

**ACCOUNTS FOR
THE HALF YEAR ENDED
DECEMBER 31, 2021
(UNAUDITED)**



Pak Leather Crafts Limited



Pak Leather Crafts Limited

CORPORATE PROFILE

BOARD OF DIRECTORS

Mrs. Rubina Saleem
Muhammad Saleem Ahmed
Dr. Muhammad Shoaib Ahmed
Nayyer Ahmed
Azeem Ahmed
Umer Ahmed
Ahmed Jalali

Chairperson
Director / CEO
Director
Director
Director
Director

AUDIT COMMITTEE

Dr. Muhammad Shoaib Ahmed
Ahmed Jalali
Azeem Ahmed

Chairman
Member
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Umer Ahmed
Nayyer Ahmed
Azeem Ahmed

Chairman
Member
Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Naseer Ahmed

BANKERS

Albaraka Bank Pakistan Ltd
NIB Bank Limited
Habib Metropolitan Bank Ltd
Habib Bank Limited
Industrial Development Bank Ltd
Faysal Bank Limited
Soneri Bank Ltd
Bank Alfalah Ltd
Bank of Khyber
Meezan Bank Ltd
Askari Bank Ltd
BankIslami Pakistan Ltd

EXTERNAL AUDITORS

RSM Avas Hyder Liaquat Nauman
Chartered Accountants
Lahore

LEGAL ADVISOR

Hassan Arif
Advocate, Sindh High Court

REGISTERED OFFICE

Plot 18, Sector 7 - A
Korangi Industrial Area, Karachi
Website: www.pakleather.com

SHARE REGISTRAR

JWAFFS Registrar Services (Pvt) Ltd
407-408, Al Ameera Centre,
Shahrah-e-Iraq, Karachi.
Tel: 021-35662023-24



Pak Leather Crafts Limited

DIRECTORS' REVIEW

The directors of your Company are pleased to present the condensed interim financial statements of the Company for the six month period ended December 31, 2021 duly reviewed by the auditors of the Company.

Financial Results:

	December 31, 2021	December 31, 2020
 Rupees	
Profit/ (Loss) before taxation	(212,226)	(1,770,508)
Taxation	(636,713)	(539,000)
Profit/ (loss) after tax	(848,939)	(2,309,508)
Accumulated loss B/F	(356,396,606)	(347,693,006)
Accumulated loss C/F	(357,245,545)	(350,002,514)
Profit/ (loss) per share after tax (Rupees)	(0.25)	(0.68)

Company Performance:

Out of the best efforts made by the management, the Company was able to maintain the sales volume. During the period ended December 31, 2021, the exports of the company stood at Rs. 35.171 million as compared to Rs. 35.153 million for the last corresponding period. Management was successful to maintain the same sales volume despite the international recession due to COVID - 19 pandemic.

During the period under review, the management has decided to write-back the old trade liabilities amounting to Rs. 20.994 million which were carried over since more than three years. Any amount out of this if paid in subsequent year, will be accounted for in the year of actual payment. Period under review ended at loss before tax of Rs.0.212 million comparing with the Loss of Rs.1.770 million for the same period last year. Power tariff rates increased during the year under period and to mitigate this burden, the management exercised economies in the administrative and selling expensed.

Comments on Auditor's Review report:

- 1) Auditors in their review report have given an emphasis of matter on the accumulated losses etc. The attention of the reader is drawn to Note # 1.2 to the financial statements where in the management has give its view point. Loss after tax, for the period under review declined to Rs. 0.84 million whereas for the same period last year the company incurred loss of Rs. 2.30 million. It clearly indicates that your Company has start improving in results. In previous years, despite heavy losses and negative working capital, more than the present figures, the Company has kept on as going concern. Now there is improvement in results and assurance of continues financial support by the directors, the Company will be able to continue as going concern.
- 2) Auditors have also emphasized on the law suites of banks/ financial institutions. The management is trying to settle these cases out of the court. Major portion of banks liabilities have already been settled amounting to Rs. 135.34 during last year. The management is taking care for the remaining disputes and trying to settle with other banks/financial institution.



Pak Leather Crafts Limited

Future Outlook:

The management is aware of the challenges ahead and is continuously evolving strategies and adopting measures to meet future challenges and maintain business growth. Potential challenges can include increase in the cost of production caused by high inflation, increasing prices, hike in electricity and gas rates.

Your Company is expecting sizeable growth in export sales but COVID-19 situation and geo-political uncertainty may also be hurdles for smooth and economical operations.

Acknowledgement:

The management is pleased to put on record its appreciation of cooperation from employees, customers, suppliers and the banks.

On behalf of the Board

Muhammad Saleem Ahmed
Chief Executive Officer

Karachi: February 25, 2022

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF PAK LEATHER CRAFTS LIMITED
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pak Leather Crafts Limited ("the Company") as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and selected explanatory notes to the condensed interim financial statements for the six month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

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.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six month period then ended.

Conclusion

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



Emphasis of Matters

Without qualifying our conclusion, we draw attention towards the following matters;

- a) Note 1.2 to the condensed interim financial statements states that the Company incurred loss during the period and also incurred losses in the prior periods. As at the reporting date, its equity is negative by Rs. 202.70 million (June 30, 2021: Rs. 206.03 million) and its current liabilities exceed its current assets by Rs. 219.60 million (June 30, 2021: Rs. 222.33 million). These events and conditions, along with other matters as set forth in Note 1.2, indicates the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.
- b) Note 5 to the condensed interim financial statements indicates that the Company has not recorded markup of Rs. 46.17 million (June 30, 2021: Rs. 42.01 million) and cost of funds on overdue bank borrowings from the date of institution of recovery suits filed by the banks / financial institutions in view of pending cases. It also states that the quantum of cost of funds cannot be determined at this stage.

The engagement partner on the review resulting in this independent auditor's review report is Inam ul Haque.

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Place : Lahore

Date :





Pak Leather Crafts Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT DECEMBER 31, 2021

	Note	Unaudited Dec. 31, 2021	Audited June 30, 2021
ASSETS			
NON-CURRENT ASSETS		Rupees	
Property, plant and equipment	4	32,873,532	32,268,006
Long term deposits		1,409,612	1,409,612
		<u>34,283,144</u>	<u>33,677,618</u>
CURRENT ASSETS			
Loose tools		320,287	371,441
Stock in trade		68,128,380	59,758,876
Trade debts		21,125,637	15,171,129
Advances and other receivable		4,975,033	3,810,104
Tax refunds due from Government		3,255,246	4,127,473
Cash and bank balances		536,019	4,334,710
		<u>98,340,603</u>	<u>87,573,733</u>
TOTAL ASSETS		<u>132,623,747</u>	<u>121,251,351</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
5,000,000 Ordinary shares of Rs. 10/- each.		<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid up capital			
3,400,000 Ordinary shares of Rs. 10/- each fully paid in cash		<u>34,000,000</u>	<u>34,000,000</u>
Loan from Directors		120,548,794	116,363,594
Accumulated loss		<u>(357,245,545)</u>	<u>(356,396,606)</u>
		<u>(202,696,751)</u>	<u>(206,033,012)</u>
Non-current liabilities			
Long term loans		12,987,073	12,227,155
Deferred interest income		4,389,817	5,149,735
		<u>17,376,890</u>	<u>17,376,890</u>
Current liabilities			
Short term bank borrowings		112,529,905	112,529,905
Current portion of long term financing		46,903,419	46,903,419
Interest / Mark up payable		89,200,158	89,200,158
Trade and other payables	5	68,530,904	59,867,553
Provision for taxation - Income tax		636,713	1,263,930
Unclaimed dividend		142,508	142,508
		<u>317,943,607</u>	<u>309,907,473</u>
CONTINGENCIES	6	<u>132,623,747</u>	<u>121,251,351</u>

The annexed notes form an integral part of these condensed interim financial statements.

MUHAMMAD SALEEM AHMED
Chief Executive Officer

UMER AHMED
Director

NASEER AHMED
Chief Financial Officer



Pak Leather Crafts Limited

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

	Note	(Un-audited)			
		Half Year Ended		Quarter Ended	
		Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Rupees					
Sales	7	55,731,666	48,790,928	23,901,331	13,747,957
Cost of sales	8	51,773,447	46,535,224	20,189,080	13,716,856
Gross profit/(loss)		3,958,220	2,255,704	3,712,252	31,101
Other income - Balances written back		2,994,771	6,889,722	2,821,607	6,889,722
		6,952,991	9,145,426	6,533,859	6,920,823
Administrative expenses		5,754,442	6,824,360	2,643,457	3,476,135
Selling and distribution expenses		1,237,955	3,385,699	382,711	2,381,484
Financial cost		172,820	705,875	54,986	530,599
		7,165,217	10,915,934	3,081,154	6,388,218
(Loss) / profit for the period before taxation		(212,226)	(1,770,508)	3,452,705	532,605
Provision for taxation	9	636,713	539,000	286,713	189,000
(Loss) / profit for the period		(848,939)	(2,309,508)	3,165,992	343,605
(Loss) / earnings per share - basic and diluted (Rupees per share)		(0.25)	(0.68)	0.93	0.10

The annexed notes form an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

	Half Year Ended		Quarter Ended	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Rupees				
(Loss) / profit for the period	(848,939)	(2,309,508)	3,165,992	343,605
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(848,939)	(2,309,508)	3,165,992	343,605

The annexed notes form an integral part of these condensed interim financial statements.

MUHAMMAD SALEEM AHMED
Chief Executive Officer

UMER AHMED
Director

NASEER AHMED
Chief Financial Officer



Pak Leather Crafts Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

	Issued subscribed and paid up capital	Loan from Director	Accumulated loss	Total
	Rupees			
Balance as at July 1, 2020 - Audited	34,000,000	60,157,444	(347,693,298)	(253,535,854)
Total comprehensive loss for the period	-	-	(2,309,508)	(2,309,508)
Loss for the period	-	-	-	-
Other comprehensive income	-	-	(2,309,508)	(2,309,508)
Balance as at December 31, 2020 - unaudited	34,000,000	60,157,444	(350,002,806)	(255,845,362)
Total comprehensive loss for the period	-	-	(6,393,800)	(6,393,800)
Loss for the period	-	-	-	-
Other comprehensive income	-	-	(6,393,800)	(6,393,800)
Transaction with owners Loan obtained from directors	-	56,206,150	-	56,206,150
Balance as at June 30, 2021 - Audited	34,000,000	116,363,594	(356,396,606)	(206,033,012)
Total comprehensive loss for the period	-	-	(848,939)	(848,939)
Loss for the period	-	-	-	-
Other comprehensive income	-	-	(848,939)	(848,939)
Transaction with owners Loan obtained from directors	-	4,185,200	-	4,185,200
Balance as at December 31, 2021 - unaudited	34,000,000	120,548,794	(357,245,545)	(202,696,751)

The annexed notes form an integral part of these condensed interim financial statements.

MUHAMMAD SALEEM AHMED
Chief Executive Officer

OMER AHMED
Director

NASEER AHMED
Chief Financial Officer



Pak Leather Crafts Limited


CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

	Un-audited Half Year Ended	
	Dec. 31, 2021	Dec. 31, 2020
 Rupees	
Cash generated from operating activities		
Loss for the period before taxation	(212,226)	(1,771,057)
Adjustment of non-cash items		
Depreciation on Property, plant and equipment	1,402,180	924,554
Balance written back - net	(2,994,771)	(6,374,000)
Operating cash flows before working capital changes	(1,804,817)	(7,220,503)
Changes in working capital		
(Increase)/decrease in current assets		
Loose tools	51,154	23,000
Stock in trade	(8,369,504)	(14,797,000)
Trade debts	(5,954,508)	2,261,700
Tax refunds due from Government	872,227	4,404,000
Advances and other receivables	(1,164,929)	3,004,000
Increase in current liabilities		
Trade and other payables	11,658,122	1,626,000
	(2,907,439)	(3,478,300)
Cash (used in) operations	(4,712,256)	(10,698,803)
Income tax paid	(1,263,928)	(2,293,500)
Net cash (used in) operating activities (A)	(5,976,184)	(12,992,303)
Cash flows from investing activities		
Additions in property, plant and equipment	(2,007,707)	(315,000)
Net cash (used in) investing activities (B)	(2,007,707)	(315,000)
Cash flows from financing activities		
Loan obtained from Directors	4,185,200	49,678,550
Short term borrowings repaid - net	-	(40,000,000)
Net cash generated from financing activities (C)	4,185,200	9,678,550
Net (decrease) in cash and cash equivalents (A + B + C)	(3,798,691)	(3,628,753)
Cash and cash equivalents at the beginning of the period	4,334,710	5,837,000
Cash and cash equivalents at the end of the period	536,019	2,208,247

The annexed notes form an integral part of these condensed interim financial statements.


MUHAMMAD SALEEM AHMED
Chief Executive Officer


UMER AHMED
Director


NASEER AHMED
Chief Financial Officer



Pak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

1 Legal status and nature of business

1.1 Pak Leather Crafts Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 (repealed by Companies Act, 2017) and is quoted on Pakistan Stock Exchange and is placed on defaulter counter since 2017. The principal activity of the Company is leather tanning and export of leather and leather garments. The registered office and mill of the Company are situated at Plot # 18, Sector 7-A, Korangi Industrial Area, Karachi, in the province of Sindh.

1.2 The Company incurred loss of Rs. 0.85 million (December 31, 2020: Rs. 2.31 million) during the period. As at the reporting date, its equity is negative by Rs. 202.70 million (June 30, 2021: Rs. 206.03 million) and its current liabilities exceed its current assets by Rs. 219.60 million (June 30, 2021: Rs. 222.33 million). The Company is facing operational and financial problems and has been unable to pay off its liabilities on due dates. The bankers / financial institutions of the Company have filed suits for recovery of outstanding finances and related mark up along with cost of funds. These factors indicate material uncertainty related to events and conditions which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

The management has prepared and is implementing its plan to address all these issues. As a result of its efforts, financial performance is improving, however, owing to Covid restrictions in Sindh and in the countries of our customers, the economic activity remained low in recent period resulting in low turnover and loss.

The Company is taking measures to increase its revenue and profitability. The management is negotiating with its bankers / financial institutions for rescheduling / out of court settlements. Directors of the Company have injected further funds in the recent periods and have undertaken to continue to support the Company and to inject further funds in future, as may be needed by the Company. The management believes that its plan will improve the financial position and financial performance of the Company and the Company will be able to continue as a going concern.

2 Statement of compliance

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.



Pak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

Where the provision of and directives issues under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2 These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2021.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of annual audited financial statements of the Company for the year ended June 30, 2021.

- 3.2 There are certain amendments to standards that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2021 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these condensed interim financial statements.

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these condensed interim financial statements.

- 3.3 These condensed interim financial statements are presented in Pakistani Rupee which is the Company's functional and presentation currency.

3.4 Significant accounting estimates and Judgements

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the preparation of annual audited financial statements of the Company for the year ended June 30, 2021.

3.5 Financial risk management

Risk management policies and procedures are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2021.



Pak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

	Note	Un-audited Dec 31, 21	Audited Jun 30, 21
	 Rupees	
4 PROPERTY, PLANT AND EQUIPMENT			
Opening balance		32,268,006	23,526,192
Additions	4.1	2,007,707	10,735,781
Depreciation for the period / year		1,402,180	1,993,967
Closing balance		<u>32,873,533</u>	<u>32,268,006</u>
		Half Year ended	
		Dec 31, 2021	Dec 31, 2020
	 Rupees	
4.1 Additions in property, plant and equipment - at cost			
Building on leasehold land		992,350	215,740
Plant and machinery		732,832	-
Motor vehicles		88,000	-
Office equipment		194,525	100,000
		<u>2,007,707</u>	<u>315,740</u>
	Note	Un-audited Dec 31, 21	Audited Jun 30, 21
	 Rupees	
5 TRADE AND OTHER PAYABLES			
Creditors		54,799,438	49,736,333
Accrued liabilities	5.1	5,719,157	6,683,923
Advance from customers		7,154,003	2,905,104
Withholding Income tax payable		858,306	542,193
		<u>68,530,904</u>	<u>59,867,553</u>

5.1 These include remuneration payable to chief executive officer and directors amounting to Rs. 2.21 million (June 30, 2021: Rs. 1.93 million).

6 CONTINGENCIES

Bankers / financial institutions of the Company have filed suits in banking courts against the Company under the provisions of Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of overdue finances along with related mark up and cost of funds which the Company is defending. The amount of related overdue loans is Rs. 159.433 million (June 30, 2021: Rs. 159.433 million) and related overdue mark up is Rs. 89.2 million (June 30, 2021: Rs. 89.2 million). The Company has fully provided for mark up till the date of filing of suits by the banks / financial institutions. Mark up from the date of filing of suits amounting to Rs. 46.17 million (June 30, 2021: Rs. 42.016 million) is not acknowledged in view of pending cases. No provision is made in respect of any cost of funds as the same depends on the ultimate decision by the banking courts and the quantum of cost of funds cannot be determined at this stage.



Pak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

Note	Un-audited			
	Half Year Ended		Quarter Ended	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
	Rupees			
7 SALES				
Export - Leather	35,171,786	35,153,424	12,756,468	6,496,892
Local sale - Leather Processing	23,360,485	15,276,172	12,785,890	8,144,556
	58,532,271	50,429,596	25,542,358	14,641,448
Less : Sales Tax	(3,369,098)	(2,219,615)	(1,832,618)	(1,183,397)
Add : Rebate / duty draw back	568,493	580,947	191,591	289,906
	<u>55,731,666</u>	<u>48,790,928</u>	<u>23,901,331</u>	<u>13,747,957</u>
8 COST OF SALES				
Opening balance - finished goods	43,354,183	33,981,725	46,996,411	35,013,059
Cost of goods manufactured	8.1 <u>55,635,304</u>	<u>57,121,491</u>	<u>20,408,709</u>	<u>23,271,867</u>
	98,989,487	91,103,216	67,405,120	58,284,926
Less: Closing balance - finished goods	<u>(47,216,040)</u>	<u>(44,567,992)</u>	<u>(47,216,040)</u>	<u>(44,568,070)</u>
	<u>51,773,447</u>	<u>46,535,224</u>	<u>20,189,080</u>	<u>13,716,856</u>
8.1 Cost of goods manufactured				
Raw material consumed 8.1.1	35,670,065	42,861,474	17,893,218	18,243,128
Salaries, wages and benefits	12,430,446	10,717,177	6,195,113	5,476,137
Power, fuel and water	5,588,147	4,276,726	3,110,654	2,252,700
Repairs and maintenance	3,456,984	2,604,798	1,576,594	1,232,808
Carriage and cartage	162,154	164,676	77,243	79,933
Depreciation	1,318,049	869,974	675,468	436,855
Others	156,440	135,300	36,440	59,700
	<u>58,782,285</u>	<u>61,630,125</u>	<u>29,564,730</u>	<u>27,781,261</u>
Work in process:				
Opening balance	7,269,112	3,245,483	1,260,073	3,245,483
Closing balance	<u>(10,416,094)</u>	<u>(7,754,117)</u>	<u>(10,416,094)</u>	<u>(7,754,877)</u>
	<u>(3,146,982)</u>	<u>(4,508,634)</u>	<u>(9,156,021)</u>	<u>(4,509,394)</u>
	<u>55,635,304</u>	<u>57,121,491</u>	<u>20,408,709</u>	<u>23,271,867</u>



Pak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

Note	Un-audited			
	Half Year Ended		Quarter Ended	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
	Rupees			
8.1.1 Raw material consumed				
Opening balance	9,135,581	9,096,428	7,213,023	14,285,095
Purchased during the period	37,030,731	42,563,512	21,176,441	12,756,786
Available for consumption	46,166,312	51,659,940	28,389,464	27,041,881
Closing balance	(10,496,246)	(8,798,466)	(10,496,246)	(8,798,753)
	<u>35,670,065</u>	<u>42,861,474</u>	<u>17,893,218</u>	<u>18,243,128</u>

9 PROVISION FOR TAXATION

Current for the year		636,713	539,000	286,713	189,000
Deferred	9.1	-	-	-	-
		<u>636,713</u>	<u>539,000</u>	<u>286,713</u>	<u>189,000</u>

9.1 Deferred tax asset works out to Rs. 7.47 million (December 31, 2020: Rs. 11.79 million) which is not recognized in these condensed interim financial statements in view of un-certain future results.

10 TRANSACTIONS WITH RELATED PARTIES

The Company carries out transactions with related parties in the normal course of business. Related parties comprise of directors and key management personnel. Significant related party transactions carried out during the period are as under:

Name		Relationship	Nature of Transaction	Half Year Ended December 31	
				2021	2020
Rupees					
Mr. M. Saleem Ahmed	CEO	Loan received - net	3,810,000	48,255,000	
		Remuneration	1,800,000	1,800,000	
Mr. Umer Ahmed	Director	Loan received	600,000	8,976,900	
		Loan repaid	224,800	7,553,350	
		Remuneration	900,000	900,000	



Pak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

11 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue by the Board of Directors of the Company on February 25, 2022.

12 GENERAL

12.1 There is no unusual item included in these condensed interim financial statements which are affecting assets, liabilities, loss, total comprehensive loss, equity or cash flows of the Company.

12.2 The provision for taxation made in these condensed interim financial statements is subject to adjustment in annual financial statements.

12.3 REARRANGEMENT

Export rebate of Rs. 0.58 million was included in other income. This is included in sales for better presentation and comparison.

12.4 The figures have been rounded off to the nearest Rupees unless otherwise stated.


MUHAMMAD SALEEM AHMED
Chief Executive Officer


UMER AHMED
Director


NASEER AHMED
Chief Financial Officer

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