
	Capital work in progress at cost		-	-
	Right of use assets - at net book value		-	-
			<u>2,657,725</u>	<u>2,740,629</u>
			December 31, 2023	December 31, 2022
			————— Rupees —————	
4.3	Depreciation charge for the period		<u>82,904</u>	<u>92,358</u>
			December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
			————— Rupees —————	
5	STOCK IN TRADE			
	Raw material and accessories		19,923,852	25,320,085
	Work in process		-	8,600,445
	Finished goods		778,967	979,060
	Less: Provision for obsolete stock		(778,967)	(979,060)
			<u>19,923,852</u>	<u>33,920,530</u>
6	ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
			December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
			————— Rupees —————	
			December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
			————— Rupees —————	
			December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
			————— Rupees —————	
			December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
			————— Rupees —————	
			December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
			————— Rupees —————	
			December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
			————— Rupees —————	
			December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
			————— Rupees —————	
			December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
			————— Rupees —————	
			December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
			————— Rupees —————	
7	DEFERRED LIABILITIES - Gratuity			
	Staff retirement benefit		166,802	333,604
			<u>166,802</u>	<u>333,604</u>

	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
<i>Note</i>	————— Rupees —————	
8 TRADE AND OTHER PAYABLES		
Creditors	5,670,833	18,335,249
Accrued liabilities	355,939	502,128
Advance from customers	372,935	3,537,409
Provision for Workers' Welfare Fund	49,545	49,545
	<u>6,449,252</u>	<u>22,424,331</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, 2023.

9.2 Commitments

Commitment for export sales as at December 31, 2023 were Rs. 23 million (June 30, 2023: Rs. 19.49

	December 31, 2023 (Unaudited)	December 31, 2022 (Audited)
	————— Rupees —————	
10 SALES REVENUE		
Export sales	22,135,752	13,301,165
Export rebates	-	1,187,416
	<u>22,135,752</u>	<u>14,488,581</u>

11 COST OF SALES

Raw and packing materials consumed *11.1* **5,396,233** 7,823,022

Manufacturing expenses

Salaries, wages and benefits	1,138,376	1,270,808
Cutting and stitching charges	1,086,900	2,226,570
Fuel and power	1,182,477	291,945
Repairs and maintenance	124,086	75,140
Depreciation on property, plant and equipment	49,742	55,415
Entertainment	219,373	136,470
Telephone, fax and postage	-	9,904
Printing and stationery	4,250	5,630
	<u>3,805,204</u>	<u>4,071,882</u>
Cost of goods manufactured	9,201,437	11,894,904
Opening work in progress	8,600,445	-
Closing work in progress	-	-
Opening stock of finished goods	979,060	13,889,937
Stock sold at cost as scrap	-	(4,268,767)
Closing stock of finished goods	(778,967)	(10,642,320)
	<u>18,001,975</u>	<u>10,873,754</u>

	December 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Note	Rupees	
11.1 Raw and packing material consumed		
Opening stock	25,320,085	7,353,279
Add: Purchases during the year	-	8,126,728
	25,320,085	15,480,007
Less : Closing stock	(19,923,852)	(7,656,985)
Raw materials consumed	5,396,233	7,823,022

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

12 TAXATION

Current - for the year	192,319	166,370
	192,319	166,370

13 LOSS PER SHARE

	For the half year ended		For the quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Rupees		Rupees	
Profit after Taxation	3,000,779	(659,440)	2,902,168	(132,354)
	Number			
Weighted average number of ordinary shares	6,000,000	6,000,000	6,000,000	6,000,000
	Rupees			
Earnings per share - basic and diluted - Rupees	0.50	(0.11)	0.48	(0.02)

14 CASH AND CASH EQUIVALENT

Cash and bank balances	2,833,155	3,387,089
	2,833,155	3,387,089

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)	250,000	-
Directors Loan Movement (Mr Khalid Shah)	(41,400)	-
Directors remuneration payable	-	-
Workers profit participation fund payable	-	-

16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on **27 February 2024** by the Board of Directors of the Company.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR