

**ACCOUNTS FOR  
THE 3RD QUARTER ENDED  
MARCH 31, 2011  
(UNAUDITED)**



*Pak Leather Crafts Limited*



## *Pak Leather Crafts Limited*

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### **DIRECTORS' REVIEW**

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The Directors of your company are pleased to present hereunder to you the unaudited accounts of the company for the 3rd quarter ended March 31st, 2011.

The financial results for the nine months ended March 31st 2011 are as below.

	<b>March 31, 2011</b>	<b>March, 31 2010</b>
	<b>(Rs. in '000')</b>	
Loss before taxation	(52,968)	(78,095)
Taxation	(443)	(1,435)
Loss after tax	<u>(53,411)</u>	<u>(79,530)</u>
Accumulated Losses B/F	<u>(147,503)</u>	<u>(31,018)</u>
Accumulated Losses C/F	<u>(200,914)</u>	<u>(110,548)</u>
Loss per share after tax (Rupees)	<u>(15.71)</u>	<u>(23.39)</u>

During the quarter under review the Company's income remained Rs.2.12 (M). The management is continuously making its best efforts to boost export sales of the Company. The Company is suffering with heavy losses because of fixed heavy financial expenses. It is hoped that after heavy increase in export sales, the financial results of the Company will be improved.

On behalf of the Board

Karachi: April 28, 2011

**MUHAMMAD SALEEM AHMED**  
Chief Executive



# Pak Leather Crafts Limited

## CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT MARCH 31, 2011

	<u>Unaudited</u> March 31, 2011	<u>Audited</u> June 30, 2010
(Rs. In '000')		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	27,653	42,027
Long - term deposits and loans	1,589	1,618
	<u>29,242</u>	<u>43,645</u>
<b>Current assets</b>		
Stores, spares parts	1,050	1,718
Stock - in - trade	142,631	258,969
Trade debts - considered good	101,817	42,581
Loans, advances, deposit and othr receivables	10,996	13,055
Cash and bank balances	265	211
	<u>256,759</u>	<u>316,534</u>
<b>TOTAL ASSETS</b>	<u>286,001</u>	<u>360,179</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Authorized share capital</b>		
Issued, subscribed and paid up capital	34,000	34,000
Accumulated losses	(200,914)	(147,503)
Total Equity	(166,914)	(113,503)
<b>Non-current liabilities</b>		
Long term loans	59,635	71,974
Deferred liabilities	1,993	1,652
<b>Current liabilities</b>		
Short term borrowings	215,038	255,875
Current portion of long term liabilities	36,793	24,455
Trade and other payables	62,877	76,249
Accrued Markup	74,536	41,877
Provision for taxation	2,043	1,600
	<u>391,287</u>	<u>400,056</u>
	<u>393,280</u>	<u>401,708</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>286,001</u>	<u>360,179</u>

The annexed notes from 1 to 7 form an integral part of these condensed interim financial statements.

**MUHAMMAD SALEEM AHMED**  
Chief Executive

**MUHAMMAD SHOAIB AHMED**  
Director



## Pak Leather Crafts Limited

### CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2011

(Rupees in Thousand)

	For the Quarter ended		For the Nine Months ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Net sales	2,126	65,672	90,667	162,328
Cost of sales	4 36,520	77,149	135,333	191,245
<b>Gross loss</b>	<b>(34,394)</b>	<b>(11,477)</b>	<b>(44,666)</b>	<b>(28,917)</b>
<b>OPERATING EXPENSES</b>				
Distribution cost	9	2,548	355	11,789
Administrative expenses	1,057	2,101	3,930	8,339
	<u>1,066</u>	<u>4,649</u>	<u>4,285</u>	<u>20,128</u>
<b>Operating loss</b>	<b>(35,460)</b>	<b>(16,126)</b>	<b>(48,951)</b>	<b>(49,045)</b>
Other operating income	5 30,442	1	30,543	67
	<u>(5,018)</u>	<u>(16,125)</u>	<u>(18,408)</u>	<u>(48,978)</u>
Financial cost	14,176	8,743	34,560	29,117
<b>Loss before taxation</b>	<b>(19,194)</b>	<b>(24,868)</b>	<b>(52,968)</b>	<b>(78,095)</b>
Taxation	-	460	443	1,435
<b>Net loss after taxation</b>	<b>(19,194)</b>	<b>(25,328)</b>	<b>(53,411)</b>	<b>(79,530)</b>
Earnings/(loss) per share (Rupees)	<u>(5.65)</u>	<u>(7.45)</u>	<u>(15.71)</u>	<u>(23.39)</u>

The annexed notes from 1 to 7 form an integral part of these condensed interim financial statements.

**MUHAMMAD SALEEM AHMED**  
Chief Executive

**MUHAMMAD SHOAB AHMED**  
Director



# Pak Leather Crafts Limited

## CONDENSED INTERIM CASH FLOW STATEMENT(UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2011

	March. 31 2011	March. 31 2010
	(Rs. in '000')	
<b>Cash generated from operations</b>		
Loss before taxation	(52,968)	(78,095)
Adjustment for non-cash charges and other items:		
Depreciation	2,351	2,719
Write down of inventory	33,162	-
Financial cost	34,560	29,117
Long-term deposits	29	285
Gratuity	496	743
Gain on sale of fixed assets	(30,402)	-
	<u>40,196</u>	<u>32,864</u>
Operating profit before working capital changes	(12,772)	(45,231)
<b>Changes in working capital</b>		
<b>(Increase)/decrease in current assets</b>		
Stores and spares parts	668	(1,872)
Stock in trade	83,176	77,408
Trade debts - considered good	(59,236)	(24,786)
Advances, deposits, prepayments and other receivables	2,112	18,023
	<u>26,720</u>	<u>68,773</u>
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables	(15,062)	(12,854)
<b>Cash generated from operations</b>	<u>(1,114)</u>	<u>10,688</u>
Financial cost paid	(211)	(9,336)
Gratuity paid	(156)	(695)
Income tax paid	(53)	(1,612)
	<u>(420)</u>	<u>(11,643)</u>
<b>Net cash flows from operating activities</b>	<u>(1,534)</u>	<u>(955)</u>
<b>Cash flows from investing activities</b>		
Fixed capital expenditure	(75)	-
Proceed from sale of fixed assets	42,500	-
<b>Net cash flows used in investing activities</b>	<u>42,425</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Short term finances (repaid) / obtained	(40,837)	971
Long term loan	-	694
Payments for assets subject to finance lease	-	(356)
Net cash used in financing activities	<u>(40,837)</u>	<u>1,309</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>54</u>	<u>354</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>211</u>	<u>2,515</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>265</u>	<u>2,869</u>

The annexed notes from 1 to 7 form an integral part of these condensed interim financial statements.

**MUHAMMAD SALEEM AHMED**  
Chief Executive

**MUHAMMAD SHOAIB AHMED**  
Director



## Pak Leather Crafts Limited

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2011

	(Rs. in '000')		
	Issued subscribed and paid up capital	Unappropriated Profit / (loss)	Total
<b>Balance as at June 30, 2009</b>	34,000	(31,018)	2,982
Net loss after taxation for the period July 01, 2009 to March. 31, 2010	-	(79,530)	(79,530)
<b>Balance as at March 31, 2010</b>	<b>34,000</b>	<b>(110,548)</b>	<b>(76,548)</b>
<b>Balance as at June 30, 2010</b>	34,000	(147,503)	(113,503)
Net loss after taxation for the period July. 01, 2010 to March 31, 2011	-	(53,411)	(53,411)
<b>Balance as at March 31, 2011</b>	<b>34,000</b>	<b>(200,914)</b>	<b>(166,914)</b>

The annexed notes from 1 to 7 form an integral part of these condensed interim financial statements.

**MUHAMMAD SALEEM AHMED**  
Chief Executive

**MUHAMMAD SHOAIB AHMED**  
Director



## *Pak Leather Crafts Limited*

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### **CONDENSED INTERIM NOTES TO THE ACCOUNTS**

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1. Pak Leather Crafts Ltd, is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and quoted on the Islamabad, Karachi and Lahore Stock Exchanges. The principal activity of the company is Leather tanning, Manufacturing of Leather garments and export of Leather and Leather Garments.
2. These financial statements are unaudited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance 1984.
3. The accounting policies adopted for the preparation of these accounts are the same as those applied in preparing the accounts for the preceding period.
4. The cost of sales includes provision for reduction in valuation of stocks amounting to Rs.33.16(M) because of low market value of the finished goods of Leather & Leather Garment of the Company.
5. The other operating income includes gain on disposal of Land & Building at plot No.15, Sector 7-A, Korangi Industrial Area, Karachi amounting to Rs.30.40(M) The said property was under exclusive mortgage charge of Habib Bank Ltd which has been sold and the realized amount of Rs.42.50 (M) has been paid to the said bank for adjustment of their outstanding ERF Loan against the Company.
6. Figures have been re-arranged and re-classified, wherever necessary, to facilitate comparison.
7. These financial statements were authorized for issue on April 28, 2011 by the Board of Directors of the Company.

**MUHAMMAD SALEEM AHMED**  
Chief Executive

**MUHAMMAD SHOAIB AHMED**  
Director



*Pak Leather Crafts Limited*

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## CORPORATE PROFILE

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### CHAIRMAN & CHIEF EXECUTIVE

Muhammad Saleem Ahmed

### DIRECTORS

Dr. Muhammad Shoaib Ahmed

Nayyer Ahmed Jalali

Azeem Ahmed

Bilal Ahmed

Umer Ahmed

Syed Fawad Hussain Rizvi

### AUDIT COMMITTEE

Dr. Muhammad Shoaib Ahmed

Azeem Ahmed

Syed Fawad Hussain Rizvi

### CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Syed Asif Mahmood Rizvi

### BANKERS

Albaraka Islamic Bank

Habib Bank Limited

Industrial Development Bank of Pakistan

NIB Bank Limited

United Bank Limited

Habib Metropolitan Bank Ltd

Soneri Bank Ltd

### EXTERNAL AUDITORS

S. M. Suhail & Co.

Chartered Accountants

### LEGAL ADVISOR

Shakeel Z. Lari Advocate

### REGISTERED OFFICE & SHARES DEPARTMENT

Pak Leather Crafts Limited

Plot 18, Sector 7 - A,

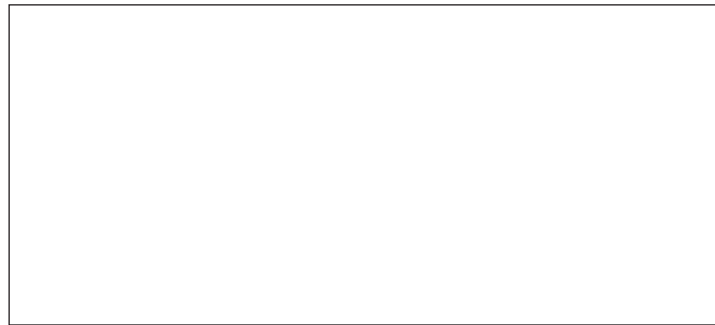
Korangi Industrial Area,

Karachi.

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Karachi. (Pakistan)

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