



CORPORATE PROFILE

BOARD OF DIRECTORS

Dr.Muhammad Shoaib Ahmed Muhammad Saleem 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

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. Chairman / Director Chief Executive Officer Director Director Director Director Director

Chairman Member Member



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.

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

Karachi: February 28, 2015

MUHAMMAD SALEEM AHMED Chief Executive



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.

SCOP 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.

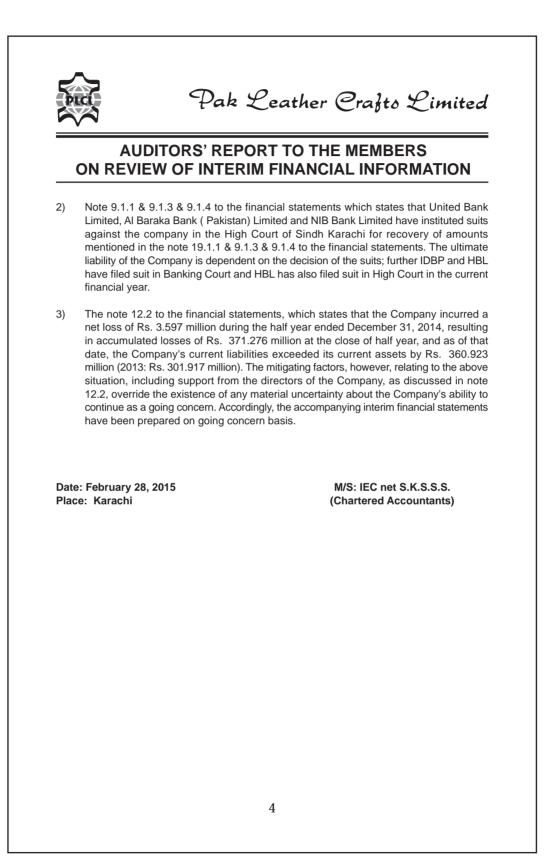
CONCLUSION

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:

 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.





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

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

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

MUHAMMAD SALEEM AHMED Chief Executive



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

	Half Yea	r 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
Gross profit / (loss)	(1,665)	(2,627)	(735)	(1,248)
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
Operating (loss)/profit	(3,706)	(7,778)	(1,927)	(5,588)
Finance cost	9	3,896	2	1,949
	(3,715)	(11,674)	(1,929)	(7,537)
Other operating income	180	150	90	150
Profit / (loss) before taxation	(3,535)	(11,524)	(1,839)	(7,387)
Taxation	(62)	51	(27)	64
Net Profit / (loss) after taxation	(3,597)	(11,473)	(1,866)	(7,323)
(Loss) per share - Basic and Diluted	(1.06)	(3.37)	(0.55)	(2.15)

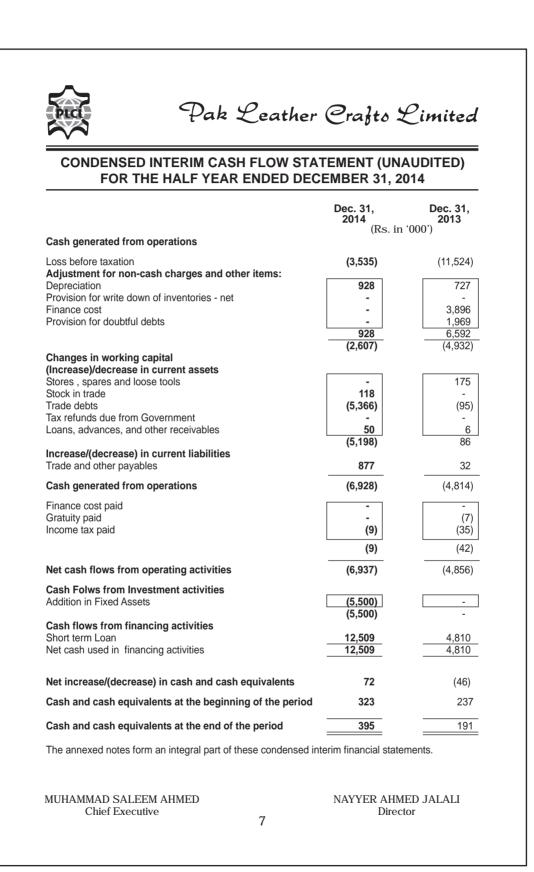
The annexed notes form an integral part of these condensed interim financial statements.

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

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

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

MUHAMMAD SALEEM AHMED Chief Executive



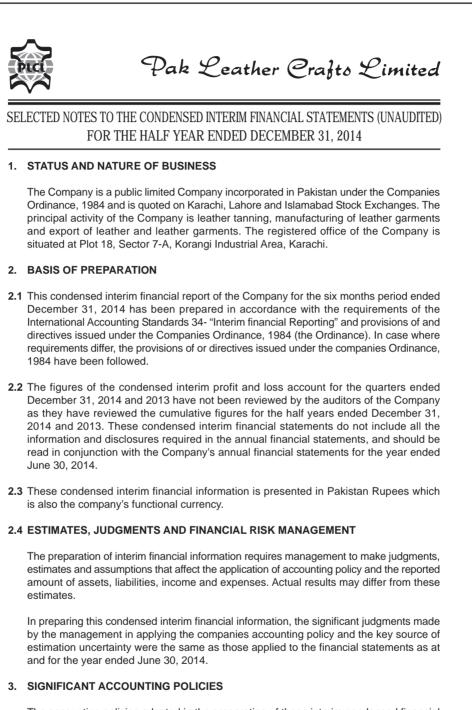


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

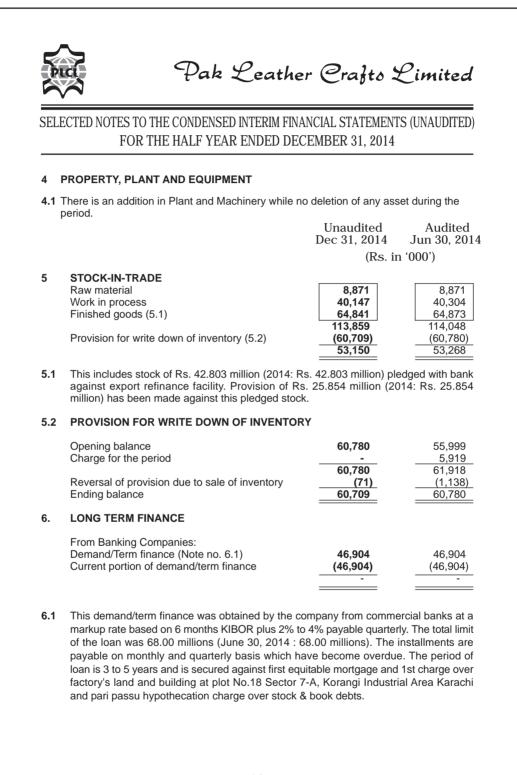
	Issued subscribed and paid up capital	Unappropriated Profit/ (Loss)	(Rs. in '000') Total
Balance as at June 30, 2013	34,000	(346,705)	(312,705)
Loss for the period Other comprehensive (loss) Total comprehensive (loss)	-	(11,473) - (11,473)	(11,473) - (11,473)
Balance as at December 31, 2013	34,000	(358,178)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

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

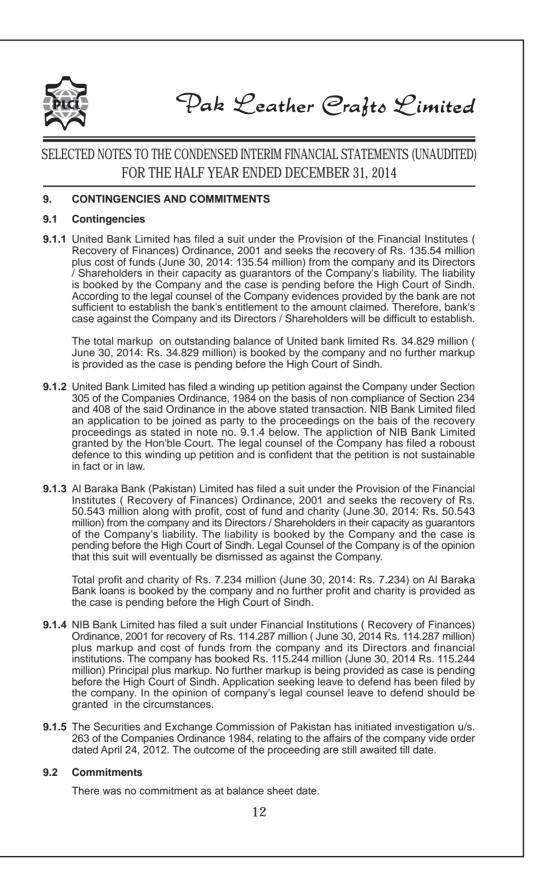
MUHAMMAD SALEEM AHMED Chief Executive

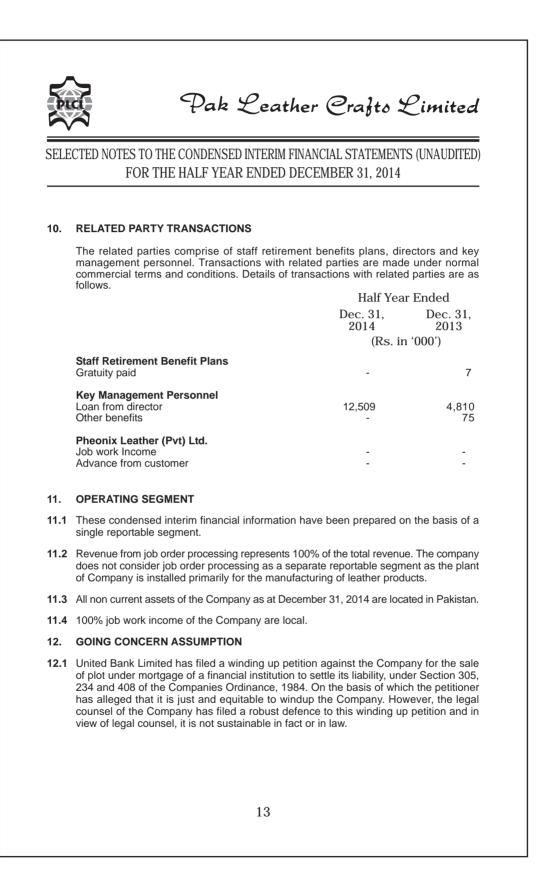


The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2014.



SEL	ECTED NOTES TO THE CONDENSED INTERIN FOR THE HALF YEAR ENDED		S (UNAUDITED
7.	Short term loan	Unaudited Dec 31, 2014 (Rs. in ⁶	Audited Jun 30, 201 (000')
	Unsecured (note7.1) From Directors From Others	56,359 17,377 73,736	43,850 17,377 61,227
7.1	These represent non-interest bearing subor This include amount of Rs. 33.857 million (, were created during the years ending 2002 personal deposits of directors made by the k other dues of the Company. These personal banks as collateral against financial facilities subordinated to all banking loans.	lune 30, 2014 Rs. 33.857 2 and 2003 as a result of panks against export refina al deposits of directors we	million) which adjustment of ance loans and are held by the
	Suboralitated to all ballking loans.		
8.	SHORT TERM BORROWINGS		
Β.	-	202,850 4,679 207,529	202,850 4,679 207,529
8.	SHORT TERM BORROWINGS From banking companies: Secured Export re-finance (Note no.8.1 & 8.3)	4,679 207,529 e facilities from various con Pakistan from time to time, v ble on quarterly basis. Exce , 2014: Rs. 7.850 million) a her banks have filed suits	4,679 207,529 mmercial banks which remained ept Habib Bank and Rs. 10.250 for recovery as
	SHORT TERM BORROWINGS From banking companies: Secured Export re-finance (Note no. 8.1 & 8.3) Running Finance (Note no. 8.2 & 8.3) The Company had arranged export re-finance on mark-up rates prescribed by State Bank of 9.3% (June 30, 2014: 9.3%) per annum paya Limited and IDBP Rs. 7.850 million (June 30 million (June 30, 2014: Rs. 10.250 million) of more elaborately explained in Note Nos. 9	4,679 207,529 e facilities from various con Pakistan from time to time, v ble on quarterly basis. Exce , 2014: Rs. 7.850 million) a her banks have filed suits 0.1.1, 9.1.3 and 9.1.4 of t	4,679 207,529 mmercial banks which remained ept Habib Bank and Rs. 10.250 for recovery as hese financial rate equivalent







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 301.917 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

