

**ACCOUNTS FOR  
THE 3RD QUARTER ENDED  
MARCH 31, 2012  
(UNAUDITED)**



*Pak Leather Crafts Limited*



*Pak Leather Crafts Limited*

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## CORPORATE PROFILE

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### **CHAIRMAN & CHIEF EXECUTIVE BANKERS**

Muhammad Saleem Ahmed

Albaraka Bank (Pakistan) Ltd

Habib Bank Limited

Industrial Development Bank of Pakistan

NIB Bank Limited

### **BOARD OF DIRECTORS**

Dr. Muhammad Shoaib Ahmed

United Bank Limited

Nayer Ahmed Jalali

Habib Metropolitan Bank Ltd

Azeem Ahmed

Soneri Bank Ltd

Bilal Ahmed

Faysal Bank Limited

Umer Ahmed

Syed Fawad Hussain Rizvi

### **EXTERNAL AUDITORS**

**S. M. Suhail & Co.**

Chartered Accountants

### **AUDIT COMMITTEE**

Dr. Muhammad Shoaib Ahmed

Azeem Ahmed

Syed Fawad Hussain Rizvi

### **LEGAL ADVISOR**

Shakeel Z. Lari Advocate

### **CHIEF FINANCIAL OFFICER & COMPANY SECRETARY**

Syed Asif Mahmood Rizvi

### **REGISTERED OFFICE & SHARES DEPARTMENT**

Pak Leather Crafts Limited

Plot 18, Sector 7 - A,

Korangi Industrial Area,

Karachi.

### **BOOK POST**

### **PRINTED MATTER**



If undelivered please return to:

### **PAK LEATHER CRAFTS LIMITED**

Plot 18, Sector 7 - A, Korangi Industrial Area,  
Karachi. (Pakistan)

Ph: (92-21) 35064100 - 02, Fax: 35060109

Website: [www.pakleather.com](http://www.pakleather.com), e-mail: [info@pakleather.com](mailto:info@pakleather.com)



## *Pak Leather Crafts Limited*

### **DIRECTORS' REVIEW**

The Directors' of your company are pleased to present hereunder to you the un-audited accounts of the company for the 3rd quarter ended March 31, 2012.

The financial results for the nine months ended March 31, 2012 are as below.

	<b>March 31 2012</b>	March 31 2011
	.....(Rs. In '000').....	
Loss before taxation	<b>(59,164)</b>	(52,968)
Taxation	<b>(49)</b>	(443)
Loss after tax	<b>(59,213)</b>	(53,411)
Accumulated loss B/F	<b>(244,502)</b>	(147,503)
Accumulated loss C/F	<b>(303,715)</b>	(200,914)
Loss per share after tax (Rupees)	<b>(17.41)</b>	(15.71)

Due to continued recessionary condition prevailing in the international leather market and because of bad economic & security condition of the Country, the net sales of the company restricted to Rs.3.1 (M) including Rs.1.8 (M) relating to export sales during the quarter under report. Because of heavy decline in exports, provision of heavy financial expenses relating to markup of the banks, the Company is badly suffering with heavy losses. The management is making its best efforts to boost exports in order to improve the financial results of the company in the forth coming quarters.

On behalf of the Board

**MUHAMMAD SALEEM AHMED**  
Chief Executive

Karachi: April 28, 2012



# Pak Leather Crafts Limited

## CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT MARCH 31, 2012

	<u>Unaudited</u> March 31, 2012	<u>Audited</u> June 30, 2011
.....(Rs. In '000').....		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	23,003	27,031
Long term deposits	1,410	1,410
	<u>24,413</u>	<u>28,441</u>
<b>Current assets</b>		
Stores, spare parts and loose tools	788	922
Stock - in - trade	87,605	120,304
Trade debts	82,413	84,571
Loans, advances and othr receivables	2,516	2,393
Sale tax refundable	3,163	3,161
Taxation - net	1,241	1,239
Cash and bank balances	233	188
	<u>177,959</u>	<u>212,778</u>
<b>TOTAL ASSETS</b>	<u>202,372</u>	<u>241,219</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Authorized share capital</b>		
	<u>50,000</u>	<u>50,000</u>
Issued, subscribed and paid up capital	34,000	34,000
Accumulated (loss)	(303,715)	(244,502)
Total Equity	(269,715)	(210,502)
<b>Non-current liabilities</b>		
Long term finance	12,889	22,556
Long term loans	34,097	33,857
Deferred liabilities	1,717	1,908
	<u>48,703</u>	<u>58,321</u>
<b>Current liabilities</b>		
Short term borrowings	207,528	214,028
Current portion of long term finance	49,683	40,016
Trade and other payables	55,711	53,837
Accrued Markup	110,462	85,519
	<u>423,384</u>	<u>393,400</u>
Contingencies and Commitments	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>202,372</u>	<u>241,219</u>

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statement.

**MUHAMMAD SALEEM AHMED**  
Chief Executive

**NAYYER AHMED JALALI**  
Director



## Pak Leather Crafts Limited

### CONDENSED INTERIM PROFIT AND LOSS ACCOUNT ( UNAUDITED ) FOR THE PERIOD ENDED MARCH 31, 2012

Note	For the Quarter ended		For the Nine Months ended	
	March.31 2012	March.31 2011	March.31 2012	March.31 2011
------(Rs. In '000')-----				
Net sales	3,173	2,126	8,119	90,667
Cost of sales	4 <u>31,642</u>	<u>36,520</u>	<u>40,470</u>	<u>135,333</u>
Gross (loss)	<u>(28,469)</u>	<u>(34,394)</u>	<u>(32,351)</u>	<u>(44,666)</u>
<b>OPERATING EXPENSES</b>				
Distribution cost	<u>7</u>	<u>9</u>	<u>44</u>	<u>355</u>
Administrative expenses	<u>1,132</u>	<u>1,057</u>	<u>3,329</u>	<u>3,930</u>
	<u>1,139</u>	<u>1,066</u>	<u>3,373</u>	<u>4,285</u>
Operating (loss)	<u>(29,608)</u>	<u>(35,460)</u>	<u>(35,724)</u>	<u>(48,951)</u>
Other operating income	<u>-</u>	<u>30,442</u>	<u>1,650</u>	<u>30,543</u>
	<u>(29,608)</u>	<u>(5,018)</u>	<u>(34,074)</u>	<u>(18,408)</u>
Finance cost	<u>7,940</u>	<u>14,176</u>	<u>25,090</u>	<u>34,560</u>
(Loss) before taxation	<u>(37,548)</u>	<u>(19,194)</u>	<u>(59,164)</u>	<u>(52,968)</u>
Taxation	<u>-</u>	<u>-</u>	<u>49</u>	<u>443</u>
(Loss) after taxation	<u>(37,548)</u>	<u>(19,194)</u>	<u>(59,213)</u>	<u>(53,411)</u>
Earnings per share - Basic and Diluted	<u>(11.04)</u>	<u>(5.65)</u>	<u>(17.42)</u>	<u>(15.71)</u>

### CONDENSED INTERIM COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2012

Note	For the Quarter ended		For the Nine Months ended	
	March.31 2012	March.31 2011	March.31 2012	March.31 2011
------(Rs. In '000')-----				
Net (loss) after taxation	<u>(37,548)</u>	<u>(19,194)</u>	<u>(59,213)</u>	<u>(53,411)</u>
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive (loss)	<u>(37,548)</u>	<u>(19,194)</u>	<u>(59,213)</u>	<u>(53,411)</u>

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements.

**MUHAMMAD SALEEM AHMED**  
Chief Executive

**NAYYER AHMED JALALI**  
Director



# Pak Leather Crafts Limited

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2012

	31, Mar. 2012	31, Mar. 2011
.....(Rs. In '000').....		
<b>CASH GENERATED FROM OPERATIONS</b>		
(Loss) before taxation	(59,164)	(52,968)
Adjustment for non-cash charges and other items:		
Depreciation	1,489	2,351
Provision for slow moving and obsolete inventories	20,840	33,162
Finance cost	25,090	34,560
Gain on sale of property, plant and equipment	(1,650)	(30,402)
Long-term deposits	-	29
Gratuity	-	496
	<u>45,769</u>	<u>40,196</u>
Operating (Loss) Before Working Capital Changes	<u>(13,395)</u>	<u>(12,772)</u>
<b>Changes in Working Capital</b>		
<b>Decrease in current assets</b>		
Store, spares and loose tools	134	668
Stock-in-trade	11,859	83,176
Trade debts	2,158	(59,236)
Loan, advances and other receivables	(124)	2,112
	<u>14,027</u>	<u>26,720</u>
<b>Increase/(Decrease) in current liabilities</b>		
Trade and other payables	1,870	(15,062)
<b>Cash generated from operations</b>	<u>2,502</u>	<u>(1,114)</u>
Finance cost paid	(143)	(211)
Gratuity paid	(192)	(156)
Income tax paid	(52)	(53)
<b>Net Cash Flows From Operating Activities</b>	<u>(387)</u>	<u>(420)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	-	(75)
Sale proceeds of property, plant and equipment	4,190	42,500
<b>Net Cash Used In Investing Activities</b>	<u>4,190</u>	<u>42,425</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings	(6,500)	(40,837)
Long term loan	240	-
Net cash used in financing activities	<u>(6,260)</u>	<u>(40,837)</u>
Net (decrease) / increase in cash and cash equivalents	45	54
Cash and cash equivalent at the beginning of the period	188	211
Cash and cash equivalent at the end of the period	<u>233</u>	<u>265</u>

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements.

**MUHAMMAD SALEEM AHMED**  
Chief Executive

**NAYYER AHMED JALALI**  
Director



## Pak Leather Crafts Limited

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2012

	Issued subscribed and paid up capital	Unappropriated (Loss)	Total
	.....(Rs. In '000').....		
<b>Balance as at July 01, 2010</b>	34,000	(147,503)	(113,503)
Loss after taxation for the period July 01, 2010 to March 31, 2011	-	(53,411)	(53,411)
Other comprehensive (loss)	-	-	-
Total Comprehensive (loss)	34,000	(200,914)	(166,914)
<b>Balance as at March 31, 2011</b>	<b>34,000</b>	<b>(200,914)</b>	<b>(166,914)</b>
<b>Balance as at July 01, 2011</b>	34,000	(244,502)	(210,502)
Loss after taxation for the period July 01, 2011 to March 31, 2012	-	(59,213)	(59,213)
Other comprehensive (loss)	-	-	-
Total Comprehensive (loss)	34,000	(303,715)	(269,715)
<b>Balance as at March 31, 2012</b>	<b>34,000</b>	<b>(303,715)</b>	<b>(269,715)</b>

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements.

**MUHAMMAD SALEEM AHMED**  
Chief Executive

**NAYYER AHMED JALALI**  
Director



*Pak Leather Crafts Limited*

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**CONDENSED INTERIM  
NOTES TO THE FINANCIAL STATEMENTS**

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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.20.840 (M) because of low quality of the finished goods of Leather & Leather Garment of the Company which could not be Exported during past many years.
5. Figures have been re-arranged and re-classified, wherever necessary, to facilitate comparison.
6. These financial statements were authorized for issue on April 28, 2012 by the Board of Directors of the Company.

**MUHAMMAD SALEEM AHMED**  
Chief Executive

**NAYYER AHMED JALALI**  
Director