

**ACCOUNTS FOR
THE HALF YEAR ENDED
DECEMBER 31, 2020
(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
Director

AUDIT COMMITTEE

Dr. Muhammad Shoaib Ahmed
Ahmed Jalali
Azeem Ahmed

Chairman
Member
Member

HUMAN RESORCE & REMUNERATION COMMITTEE

Umer Ahmed
Nayyer Ahmed
Azeem Ahmed

Chairman
Member
Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Naseer Ahmed

BANKERS

Albaraka Bank Pakistan Ltd
MCB 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 Avais 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
Email: export1@pakleather.com

SHARE REGISTRAR

JWAFFS Registrar Services (Pvt) Ltd
407-408, Al Ameerah 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, 2020 duly reviewed by the auditors of the Company.

Financial Results:

	December 31, 2020 (Rs.in'000')	December 31, 2019 (Rs.in'000')
Profit/ (Loss) before taxation	(1,771)	7,179
Taxation	(539)	(1,115)
Profit/ (loss) after tax	(2,310)	6,064
Accumulated loss B/F	(347,693)	(396,479)
Accumulated loss C/F	(350,003)	(390,415)
Profit/ (loss) per share after tax (Rupees)	(0.68)	1.78

Economic Overview:

Pakistan GDP contracted 0.4 percent in the year 2019-20. Due to imposition of lockdown late in March till the end of the year 2020, the overall economic activity was hampered. It is expected that Pakistan's GDP will grow by 1.5 percent in the current year, which will improve further in the next fiscal year. Economic activities have now turned growing, despite a successive wave of Covid-19 in the Country. The rupee stood stable, despite serious repercussions of Covid-19 on the economy. The overall positive momentum reflected in bullish sentiment at Pakistan Stock Exchange which continued its upward destination.

Company Performance:

Despite the best efforts made by the management, the company suffered significant fall in export as well as operating profits and consequently in production during the period under review. During the period ended December 31,2020, the exports of the company stood at Rs. 35.15 million as compared to Rs. 88.21 million for the last corresponding period i.e. decrease of 60% in value as compared to last years' corresponding period.

During the period under review, the management has decided to write-back the old trade liabilities amounting to Rs. 6.70 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. 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. It elaborates that 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 suits of banks/ financial institutions. The management is trying to settle these cases out of the court. A land mark achievement in this respect is out of court settlement with United Bank Limited (UBL). Total claim of UBL amounting to Rs. 135.34 million has already been settled for Rs. 45.00 million. This is reflected in note # 14 to these financial statements along with the Note # 14.2 to the audited financial statements for the year ended June 30,2020.



Pak Leather Crafts Limited

Future Outlook:

Pakistan's economy has started year 20-21 with a positive outlook reflected by improved growth prospects and business sentiments. The overall performance is however dependent on the intensity & duration of the second wave of Covid-19 and the extent of recovery in the world economy following the launching of vaccines. As soon the effects of the pandemic subside, the Country will get a broad-based recovery which will provide stimulus to the leather segment as well.

The management of your Company expects to regain the volume in export market, which may give improved financial results in the second half of the year20-21.

Acknowledgement:

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

On behalf of the Board

Muhammad Saleem Ahmed
Chief Executive Officer

Karachi: February 25, 2021



Pak Leather Crafts Limited

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PAK LEATHER CRAFTS LIMITED

Report on review of 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, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and selected explanatory notes to 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 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, 2020 and 2019 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.



Dak Leather Crafts Limited

Emphasis of Matter

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

- a) Note 1.2 to the condensed interim financial statements indicates that the company has incurred loss of Rs. 2.310 million during the period. As at reporting date its accumulated loss was Rs. 350.003 million and its current liabilities exceed its current assets by Rs. 214.540 million as against the issued, subscribed and paid up capital of Rs. 34 million. These conditions, along with other matters, as set forth in Note 1.2 indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.
- b) 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 short term and long-term finances along with related mark up and cost of funds which the Company is defending. The Company has fully provided for mark up till the date of filing of suits by the banks / financial institutions. The amount of related overdue loans is Rs. 159.433 million and related overdue mark up is Rs. 89.2 million. Mark up from the date of filing of suits amounting to Rs. 38.78 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.

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**

Lahore : February 25, 2021



Pak Leather Crafts Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT DECEMBER 31, 2020

ASSETS	Note	Unaudited Dec. 31, 2020	Audited June 30, 2020
(Rs. in '000')			
NON-CURRENT ASSETS			
Property, plant and equipment	4	22,916	23,526
Long term deposits		1,410	1,410
		<u>24,326</u>	<u>24,936</u>
CURRENT ASSETS			
Loose tools		285	308
Stock in trade	5	61,120	46,323
Trade debts	6	20,374	23,151
Advances and other receivable		2,311	6,715
Tax refunds due from Government - Sales tax		5,022	8,026
Cash and bank balances		2,208	5,837
		<u>91,320</u>	<u>90,360</u>
TOTAL ASSETS		<u>115,646</u>	<u>115,296</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Authorised share capital			
5,000,000 Ordinary shares of Rs. 10/- each.		50,000	50,000
Issued, subscribed and paid up capital			
3,400,000 Ordinary shares of			
Rs. 10/- each fully paid in cash		34,000	34,000
Loan from Director		108,412	60,157
Accumulated loss		<u>(350,003)</u>	<u>(347,693)</u>
		<u>(207,591)</u>	<u>(253,536)</u>
NON-CURRENT LIABILITIES			
Long term loan		16,469	14,601
Deferred interest income		908	2,776
		<u>17,377</u>	<u>17,377</u>
CURRENT LIABILITIES			
Short term borrowings	7	113,954	152,530
Current portion of long term finance		46,903	46,903
Interest / mark up payable		89,200	89,200
Trade and other payables	8	55,264	60,526
Provision for taxation - income tax	9	539	2,296
		<u>305,860</u>	<u>351,455</u>
CONTINGENCIES			
	10	-	-
		<u>115,646</u>	<u>115,296</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



Dak Leather Crafts Limited

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

		(Un-audited)			
		Half Year Ended		Quarter Ended	
Note		Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
------(Rs. In '000')-----					
Sales - net	11	48,210	106,820	13,458	66,061
Cost of sales	12	46,536	90,556	13,717	57,386
Gross profit/(loss)		1,674	16,264	(259)	8,675
Other income		7,471	830	7,180	500
		9,145	17,093	6,921	9,175
Administrative expenses		6,824	2,893	3,476	1,518
Selling and distribution expenses		3,386	5,343	2,381	3,558
Bank charges and commission		706	1,678	531	1,128
		10,916	9,914	6,388	6,204
(Loss) / profit for the period before taxation		(1,771)	7,179	533	2,971
Provision for taxation		539	1,115	189	670
(Loss) / profit for the period		(2,310)	6,064	344	2,301
Earnings per share-basic and diluted (Rupees per share)		(0.68)	1.78	0.10	0.68

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, 2020

		Half Year Ended		Quarter Ended	
		Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
------(Rs. In '000')-----					
(Loss) / profit for the period		(2,310)	6,064	344	2,301
Other comprehensive income		-	-	-	-
Total comprehensive (loss) / profit for the period		(2,310)	6,064	344	2,301

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, 2020

	(Rs. in '000')			
	Issued subscribed and paid up capital	Loan from Director	Accumulated loss	Total
Balance as at July 1, 2019	34,000	68,204	(396,481)	(294,277)
Total comprehensive income for the period				
Profit for the period	-	-	6,066	6,066
Other comprehensive income	-	-	-	-
Balance as at December 31, 2019	34,000	68,204	(390,415)	(288,211)
Total comprehensive income for the period				
Profit for the period	-	-	42,722	42,722
Other comprehensive income	-	-	-	-
	-	-	42,722	42,722
Transaction with owners				
Repayment of loan	-	(8,047)	-	(8,047)
Balance as at June 30, 2020	34,000	60,157	(347,693)	(253,536)
Total comprehensive (loss) for the period				
(Loss) for the period	-	-	(2,310)	(2,310)
Other comprehensive income	-	-	-	-
	-	-	(2,310)	(2,310)
Transaction with owners				
Loan obtained from directors	-	48,255	-	48,255
Balance as at December 31, 2020	34,000	108,412	(350,003)	(207,591)

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



Dak Leather Crafts Limited

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Un-audited Half Year Ended	
	Dec. 31, 2020	Dec. 31, 2019
	(Rs. in '000')	
Cash generated from operations		
(Loss) / profit for the period before taxation	(1,771)	7,181
Adjustment of non-cash items		
Depreciation	925	930
Balance written back - net	(6,374)	-
Operating cash flows before working capital changes	(7,221)	8,111
Changes in working capital		
(Increase)/decrease in current assets		
Loose tools	23	(14)
Stock in trade	(14,797)	(13,785)
Trade debts	2,262	(11,122)
Tax refunds due from Government	4,404	(1,336)
Advances and other receivables	3,004	(1,029)
Increase in current liabilities		
Trade and other payables	1,626	31,852
	(3,478)	4,566
Cash flow from operations	(10,699)	12,677
Income tax paid	(2,294)	(1,100)
Net cash flow from operating activities (A)	(12,992)	11,577
Cash flows from investing activities		
Addition in property, plant and equipment	(315)	(304)
Net cash flow from investing activities (B)	(315)	(304)
Cash flows from financing activities		
Loan from Directors obtained / (repaid)	49,679	(5,170)
Short term borrowings repaid - net	(40,000)	-
Net cash flow from financing activities (C)	9,679	(5,170)
Net (decrease) / increase in cash and cash equivalents (A + B + C)	(3,629)	6,103
Cash and cash equivalents at the beginning of the period	5,837	2,292
Cash and cash equivalents at the end of the period	2,208	8,395

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, 2020

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 repealed Companies Ordinance, 1984 and is quoted on Pakistan Stock Exchange. 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 has incurred loss of Rs. 2.310 million during the period. As at the reporting date, its accumulated loss was Rs. 350.003 million (June 30, 2020: Rs. 347.693 million) and its current liabilities exceed its current assets by Rs. 214.540 million (June 30, 2020: Rs. 261.095 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 and is focusing to enhance its profitability by increasing its revenue and reducing its cost. As a result of its concentrated efforts, the management has been able to increase its revenue and profitability in the recent past. The company is negotiating with its bankers / financial institutions for rescheduling / out of court settlements. Moreover, the directors of the Company have undertaken to continue to support the Company and to inject further funds in the ensuing years, as may be needed by the Company. The directors have injected funds of Rs. 49.679 million during the period as needed by the Company. The management believes that its plan will help address the issues 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, 2020

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, 2020.

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, 2020.

- 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, 2020 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 Estimates, judgments & financial risk management

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, 2020.

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, 2020.



Dak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Note	Un-audited Dec 31, 20 ----- (Rs. In '000') -----	Audited Jun 30, 20 ----- (Rs. In '000') -----
4	PROPERTY, PLANT AND EQUIPMENT		
	Written down value	4.1 <u>22,916</u>	<u>23,526</u>
		Half Year ended	
		Dec 31, 2020	Dec 31, 2019
		----- (Rs. In '000') -----	
4.1	Additions in property, plant and equipment - at cost		
	Building on leasehold land	216	131
	Office equipment	<u>100</u>	<u>173</u>
		<u>316</u>	<u>304</u>
		Un-audited	Audited
		Dec 31, 20	Jun 30, 20
		----- (Rs. In '000') -----	
5	STOCK IN TRADE		
	Raw material - in hand	8,798	9,096
	Work in process	7,754	3,245
	Finished goods	<u>44,568</u>	<u>33,982</u>
		<u>61,120</u>	<u>46,323</u>
5.1	Stock in trade includes old stock carried at written down value of Rs. 21.45 million (June 30, 2020: Rs. 25.02 million)		
6	TRADE DEBTS		
	Unsecured		
	Considered good		
	Local	7,147	14,845
	Foreign	<u>13,227</u>	<u>8,306</u>
		<u>20,374</u>	23,151
	Considered doubtful		
	Local	61,048	61,048
	Less: Provision for doubtful debts	<u>(61,048)</u>	<u>(61,048)</u>
		-	-
		<u>20,374</u>	<u>23,151</u>



Pak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Note	Un-audited Dec 31, 20	Audited Jun 30, 20
----- (Rs. In '000') -----			
7 SHORT TERM BORROWINGS			
Secured - under mark up arrangements			
Export refinance		92,600	107,710
Cash finance		10,250	10,250
Running finance		4,679	4,679
Forced finance		5,001	29,891
		112,530	152,530
Unsecured			
From director	7.1	1,424	-
		113,954	152,530

7.1 It is interest free and payable on demand.

	Note	Un-audited Dec 31, 20	Audited Jun 30, 20
----- (Rs. In '000') -----			
8 TRADE AND OTHER PAYABLES			
Creditors		47,383	49,059
Accrued liabilities	8.1	6,452	5,085
Advance from customers		981	6,063
Tax deducted at source		305	176
Unclaimed dividend		143	143
		55,264	60,526

8.1 Accrued liabilities include remuneration payable to chief executive officer and a director amounting to Rs. 2.293 million (June 30, 2020: Rs. 0.43 million).

	Note	Half Year ended	
		Dec 31, 2020	Dec 31, 2019
----- (Rs. In '000') -----			
9 PROVISION FOR TAXATION - INCOME TAX			
Current for the year		539	1,115
Deferred	9.2	-	-
		539	1,115



Dak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

9.1 Relationship between tax expense and accounting loss

The relationship between tax expense and accounting loss has not been presented in these condensed interim financial statements as the income of the Company is subject to minimum tax/ alternate corporate tax and final tax. The provision for current taxation is made under section 113, 153, 154 and 169 of the Income Tax Ordinance, 2001.

- 9.2 Deferred tax asset works out to Rs. 11.797 million (June 30, 2020: Rs. 11.574 million) which is not recognized in these financial statements in view of un-certain future results.

10 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 short term and long term finances along with related mark up and cost of funds which the Company is defending. The Company has fully provided for mark up till the date of filing of suits by the banks / financial institutions. The amount of related overdue loans is Rs. 159.433 million (June 30, 2020: Rs. 159.433 million) and related overdue mark up is Rs. 89.2 million (June 30, 2020: Rs. 89.2 million). Mark up from the date of filing of suits amounting to Rs. 38.78 million (June 30, 2020: Rs. 27.50 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.

Note	Un-audited			
	Half Year Ended		Quarter Ended	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
------(Rs. In '000')-----				
11 SALES				
Export - Leather	35,153	88,206	6,497	55,455
Local sale -Leather Processing	13,057	18,614	6,961	10,606
	<u>48,210</u>	<u>106,820</u>	<u>13,458</u>	<u>66,061</u>



Pak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

Note	Un-audited			
	Half Year Ended		Quarter Ended	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
------(Rs. In '000')-----				
12 COST OF SALES				
Opening stock of finished goods	33,982	37,155	35,013	31,967
Cost of goods manufactured	12.1 57,122	95,722	23,272	67,740
	91,104	132,877	58,285	99,707
Less: Closing stock of finished goods	(44,568)	(42,321)	(44,568)	(42,321)
	46,536	90,556	13,717	57,386
12.1 Cost of goods manufactured				
Raw material consumed 12.1.1	42,862	76,542	18,243	57,921
Salaries, wages and benefits	10,717	11,260	5,476	6,283
Power, fuel and water	4,277	4,650	2,253	2,410
Repairs and maintenance	2,605	4,137	1,233	2,616
Carriage and cartage	165	196	80	146
Depreciation	870	875	437	437
Others factory over heads	135	296	59	161
	61,631	97,956	27,781	69,974
Work in process:				
Opening	3,245	3,648	3,245	3,648
Closing	(7,754)	(5,882)	(7,754)	(5,882)
	(4,509)	(2,234)	(4,509)	(2,234)
	57,122	95,722	23,272	67,740
12.1.1 Raw material consumed				
Opening	9,096	6,836	14,285	17,700
Purchased during the year	42,564	82,926	12,756	53,441
Available for consumption	51,660	89,762	27,041	71,141
Closing	(8,798)	(13,220)	(8,798)	(13,220)
	42,862	76,542	18,243	57,921



Dak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

13 TRANSACTIONS WITH RELATED PARTIES

The Company carries out transactions with related parties in the normal course of business which comprise of directors and key management personnel. There is no significant related party transactions except the following;

Name	Relationship	Nature of Transaction	Half Year Ended December 31	
			2020	2019
			----- (Rs. In '000') -----	
Mr. M.Saleem Ahmed	CEO	Loan received - net	48,255	5,170
		Remuneration	1,800	297
Mr. Umer Ahmed	Director	Loan received	8,977	-
		Loan repaid	7,553	-
		Remuneration	900	246

14 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, 2021.

15 GENERAL

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

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

15.3 The figures have been rounded off to the nearest thousands of Rupee.

MUHAMMAD SALEEM AHMED
Chief Executive Officer

UMER AHMED
Director

NASEER AHMED
Chief Financial Officer

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)