

ACCOUNTS FOR  
THE HALF YEAR ENDED  
DECEMBER 31, 2014  
(UNAUDITED)



*Pak Leather Crafts Limited*



# *Pak Leather Crafts Limited*

---

## CORPORATE PROFILE

---

### **BOARD OF DIRECTORS**

Dr. Muhammad Shoaib Ahmed	Chairman / Director
Muhammad Saleem Ahmed	Chief Executive Officer
Nayyer Ahmed Jalali	Director
Azeem Ahmed	Director
Bilal Ahmed	Director
Umer Ahmed	Director
Syed Fawad Hussain Rizvi	Director

### **AUDIT COMMITTEE**

Dr. Muhammad Shoaib Ahmed	Chairman
Azeem Ahmed	Member
Syed Fawad Hussain Rizvi	Member

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

Syed Asif Mahmood Rizvi

### **BANKERS**

Al Baraka Bank Pakistan Limited  
Habib Bank Limited  
Industrial Development Bank Ltd  
NIB Bank Limited  
United Bank Limited  
Habib Metropolitan Bank Ltd  
Faysal Bank Limited  
Soneri Bank Ltd

### **EXTERNAL AUDITORS**

IEC net S.K.S.S.S.  
Chartered Accountants

### **LEGAL ADVISOR**

Shakiel Z. Lari Advocate

### **REGISTERED OFFICE**

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



## 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 half year ended December 31, 2014

The financial results for the half year ended December 31, 2014 are as below.

	<b>December 31, 2014</b>	December 31, 2013 (Rs. In '000')
Loss before taxation	<b>(3,535)</b>	(11,524)
Taxation	<b>(62)</b>	51
Loss after tax	<b>(3,597)</b>	(11,473)
Accumulated loss B/F	<b>(367,679)</b>	(346,705)
Accumulated loss C/F	<b>(371,276)</b>	(358,178)
Loss per share after tax (Rupees)	<b>(1.06)</b>	(3.37)

Due to continued recessionary conditions in the international leather market, the bad economic conditions of the country, the net sales of the company during half year ended Dec.31, 2014 restricted to Rs.6.591 (M)

Because of low sales, fixed overhead expenses the Company sustained after tax losses of Rs.3.597 (M) during the half year period ended Dec. 31, 2014.

It is hoped that due to the efforts of the management, the company would be able to make export sales and to improve the financial result during the forthcoming half year period of the current year.

On behalf of the Board

**MUHAMMAD SALEEM AHMED**  
Chief Executive

Karachi: February 28, 2015



## *Pak Leather Crafts Limited*

---

### **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

---

#### **INTRODUCTION**

We have reviewed the annexed condensed interim Balance Sheet of PAK LEATHER CRAFTS LIMITED as at December 31, 2014 and the related condensed interim Profit and Loss account, condensed interim comprehensive income, condensed interim Cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here - in - after referred to as the "condensed interim financial information") for the half year then ended. The management is responsible for the preparation and presentation of this interim financial information in accordance with the approved financial reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim Profit and Loss account for the quarters ended December 31, 2014 and 2013 have not been reviewed as we are required to review only the cumulative figures for the six months period ended on December 31, 2014.

#### **SCOPE OF REVIEW**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the independent Auditor of the Entity". A review of interim financial information 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.

#### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the annexed interim financial information as of and for the half year ended December 31, 2014 is not prepared, in all material respects in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

#### **EMPHASES OF MATTER**

Without qualifying our review report, we draw attention to:

- 1) Note 9.1.2 to these financial statements, which states that a petition of winding up against the Company has been filed and in view of the legal counsel and company's official. It is not sustainable under the law.



## *Pak Leather Crafts Limited*

---

### **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

---

- 2) Note 9.1.1 & 9.1.3 & 9.1.4 to the financial statements which states that United Bank Limited, Al Baraka Bank ( Pakistan) Limited and NIB Bank Limited have instituted suits against the company in the High Court of Sindh Karachi for recovery of amounts mentioned in the note 19.1.1 & 9.1.3 & 9.1.4 to the financial statements. The ultimate liability of the Company is dependent on the decision of the suits; further IDBP and HBL have filed suit in Banking Court and HBL has also filed suit in High Court in the current financial year.
  
- 3) The note 12.2 to the financial statements, which states that the Company incurred a net loss of Rs. 3.597 million during the half year ended December 31, 2014, resulting in accumulated losses of Rs. 371.276 million at the close of half year, and as of that date, the Company's current liabilities exceeded its current assets by Rs. 360.923 million (2013: Rs. 301.917 million). The mitigating factors, however, relating to the above situation, including support from the directors of the Company, as discussed in note 12.2, override the existence of any material uncertainty about the Company's ability to continue as a going concern. Accordingly, the accompanying interim financial statements have been prepared on going concern basis.

**Date: February 28, 2015**  
**Place: Karachi**

**M/S: IEC net S.K.S.S.S.**  
**(Chartered Accountants)**



## Pak Leather Crafts Limited

### CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT DECEMBER 31, 2014

	Note	Unaudited Dec.31, 2014	Audited June 30, 2014
(Rs. in '000')			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	23,894	19,322
Long term deposits		1,410	1,410
		25,304	20,732
<b>Current assets</b>			
Stores, spares and loose tools		292	292
Stock - in - trade	5	53,150	53,268
Trade debts - considered good		90,494	85,128
Loans, advances and other receivables		57	44
Tax refunds due from Government		413	468
Cash and bank balances		395	323
		144,801	139,523
<b>TOTAL ASSETS</b>		<b>170,105</b>	<b>160,255</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised Capital 5,000,000 (June 30, 2013: 5,000,000) ordinary shares of Rs. 10 each.		50,000	50,000
Issued, subscribed and paid up capital		34,000	34,000
Accumulated loss		(371,276)	(367,679)
		(337,276)	(333,679)
<b>Non-current liabilities</b>			
Long term finance	6	-	-
Deferred liabilities		1,655	1,655
		1,655	1,655
<b>Current liabilities</b>			
Trade and other payables		53,528	52,590
Current portion of long term liabilities	6	46,904	46,904
Short term loans	7	73,736	61,227
Short term borrowings	8	207,529	207,529
Accrued markup		124,029	124,029
		505,726	492,279
<b>Contingencies and Commitments</b>	9	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>170,105</b>	<b>160,255</b>

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

MUHAMMAD SALEEM AHMED  
Chief Executive

NAYYER AHMED JALALI  
Director



## Dak Leather Crafts Limited

### CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Half Year Ended		Quarter Ended	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
------(Rs. In '000')-----				
Net sales	6,591	2,761	3,336	1,428
Cost of sales	8,256	5,388	4,071	2,676
<b>Gross profit / (loss)</b>	<b>(1,665)</b>	<b>(2,627)</b>	<b>(735)</b>	<b>(1,248)</b>
Distribution cost	57	1,969	26	1,969
Administrative expenses	1,984	3,182	1,166	2,371
	2,041	5,151	1,192	4,340
<b>Operating (loss)/profit</b>	<b>(3,706)</b>	<b>(7,778)</b>	<b>(1,927)</b>	<b>(5,588)</b>
Finance cost	9	3,896	2	1,949
	(3,715)	(11,674)	(1,929)	(7,537)
Other operating income	180	150	90	150
<b>Profit / (loss) before taxation</b>	<b>(3,535)</b>	<b>(11,524)</b>	<b>(1,839)</b>	<b>(7,387)</b>
Taxation	(62)	51	(27)	64
<b>Net Profit / (loss) after taxation</b>	<b>(3,597)</b>	<b>(11,473)</b>	<b>(1,866)</b>	<b>(7,323)</b>
(Loss) per share - Basic and Diluted	<u>(1.06)</u>	<u>(3.37)</u>	<u>(0.55)</u>	<u>(2.15)</u>

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

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Dec. 31, 2014	Dec. 31, 2013
	(Rs. in '000')	
Loss after taxation	(3,597)	(11,473)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(3,597)</b>	<b>(11,473)</b>

The annexed notes 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 HALF YEAR ENDED DECEMBER 31, 2014

	Dec. 31, 2014	Dec. 31, 2013
	(Rs. in '000')	
<b>Cash generated from operations</b>		
Loss before taxation	(3,535)	(11,524)
<b>Adjustment for non-cash charges and other items:</b>		
Depreciation	928	727
Provision for write down of inventories - net	-	-
Finance cost	-	3,896
Provision for doubtful debts	-	1,969
	928	6,592
	<u>(2,607)</u>	<u>(4,932)</u>
<b>Changes in working capital</b>		
<b>(Increase)/decrease in current assets</b>		
Stores , spares and loose tools	-	175
Stock in trade	118	-
Trade debts	(5,366)	(95)
Tax refunds due from Government	-	-
Loans, advances, and other receivables	50	6
	<u>(5,198)</u>	<u>86</u>
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables	877	32
	<u>877</u>	<u>32</u>
<b>Cash generated from operations</b>	<b>(6,928)</b>	<b>(4,814)</b>
Finance cost paid	-	-
Gratuity paid	-	(7)
Income tax paid	(9)	(35)
	<u>(9)</u>	<u>(42)</u>
<b>Net cash flows from operating activities</b>	<b>(6,937)</b>	<b>(4,856)</b>
<b>Cash Folws from Investment activities</b>		
Addition in Fixed Assets	(5,500)	-
	<u>(5,500)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Short term Loan	12,509	4,810
Net cash used in financing activities	<u>12,509</u>	<u>4,810</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>72</b>	<b>(46)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>323</b>	<b>237</b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>395</u></b>	<b><u>191</u></b>

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

MUHAMMAD SALEEM AHMED  
Chief Executive

NAYYER AHMED JALALI  
Director





## Dak Leather Crafts Limited

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

			(Rs. in '000')
	Issued subscribed and paid up capital	Unappropriated Profit/ (Loss)	Total
<b>Balance as at June 30, 2013</b>	<b>34,000</b>	<b>(346,705)</b>	<b>(312,705)</b>
Loss for the period	-	(11,473)	(11,473)
Other comprehensive (loss)	-	-	-
Total comprehensive (loss)	-	(11,473)	(11,473)
<b>Balance as at December 31, 2013</b>	<b>34,000</b>	<b>(358,178)</b>	<b>(324,178)</b>
<b>Balance as at June 30, 2014</b>	<b>34,000</b>	<b>(367,679)</b>	<b>(333,679)</b>
Loss for the period	-	(3,597)	(3,597)
Other comprehensive (loss)	-	-	-
	-	(3,597)	(3,597)
<b>Balance as at December 31, 2014</b>	<b>34,000</b>	<b>(371,276)</b>	<b>(337,276)</b>

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

MUHAMMAD SALEEM AHMED  
Chief Executive

NAYYER AHMED JALALI  
Director



## *Pak Leather Crafts Limited*

---

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

---

#### **1. STATUS AND NATURE OF BUSINESS**

The Company is a public limited Company incorporated in Pakistan under the Companies Ordinance, 1984 and is quoted on Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the Company is leather tanning, manufacturing of leather garments and export of leather and leather garments. The registered office of the Company is situated at Plot 18, Sector 7-A, Korangi Industrial Area, Karachi.

#### **2. BASIS OF PREPARATION**

**2.1** This condensed interim financial report of the Company for the six months period ended December 31, 2014 has been prepared in accordance with the requirements of the International Accounting Standards 34- "Interim financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the companies Ordinance, 1984 have been followed.

**2.2** The figures of the condensed interim profit and loss account for the quarters ended December 31, 2014 and 2013 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2014 and 2013. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2014.

**2.3** These condensed interim financial information is presented in Pakistan Rupees which is also the company's functional currency.

#### **2.4 ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policy and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgments made by the management in applying the companies accounting policy and the key source of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2014.

#### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2014.



## Pak Leather Crafts Limited

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

#### 4 PROPERTY, PLANT AND EQUIPMENT

4.1 There is an addition in Plant and Machinery while no deletion of any asset during the period.

Unaudited Dec 31, 2014	Audited Jun 30, 2014
(Rs. in '000')	

#### 5 STOCK-IN-TRADE

Raw material	8,871	8,871
Work in process	40,147	40,304
Finished goods (5.1)	64,841	64,873
	113,859	114,048
Provision for write down of inventory (5.2)	(60,709)	(60,780)
	53,150	53,268

5.1 This includes stock of Rs. 42.803 million (2014: Rs. 42.803 million) pledged with bank against export refinance facility. Provision of Rs. 25.854 million (2014: Rs. 25.854 million) has been made against this pledged stock.

#### 5.2 PROVISION FOR WRITE DOWN OF INVENTORY

Opening balance	60,780	55,999
Charge for the period	-	5,919
	60,780	61,918
Reversal of provision due to sale of inventory	(71)	(1,138)
Ending balance	60,709	60,780

#### 6. LONG TERM FINANCE

From Banking Companies:		
Demand/Term finance (Note no. 6.1)	46,904	46,904
Current portion of demand/term finance	(46,904)	(46,904)
	-	-

6.1 This demand/term finance was obtained by the company from commercial banks at a markup rate based on 6 months KIBOR plus 2% to 4% payable quarterly. The total limit of the loan was 68.00 millions (June 30, 2014 : 68.00 millions). The installments are payable on monthly and quarterly basis which have become overdue. The period of loan is 3 to 5 years and is secured against first equitable mortgage and 1st charge over factory's land and building at plot No.18 Sector 7-A, Korangi Industrial Area Karachi and pari passu hypothecation charge over stock & book debts.



## Pak Leather Crafts Limited

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Unaudited Dec 31, 2014	Audited Jun 30, 2014
<b>7. Short term loan</b>		
	(Rs. in '000')	
<b>Unsecured (note 7.1)</b>		
From Directors	56,359	43,850
From Others	17,377	17,377
	<u>73,736</u>	<u>61,227</u>

- 7.1 These represent non-interest bearing subordinated loans from directors and others. This include amount of Rs. 33.857 million (June 30, 2014 Rs. 33.857 million) which were created during the years ending 2002 and 2003 as a result of adjustment of personal deposits of directors made by the banks against export refinance loans and other dues of the Company. These personal deposits of directors were held by the banks as collateral against financial facilities allowed to the Company. These loans are subordinated to all banking loans.

#### 8. SHORT TERM BORROWINGS

From banking companies: Secured		
Export re-finance (Note no.8.1 & 8.3)	202,850	202,850
Running Finance (Note no. 8.2 & 8.3)	4,679	4,679
	<u>207,529</u>	<u>207,529</u>

- 8.1 The Company had arranged export re-finance facilities from various commercial banks on mark-up rates prescribed by State Bank of Pakistan from time to time, which remained 9.3% ( June 30, 2014: 9.3%) per annum payable on quarterly basis. Except Habib Bank Limited and IDBP Rs. 7.850 million (June 30, 2014: Rs. 7.850 million) and Rs. 10.250 million (June 30, 2014: Rs. 10.250 million) other banks have filed suits for recovery as more elaborately explained in Note Nos. 9.1.1, 9.1.3 and 9.1.4 of these financial statements.

- 8.2 The running finance facility was provided by Habib Bank Limited at markup rate equivalent to 6 months KIBOR plus 2%. The utilized limit was Rs. 4.679 million (June 30, 2014: 4.679 million).

- 8.3 These arrangements are secured by first pari passu hypothecation charge over stocks & book debts, 1st Mortgage charge on building, Plant and Machinery installed at Plot # 18, Sector 7/A, Korangi Industrial Area, Karachi, personal guarantee of directors, Pledge over stocks and hypothecation on Machinery, lien over import and export documents.



## *Pak Leather Crafts Limited*

---

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

---

#### **9. CONTINGENCIES AND COMMITMENTS**

##### **9.1 Contingencies**

**9.1.1** United Bank Limited has filed a suit under the Provision of the Financial Institutes (Recovery of Finances) Ordinance, 2001 and seeks the recovery of Rs. 135.54 million plus cost of funds (June 30, 2014: 135.54 million) from the company and its Directors / Shareholders in their capacity as guarantors of the Company's liability. The liability is booked by the Company and the case is pending before the High Court of Sindh. According to the legal counsel of the Company evidences provided by the bank are not sufficient to establish the bank's entitlement to the amount claimed. Therefore, bank's case against the Company and its Directors / Shareholders will be difficult to establish.

The total markup on outstanding balance of United bank limited Rs. 34.829 million (June 30, 2014: Rs. 34.829 million) is booked by the company and no further markup is provided as the case is pending before the High Court of Sindh.

**9.1.2** United Bank Limited has filed a winding up petition against the Company under Section 305 of the Companies Ordinance, 1984 on the basis of non compliance of Section 234 and 408 of the said Ordinance in the above stated transaction. NIB Bank Limited filed an application to be joined as party to the proceedings on the basis of the recovery proceedings as stated in note no. 9.1.4 below. The application of NIB Bank Limited granted by the Hon'ble Court. The legal counsel of the Company has filed a robust defence to this winding up petition and is confident that the petition is not sustainable in fact or in law.

**9.1.3** Al Baraka Bank (Pakistan) Limited has filed a suit under the Provision of the Financial Institutes (Recovery of Finances) Ordinance, 2001 and seeks the recovery of Rs. 50.543 million along with profit, cost of fund and charity (June 30, 2014: Rs. 50.543 million) from the company and its Directors / Shareholders in their capacity as guarantors of the Company's liability. The liability is booked by the Company and the case is pending before the High Court of Sindh. Legal Counsel of the Company is of the opinion that this suit will eventually be dismissed as against the Company.

Total profit and charity of Rs. 7.234 million (June 30, 2014: Rs. 7.234) on Al Baraka Bank loans is booked by the company and no further profit and charity is provided as the case is pending before the High Court of Sindh.

**9.1.4** NIB Bank Limited has filed a suit under Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 114.287 million (June 30, 2014 Rs. 114.287 million) plus markup and cost of funds from the company and its Directors and financial institutions. The company has booked Rs. 115.244 million (June 30, 2014 Rs. 115.244 million) Principal plus markup. No further markup is being provided as case is pending before the High Court of Sindh. Application seeking leave to defend has been filed by the company. In the opinion of company's legal counsel leave to defend should be granted in the circumstances.

**9.1.5** The Securities and Exchange Commission of Pakistan has initiated investigation u/s. 263 of the Companies Ordinance 1984, relating to the affairs of the company vide order dated April 24, 2012. The outcome of the proceeding are still awaited till date.

##### **9.2 Commitments**

There was no commitment as at balance sheet date.



## Pak Leather Crafts Limited

---

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

---

#### 10. RELATED PARTY TRANSACTIONS

The related parties comprise of staff retirement benefits plans, directors and key management personnel. Transactions with related parties are made under normal commercial terms and conditions. Details of transactions with related parties are as follows.

	Half Year Ended	
	Dec. 31, 2014	Dec. 31, 2013
	(Rs. in '000')	
<b>Staff Retirement Benefit Plans</b>		
Gratuity paid	-	7
<b>Key Management Personnel</b>		
Loan from director	12,509	4,810
Other benefits	-	75
<b>Pheonix Leather (Pvt) Ltd.</b>		
Job work Income	-	-
Advance from customer	-	-

#### 11. OPERATING SEGMENT

- 11.1 These condensed interim financial information have been prepared on the basis of a single reportable segment.
- 11.2 Revenue from job order processing represents 100% of the total revenue. The company does not consider job order processing as a separate reportable segment as the plant of Company is installed primarily for the manufacturing of leather products.
- 11.3 All non current assets of the Company as at December 31, 2014 are located in Pakistan.
- 11.4 100% job work income of the Company are local.

#### 12. GOING CONCERN ASSUMPTION

- 12.1 United Bank Limited has filed a winding up petition against the Company for the sale of plot under mortgage of a financial institution to settle its liability, under Section 305, 234 and 408 of the Companies Ordinance, 1984. On the basis of which the petitioner has alleged that it is just and equitable to windup the Company. However, the legal counsel of the Company has filed a robust defence to this winding up petition and in view of legal counsel, it is not sustainable in fact or in law.



## *Pak Leather Crafts Limited*

---

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

---

**12.2** During the six months period, the Company incurred a net loss of Rs. 3.597 million (2013: Rs. 11.473 million) resulting in accumulated losses of Rs. 371.276 million (2013: Rs. 358.178 million) as of the balance sheet date. Further, as of that date the current liabilities of the Company exceeded its current assets by Rs. 360.923 million (2013: Rs. 301.917 million) resulting in negative equity of Rs. 337.276 million (2013: Rs 324.178 million). The directors of the company would extend all necessary support and would assure the going concern status of the Company at all times. The directors of the company have deposited 12.509 million during the period to the company to finance all liquidity problems. Besides, negotiations with foreign customers have also been started and it is expected that in near future export sales will be started.

**12.3** The above mentioned factors and eroded cash flow position of the Company resulted uncertainties which may casts a significant doubt over the Company's ability to continue as a going concern. However, considering the measures mentioned in note 12.2 along with these uncertainties and the commitment provided by the Directors to financially support the Company as and when needed; the management is quite confident that the Company will be able to continue as a going concern. Accordingly these interim financial statements are prepared on going concern basis.

#### **13 DATE OF AUTHORISATION FOR ISSUE**

These interim condensed financial statements have been authorised for issue by the Board of Directors of the company on February 28, 2015.

#### **14 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

MUHAMMAD SALEEM AHMED  
Chief Executive

NAYYER AHMED JALALI  
Director

**BOOK POST**  
**PRINTED MATTER**

UNDER CERTIFICATE OF POSTING

*If undelivered please return to:*

***Pak Leather Crafts Limited***

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