ANNUAL REPORT
2025 - 2026

Pak Leather Crafts Limited

CONTENTS

Details	Page No.
Corporate Profile	2
Notice of Annual General Meeting	3-5
Directors' Report	6-9
Directors' Report (in Urdu)	10-13
Chairperson's Review	14
Chairperson's Review (in Urdu)	15
Statement of Value Added	16
Six years at a glance	17
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulation, 2019	18-20
Auditors' Review Report to the Members on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulation, 2019	21
Indendent Auditor's Report to the Members	22-25
Statement of Financial Position	26
Statement of Comprehensive Income	27
Statement of Changes in Equity	28
Statement of Cash Flows	29
Notes to the Financial Statements	30-55
Pattern of Shareholding	56-57
Form of Proxy	

CORPORATE PROFILE

BOARD OF DIRECTORS

Mrs. Rubina Saleem	Chairperson
Muhammad Saleem Ahmed	Director / CEO
Qaiser Jamal	Director
Nayyer Ahmed	Director
Azeem Ahmed	Director
Umer Ahmed	Director
Ahmed Jalali	Director

AUDIT COMMITTEE

Qaiser Jamal	Chairman
Nayyer Ahmed	Member
Azeem Ahmed	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Ahmed Jalali	Chairman
Nayyer Ahmed	Member
Azeem Ahmed	Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Naseer Ahmed

BANKERS

Albaraka Bank Pakistan Ltd
MCB 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
Bank AL Habib Ltd

EXTERNAL AUDITORS

RSM Avais Hyder Liaquat Nauman
Chartered Accountants
Lahore

LEGAL ADVISOR

Talat Aftab
Advocate

REGISTERED OFFICE

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

SHARE REGISTRAR

JWAFFS Registrar Services (pvt) Ltd
Office # 20, 5th Floor, Arkay Square Extension,
New Chali Shahrah-e-Liaquat, Karachi.
Tele: (+92-91) 32440974-75

TOLL MANUFACTURING FACILITY

Chamois Leather
Plot No. 92, Sector 7-A,
Korangi Industrial Area, Karachi

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 39th Annual General Meeting of Pak Leather Crafts Limited will be held on October 28, 2026 at 6.00 PM at Plot No. 9, Sector 59, Malir Development Authority, Taiser Town, Karachi to transact the following business:

Ordinary Business:

1. To confirm minutes of the 38th Annual General Meeting held on October 28, 2025.

2 To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2026 together with the Chairperson's Review, Directors' and Auditors' Reports thereon.

   In accordance with Section 223 of the Companies Act, 2017, and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023, the financial statements of the Company have been uploaded on the website of the Company which can be downloaded from the following web link and QR enabled code:

   Weblink:
   www.pakleather.com/ QR CODE /

3. To appoint auditors and fix their remuneration for the year ending June 30, 2026.

4. To transact any other business with the permission of the Chair.

By order of the Board

Naseer Ahmed
Company Secretary

October 05, 2026

NOTES:

A. The share transfer books of the Company will remain closed from 20-10-2026 to 28-10-2026 (both days inclusive) and no transfer will be accepted during this period.

B. Transfers received, complete in all respect by the Shares Registrar, M/s. JWAFFS Registrar Services (Pvt) Ltd, Office # 20, 5th Floor, Arkay Square Extension, New Chali Shahrah-e-Liaquat, Karachi, by the close of business on 19-10-2026 will be considered in time for the purpose of attending and voting at the meeting.

C. Participation in the AGM proceeding via video conferencing facility shall be made available by the Company. All Shareholders/Members interested in attending the AGM, either physically or through video-conferencing facility are requested to register their Name, Folio Number, Cell Number, CNIC / Passport number at export1@pakleather.com. Video link and login credentials will be shared with only those shareholders whose registration are received at least 48 hours before the time of AGM.

D. A member entitled to attend and vote at this meeting may appoint another person as his/her proxy toattend the meeting and vote for him/her. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.

E. Shareholders of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original CNIC along with account number in CDS and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders the guidelines laid down in Circular No. 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan shall be followed.

F. Consent for Video Conference Facility:

As per Companies Act, 2017, if the Company receives consent from members holding in aggregate10% or more shareholding residing at a geographical location, to participate in the Annual General Meeting (AGM) through video conference at least seven days prior to the date of AGM, the Company will arrange a video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding the video conference facility venue at least 5 days before the date of the AGM along with the complete information needed to access the facility.

G. Transmission of Annual Financial Statements through email:

The financial statements of the Company for the year ended June 30, 2025 along with reports and notice of meeting have been placed at the website of the Company.

The Securities and Exchange Commission of Pakistan vide SRO 787(1)/2014 dated September 08, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors' and directors' reports along with notice of annual general meeting to its members through e-mail. Members who wish to avail this facility can give their consent.

H. Members are requested to provide their International Banking Account Number (IBAN) together with a copy of the Computerized National Identity Card (CNIC) to update our records. In case of non-submission all future dividend payments may be withheld.

I. As per section 72 of the Companies Act, 2017, every company is required to replace its physical shares with book entry form within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 30, 2017.

J. The Securities & Exchange Commission of Pakistan through its circular # CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed Companies to pursue their such members who still hold shares in physical form, to convert their shares into book-entry form.

The shareholder having physical shareholding are accordingly encouraged to open their account with Investor Accounts Services of CDC or sub-account with any of the brokers and convert their physical shares into scrip less form. This will facilitate the shareholders in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulation of the Pakistan Stock Exchange Limited.

K. Shareholders who have not yet collected their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares. Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three (3) years from the date due and payable shall be deposited to the credit of the Federal Government and in case of Shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

L. Video Conference Facility:

As per Companies Act, 2017, if the Company receives consent from members holding in aggregate10% or more shareholding residing at a geographical location, to participate in the Annual General Meeting (AGM) through video conference at least seven days prior to the date of AGM, the Company will arrange a video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding the video conference facility venue at least 5 days beforethe date of the AGM along with the complete information needed to access the facility.

M. E-voting:

Pursuant to SECP S.R.O No. 254(I)/2018 dated February 22, 2018, members who intend to exercise their right of vote through E-voting shall provide their valid cell numbers and email addresses on or before October 19, 2023.

N. Transmission of Annual Financial Statements through email:

The Securities and Exchange Commission of Pakistan vide SRO 787(1)/2014 dated September 08, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors' and directors' reports along with notice of annual general meeting to its members through e-mail.

Members who wish to avail this facility can give their consent.

The financial statements of the Company for the year ended June 30, 2026 along with reports have been placed at the website of the Company.

DIRECTORS' REPORT

The Directors of the Company are pleased to present the annual report together with the audited financial statements of the Company for the year ended June 30, 2026.

COMPANY OVERVIEW

The financial results of the Company for the year under report are shown below.

	2026 Rupees	2025 Rupees
Profit / Loss before taxation	**(4,877,121)**	9,182,898
Taxation	**(454,563)**	(60,293)
Profit / Loss after tax	**(5,331,684)**	9,022,605
Accumulated (Loss) Brought Forward	**(353,354,194)**	(362,376,799)
Accumulate (Loss) Carried Forward	**(358,685,878)**	(353,354,194)

During the year under review, the Company made a sale of Rs.26.777 (M) compared to 60.094 (M) last year.

Export sales dropped to Rs.26.311(M) compared with Rs.51.780 (M) for the same period last year, making 49% decline in sales over last year. The company could not get export orders during the third and fourth quarter due to world over economic recession in general and ongoing war between Russia and Ukraine, US vs Iran conflict on the Strait of Hormuz in the region. Moreover, Inflation in the country, high rate of interest, hike in energy cost resulted the increased cost of production which made it difficult to compete in the international market.

In the half yearly report, your directors had informed about decision for getting LWG certification. We are now pleased to inform that the Company has been awarded a certificate of "Gold Rated Commissioning Manufacturer" by the Leather Working Group Assurance Services, UK. We may now expect to get better response to get export orders. After close of the year, two export orders have already been received.

The Company is presently working on toll manufacturing model and accordingly, is not earning any job work processing income.

ADDITIONAL STREAM OF INCOME

The Company has started, generating rental income as per the strategic plan, from the vacant factory building and therefore, the portion of the factory building is treated as Investment Property to meet the standard disclosure requirement. During the year, gross rental income earned is Rs.2.500 (M). After close of the year, one tenant due to his reasons vacated the building before completion of the term of agreement. However, an other agreement was immediately signed with an other party and on the better terms than the outgoing tenant. Therefore, more rental income is expected in the next full year.

DISCHARGE OF FINANCIAL OBLIGATION

Again, as part of our strategic plan, the sale proceeds of plant and machinery was utilized for repayment to banks. During the year the Company discharged its entire financial obligations to one of the banking companies, during the year.

COMMENTS ON AUDITORS' REPORT

We have assessed the ability of the Company to continue as a going concern for a period of at least twelve months from 30 June 2026.

The Company has been facing financial and operational challenges for several years. The Company has incurred loss of Rs. 5.33 million during the year and, as at the reporting date, it has accumulated losses of Rs. 358.69 million (2025: Rs. 353.35 million) resulting in negative equity of Rs. 207.31 million (2025: Rs. 319.35 million). The Company's current liabilities exceed its current assets by Rs. 226.56 million (2025: Rs. 320.95 million). Certain banking facilities aggregating to Rs. 124.68 million, together with related accrued markup of Rs. 81.97 million, remain overdue and the respective banks / financial institutions have instituted recovery proceedings against the Company, as more fully explained in Note 18. These condition and events indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may unable to realise its assets and discharge its liabilities in the normal course of business.

During the preceding year, the Company disposed of its plant and machinery and substantially changed its operating model. The principal activity of the Company is leather tanning and the export of leather and leather garments. The Company uses production facility of third-party processors under toll manufacturing and job work arrangement. Management expects this operating model to reduce fixed operating costs and improve the Company's operating cash flows. During the current year, the Company generated net cash flows from operating activities of Rs. 6.21 million.

In prior years, the Company entered into a settlement arrangement with one of its lenders under which a portion of the outstanding liability was waived and the remaining balance was rescheduled for payment in annual installments. The Company remained compliant with the agreed repayment schedule and, during the current year, paid the final installment of Rs. 8 million, thereby fully discharging the liability under the settlement arrangement.

CORPORATE AND FINANCIAL REPORTING

In compliance with the applicable listing regulations of Pakistan Stock Exchange, the directors of the company do hereby declare the following:

a) The financial statements prepared in conformity with the requirements of companies Act. 2017 by the management of the company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.

b) Proper books of account of the listed company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

e) The management is of the opinion that the company has sound system of internal control.

f) The Company's ability to continue as a going concern is effective as discussed in Note 1.2 to the financial statements.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulation.

DIRECTORS' REPORT

KEY OPERATING & FINANCIAL DATA:

The key operating & financial data is reported on Page No.17

EARNINGS PER SHARE (EPS)

The earnings / (loss) per Share is Rs. (1.57) 2025 : Rs.2.65

BOARD AUDIT COMMITTEE

The Board Audit Committee is comprised of one Independent Non-Executive Director as Chairman and two Non-Executive Directors as member of audit committee. The terms of reference include reviews of annual and quarterly financial statements, internal audit report, information before dissemination to Stock Exchange and proposal for appointment of external auditors for approval of the shareholders, apart from other matters of significant nature. Four meeting were held during the period under review.

Additionally, functions of Risk Management Committee are also entrusted to audit committee.

NUMBER OF BOARD MEETING

During the year, four board meetings were held, which were attended by the Directors as under:

S. No.	Names	No. of Meetings Attended / held
1.	Mrs. Rubina Saleem	4/4
2.	Mr. M. Saleem Ahmed	4/4
3.	Mr. Nayyer Ahmed	4/4
4.	Mr. Azeem Ahmed	4/4
5.	Mr. Umer Ahmed	4/4
6.	Mr. Ahmed Jalali	4/4
7.	Mr. Qaiser Jamal	4/4

DIRECTOR'S RESIGNATION

After close of the year, Mr. Qaiser Jamal resigned from the board of directors and its committees. Casual vacancy will be filled in due course.

PURCHASE / SALE OF SHARES

The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not purchase or sale any shares of the Company during the period under review.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2026 is annexed with this report.

AUDITORS

Present auditors RSM Avais Hyder Liaquat Nauman Chartered Accountants retire and being eligible offer themselves for re-appointment for the year 2026-27.The audit committee has also recommended their reappointment in the forthcoming AGM.

CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

The Company pays monthly contribution to Pakistan Tanner's Association Southern Zone Environmental Society. We also made our unit available for students of leather technology to visit yearly and examine how leather is prepared. We also provide internship for graduating students to help them enter the market with confidence.

The Company is fully committed for acting in an environmentally responsible manner. To achieve this result, we:

1. Ensure our product and operations comply with relevant environmental legislation and regulations. All our chemicals are (Registration, Evaluation, Authorization and Restriction of Chemicals) **REACH** certified and our leathers are tested at random in various countries where we pass with exceptional results. We certify our leathers do not contain chrome 6 or AZO Dyes or any other banned substance or hazardous substance.

2 UNIDO-GEF, in collaboration with PAKISTAN TANNERS' ASSOCIATION has initiated a restoration project for Korangi Sector 7-A which shall improve the overall infrastructure of Sector 7-A. The project involves complete overhauling of sewerage, waste management, roads, and solid waste management.

3. Leather Working Group has become an important part of being sustainable in leather industry. LWG is becoming popular in India and Bangladesh. Its purpose is to provide a clean and efficient working environment for workers. As such, The Company has taken initiative and got a gold category certification.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The statement of compliance with the Code of Corporate Governance is annexed with this report.

FUTURE OUTLOOK

The business environment in the Country remains challenging. The Country is passing through a critical phase due to political, economic and geo-political uncertainties in the region

GENDER PAY GAP

Presently, no female staff is employed, hence there is no gender pay gap.

REMUNIRATION POLICY FOR DIRECTORS

All compensations paid to directors are in compliance of the Companies Act, 2017 and the Code of Corporate Governance. Non-executive directors and the independent directors are not paid any remuneration.

ACKNOWLEDGEMENT

The Board of Directors would like to place on record its appreciation to all our Patrons, Suppliers and Employees for their valuable help, uncompromising support to the Company.

On behalf of the Board

Muhammad Saleem Ahmed
Chief Executive Officer

Umer Ahmed
Director

Karachi: October 05, 2026

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز 30 جون 2026ء کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

کمپنی کا مالیاتی جائزہ

زیرِ رپورٹ سال کے لیے کمپنی کے مالیاتی نتائج درج ذیل ہیں:

تفصیل	2026ء	2025ء
	روپے	روپے
قبل از ٹیکس منافع/(نقصان)	(4,877,121)	9,182,898
ٹیکسیشن	(454,563)	(60,293)
بعد از ٹیکس منافع/(نقصان)	(5,331,684)	9,022,605
سابقہ منتقل شدہ جمع شدہ (نقصان)	(353,354,194)	(362,376,799)
آئندہ منتقل شدہ جمع شدہ (نقصان)	(358,685,878)	(353,354,194)

زیرِ جائزہ سال کے دوران، کمپنی نے 26.777 ملین روپے کی سیلز کی، جبکہ گزشتہ سال یہ 60.094 ملین روپے تھی۔
برآمدی سیلز کم ہو کر 26.311 ملین روپے رہ گئیں، جو گزشتہ سال کی اسی مدت میں 51.780 ملین روپے تھیں، یعنی سیلز میں 49 فیصد کی کمی واقع ہوئی۔ عالمگیر معاشی سست روی اور بالخصوص روس-یوکرین جنگ اور خطے میں آبنائے ہرمز پر امریکہ-مقابلہ ایران کشیدگی کے باعث کمپنی کو تیسری اور چوتھی سہ ماہی کے دوران برآمدی آرڈرز حاصل نہ ہو سکے۔ مزید برآں، ملک میں افراطِ زر، شرحِ سود میں اضافہ اور توانائی کی لاگت میں اضافے کے نتیجے میں پیداواری لاگت بڑھ گئی جس سے بین الاقوامی مارکیٹ میں مقابلہ کرنا دشوار ہو گیا۔
نصف سالانہ رپورٹ میں، ڈائریکٹرز نے LWG سرٹیفکیشن حاصل کرنے کے فیصلے سے آگاہ کیا تھا۔ ہمیں یہ بتاتے ہوئے مسرت ہو رہی ہے کہ کمپنی کو 'لیدر ورکنگ گروپ ایشورنس سروسز، برطانیہ' کی جانب سے "گولڈ ریٹڈ کمیشننگ مینوفیکچرر" کا سرٹیفکیٹ عطا کیا گیا ہے۔ اب ہم برآمدی آرڈرز کے حصول میں بہتر ردِعمل کی توقع کرتے ہیں۔
سال کے اختتام کے بعد، دو برآمدی آرڈرز موصول ہو چکے ہیں۔
کمپنی فی الوقت ٹول مینوفیکچرنگ (Toll Manufacturing) ماڈل پر کام کر رہی ہے اور اس کے مطابق جاب ورک پر وسیعنگ کی کوئی آمدنی حاصل نہیں کر رہی ہے۔

آمدنی کا اضافی ذریعہ

کمپنی نے حکمتِ عملی کے منصوبے کے مطابق فیکٹری کی خالی عمارت سے کرائے کی آمدنی حاصل کرنا شروع کر دی ہے، لہٰذا معیاری افشاء کی ضروریات (Standard Disclosure Requirements) کو پورا کرنے کے لیے عمارت کے اس حصے کو 'سرمایہ کاری پراپرٹی' قرار دیا گیا ہے۔ سال کے دوران حاصل ہونے والی مجموعی کرائے کی آمدنی 2.500 ملین روپے رہی۔ سال ختم ہونے کے بعد، ایک کرایہ دار نے ذاتی وجوہات کی بناء پر معاہدے کی مدت سے قبل عمارت خالی کر

دی؛ تاہم، فوری طور پر کسی دوسری پارٹی کے ساتھ سبکدوش ہونے والے کرایہ دار سے بہتر شرائط پر نیا معاہدہ طے پا گیا۔ اس لیے، اگلے پورے سال میں مزید کرائے کی آمدنی کی توقع ہے۔

مالیاتی واجبات کی ادائیگی

اپنی حکمتِ عملی کے منصوبے کے حصے کے طور پر، پلانٹ اور مشینری کی فروخت سے حاصل ہونے والی رقم کو بینکوں کی ادائیگی کے لیے استعمال کیا گیا۔ رواں سال کے دوران، کمپنی نے ایک بینکنگ کمپنی کے تمام مالیاتی واجبات مکمل طور پر ادا کر دیے ہیں۔

آڈیٹرز کی رپورٹ پر تبصرہ

ہم نے 30 جون 2026ء سے کم از کم بارہ ماہ کی مدت کے لیے کمپنی کے بطور ادارہ قائم رہنے (Going Concern) کی صلاحیت کا معائنہ و جائزہ لیا ہے۔

ادارہ کے قائم رہنے سے متعلق وضاحت:

کمپنی کو چند سالوں سے مالیاتی اور آپریٹنگ چیلنجز کا سامنا ہے۔ کمپنی کو سال کے دوران 5.33 ملین روپے کا نقصان ہوا ہے اور رپورٹنگ کی تاریخ تک، اس کے جمع شدہ نقصانات 358.69 ملین روپے (2025ء: 353.35 ملین روپے) ہیں جس کے نتیجے میں منفی ایکویٹی 207.31 ملین روپے (2025ء: 319.35 ملین روپے) ہوگئی ہے۔ کمپنی کی موجودہ واجبات اس کے موجودہ اثاثوں سے 226.56 ملین روپے زائد ہیں۔ مجموعی طور پر 124.68 ملین روپے کی کچھ بینکنگ سہولیات، بلحاظِ متعلقہ واجب الادا مارک اپ 81.97 ملین روپے کے ساتھ زائد المیعاد ہیں اور متعلقہ بینکوں نے وصولی کی کارروائی شروع کی ہے (نوٹ 18)۔ یہ حالات ایک مادی غیر یقینی صورت حال کی نشاندہی کرتے ہیں۔ تاہم، انتظامیہ کی احیاء کی تدابیر جاری ہیں۔

پچھلے سال کے دوران، کمپنی نے اپنے پ لانٹ اور مشینری کو فروخت کر دیا اور اپنے آپریٹنگ ماڈل میں نمایاں تبدیلی کی۔ کمپنی کی بنیادی سرگرمی چمڑے کی دباغت اور چمڑے کے ملبوسات کی برآمد ہے۔ کمپنی ٹول مینوفیکچرنگ اور جاب ورک کے انتظامات کے تحت تھرڈ پارٹی پروسیسرز کی پیداواری سہولت استعمال کرتی ہے۔ انتظامیہ کو توقع ہے کہ اس ماڈل سے مقررہ آپریٹنگ اخراجات کم ہوں گے اور کیش فلو میں بہتری آئے گی۔ موجودہ سال کے دوران، کمپنی نے آپریٹنگ سرگرمیوں سے 6.21 ملین روپے کے خالص کیش فلو حاصل کیے۔

قبل ازیں سالوں میں، کمپنی نے اپنے ایک قرض دہندہ کے ساتھ تصفیے کا انتظام کیا تھا جس کے تحت بقایا واجبات کا ایک حصہ معاف کر دیا گیا تھا اور باقی رقم کو سالانہ قسطوں میں طے کیا گیا تھا۔ کمپنی نے موجودہ سال کے دوران 8 ملین روپے کی آخری قسط ادا کر کے تمام واجبات مکمل طور پر نپٹا دیے ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ

پاکستان اسٹاک ایکسچینج کے لسٹنگ ضوابط کی تعمیل میں، ڈائریکٹرز درج ذیل کا اعلان کرتے ہیں:

الف) انتظامیہ کی طرف سے کمپنیز ایکٹ 2017ء کے مطابق تیار کردہ مالیاتی گوشوارے، کمپنی کی مالی حالت اور آپریشنز کے نتائج کو منصفانہ طور پر پیش کرتے ہیں۔

ب) لسٹڈ کمپنی کے کھاتوں Books of Account کی درست دیکھ بھال کی گئی ہے۔

ج) مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے۔

د) بین الاقوامی اکاؤنٹنگ معیارات IAS جیسا کہ پاکستان میں لاگو ہیں، کی پیروی کی گئی ہے۔

ہ) انتظامیہ کا خیال ہے کہ کمپنی کے پاس اندرونی کنٹرول کا ایک مضبوط نظام موجود ہے۔

ی) کمپنی کے بطور ادارہ قائم رہنے کی صلاحیت مؤثر ہے (نوٹ 1.2)۔

ے) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں ہوا ہے۔

آمدنی فی شیئر (EPS)

آمدنی/(نقصان) فی شیئر: (1.57) روپے (2025ء: 2.65 روپے)

اہم آپریٹنگ و مالیاتی اعداد و شمار

اہم آپریٹنگ اور مالیاتی اعداد و شمار صفحہ نمبر--17-- پر درج ہیں۔

بورڈ آڈٹ کمیٹی

بورڈ آڈٹ کمیٹی ایک آزاد غیر انتظامی ڈائریکٹر بطور چیئرمین اور دو غیر انتظامی ڈائریکٹرز بطور ممبر پر مشتمل ہے۔ زیر جائزہ مدت کے دوران چار اجلاس منعقد ہوئے۔ رسک مینجمنٹ کمیٹی کے فرائض بھی آڈٹ کمیٹی کو سونپے گئے ہیں۔

بورڈ کے اجلاسوں کی تعداد

سال کے دوران، بورڈ کے چار اجلاس منعقد ہوئے، جن میں ڈائریکٹرز کی حاضری درج ذیل رہی:

نمبر شمار	ڈائریکٹر کا نام	حاضری/کل اجلاس
1	محترمہ روبینہ سلیم	4/4
2	جناب ایم سلیم احمد	4/4
3	جناب نیر احمد	4/4
4	جناب عظیم احمد	4/4
5	جناب عمر احمد	4/4
6	جناب احمد جلالی	4/4
7	جناب قیصر جمال	4/4

ڈائریکٹر کا استعفیٰ

سال کے اختتام کے بعد، جناب قیصر جمال نے بورڈ سے استعفیٰ دے دیا ہے۔ عارضی آسامی جلد پُر کی جائے گی۔

ڈائریکٹرز رپورٹ

شیئرز کی خرید و فروخت

ڈائریکٹرز و ان کے اہلخانہ نے کوئی شیئر نہیں خریدا/بیچا۔

آڈیٹرز

موجودہ آڈیٹرز 'آر ایس ایم او ایس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹس' ریٹائر ہو رہے ہیں اور اہل ہونے کی بنا پر سال 2026–27ء کے لیے دوبارہ تقرری کے لیے پیش ہوتے ہیں۔

کارپوریٹ سماجی اور ماحولیاتی ذمہ داری (CSER)

کمپنی ماحولیاتی طور پر ذمہ دارانہ طریقے سے کام کرنے کے لیے پرعزم ہے۔ ہمارے تمام کیمیکلز REACH تصدیق شدہ ہیں اور ہمارے چمڑے میں کروم 6 یا AZO Dyes یا کوئی ممنوعہ مادہ شامل نہیں ہے۔ کمپنی نے لیدر ورکنگ گروپ (LWG) سے "گولڈ کیٹیگری" سرٹیفکیشن بھی حاصل کی ہے۔

صنفی اجرت کا فرق

فی الوقت کوئی خاتون عملہ ملازم نہیں ہے، لہذا صنفی اجرت کا کوئی فرق نہیں ہے۔

معاوضے کی پالیسی

تمام معاوضے کمپنیز ایکٹ 2017ء اور کوڈ آف کارپوریٹ گورننس کے مطابق ہیں۔

اظہارِ تشکر

بورڈ آف ڈائریکٹرز اپنے تمام سرپرستوں، سپلائرز اور ملازمین کی غیر متزلزل حمایت پر ان کا شکریہ ادا کرتا ہے۔

محمد سلیم احمد
چیف ایگزیکٹو آفیسر

عمر احمد
ڈائریکٹر

کراچی: 05 اکتوبر 2026ء

Chairperson's Review

I am pleased to welcome you all in the 39th annual general meeting of the Company and present you a review of the Company for the year ended June 30, 2026.

Performance of the Board of Directors:

As the chairperson of the board, it's my responsibility to monitor and strength the Company's governance. For the year under review, the overall performance and effectiveness of the Board, under the present local and international economic and geopolitical scenario, has remained satisfactory.

Strategic Revival Plan of the Company:

Strategic plan approved by the shareholders is being implemented effectively and successfully. During the year one of the lender bank has been fully paid off. Major portion of the factory building is being used as investment property to earn the rental income.

General Review:

Year under review was challenging like the previous year. has slowed down the Overall economic activity in the country remained slow mainly because of the two reasons. Firstly because political uncertainty, financial crises, increasing power & petroleum cost and high rate of inflation. Secondly, US- Iran war and war like conflict in the region.

Company Performance:

Company sales during the year under review reduced to Rs.26.777 Million from Rs.60.094 Million during the corresponding last year.

Audited financial statements and the audit report and the directors' report are enclosed for members' information.

Rubina Saleem
Chairperson of the Board

Karachi: October 05, 2026

چیئرپرسن کا جائزہ

میں کمپنی کے 39 ویں سالانہ عام اجلاس (AGM) میں آپ تمام اراکین کو خوش آمدید کہتی ہوں اور 30 جون 2026ء کو ختم ہونے والے مالیاتی سال کے لیے کمپنی کی کارکردگی اور امور کا جائزہ پیش کرتی ہوں۔

بورڈ آف ڈائریکٹرز کی کارکردگی

بورڈ کی چیئرپرسن کی حیثیت سے، کمپنی کے امورِ حکمرانی (Governance) کی نگرانی کرنا اور اسے مزید مضبوط بنانا میری بنیادی ذمہ داری ہے۔ زیرِ جائزہ سال کے دوران، موجودہ مقامی و بین الاقوامی معاشی اور جغرافیائی سیاسی (Geopolitical) حالات کے پیشِ نظر، بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش رہی ہے۔

کمپنی کا حکمتِ عملی پر مبنی احیاء کا منصوبہ (Strategic Revival Plan)

شیئر ہولڈرز کی جانب سے منظور شدہ حکمتِ عملی کے منصوبے پر مؤثر اور کاملیت کے ساتھ عمل درآمد جاری ہے۔ رواں سال کے دوران، ایک قرض دہندہ بینک کے تمام واجب الادا مالیاتی حقوق کی مکمل ادائیگی کر دی گئی ہے۔ علاوہ ازیں، فیکٹری کی عمارت کا بڑا حصہ کرائے کی مد میں آمدنی حاصل کرنے کے لیے 'سرمایہ کاری پراپرٹی (Investment Property) کے طور پر کامیابی سے استعمال کیا جا رہا ہے۔

عمومی جائزہ

زیرِ جائزہ سال بھی گزشتہ سال کی طرح چیلنجز سے بھرپور رہا۔ ملک میں مجموعی معاشی سرگرمیاں بنیادی طور پر دو اہم وجوہات کی بناء پر سست روی کا شکار رہیں: اول، سیاسی عدم استحکام، مالیاتی بحران، بجلی و پیٹرولیم کی مصنوعات میں مسلسل اضافہ اور افراطِ زر (مہنگائی) کی بلند شرح۔ دوم، امریکہ-ایران کشیدگی اور خطے میں جنگ جیسے بحرانی حالات۔

کمپنی کی کارکردگی

زیرِ جائزہ سال کے دوران کمپنی کی کل سیلز گزشتہ سال کی متناسب مدت کے 60.094 ملین روپے کے مقابلے میں کم ہو کر 26.777 ملین روپے رہ گئی۔

کمپنی کے آڈٹ شدہ مالیاتی گوشوارے، آڈٹ رپورٹ اور ڈائریکٹرز کی رپورٹ اراکینِ کمپنی کی معلومات و استفادہ کے لیے اس جائزہ کے ساتھ منسلک ہیں۔

روبینہ سلیم

چیئرپرسن آف دی بورڈ

مقام: کراچی

بتاریخ: 05 اکتوبر 2026ء

STATEMENT OF VALUE ADDED

	2026 (Rupees)	%	2025 (Rupees)
WEALTH GENERATED			
TOTAL REVENUE	**26,777,272**		60,093,955
BROUGHT IN MATERIAL & SERVICES	**(12,016,816)**		(35,129,522)
	14,760,456		24,964,433
WEALTH DISTRIBUTED			
TO EMPLOYEES			
SALARIES, BENEFITS & RELATED COST	**9,401,351**	63.69	16,825,001
TO GOVERNMENT			
INCOME TAX, SALES TAX, IMPORT DUTY AND WORKERS' FUND	**4,455,538**	30.19	5,728,987
RETAINED FOR REINVESTMENT & FUTURE GROWTH			
DEPRECIATION / AMORTISATION	**903,567**	6.12	2,410,445
	14,760,456	100.00	24,964,433

SIX YEARS AT A GLANCE

(Rs in '000)

PARTICULARS	2026	2025	2024	2023	2022	2021
Net Sales	**26,777**	60,094	89,395	90,691	132,935	108,363
Gross Profit	**3,967**	13,961	12,954	9,600	13,407	3,773
Net Profit/(loss) before tax	**(4,542)**	9,183	10,940	(10,205)	(1,321)	(7,940)
Gross Profit/(loss) (%)	**14.81**	23.23	14.49	10.58	10.08	3.48
Net Profit/(loss) (%)	**(16.96)**	15.28	12.24	(11.25)	(0.99)	(7.33)
Earning/(loss) per share (after tax)	**(1.57)**	2.65	2.39	(3.30)	(0.85)	(2.56)
Current ratio	**(0.17)**	(0.15)	(0.16)	(0.17)	(0.28)	(0.28)

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 (THE REGULATIONS)

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven (07) as per following;

   a. Male: 06

   b. Female: 01

2. The composition of Board, on the date of this report is as follows:

Category	Number	Names
Independent Directors*	02	Mr. Qaiser Jamal Mr. Ahmed Jalali
Non-executive Directors	02	Mr. Azeem Ahmed Mr. Nayyar Ahmed Jalali
Executive Directors	02	Mr. Mohammed Saleem Ahmed Mr. Umer Ahmed
Female Director (Non-executive)	01	Ms. Rubina Saleem Ahmed

** The fraction of one third is not rounded up as the total no of directors are limited, hence two independent directors are significant and, in our view, serve the purposes of the regulation.*

After close of the year, Mr. Qaiser Jamal resigned from the board of directors and the audit committee.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and has updated significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved, amended and updated has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017(the Act) and the Regulations.

7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulationswith respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board of directors has formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. All directors of the Company are well conversant of their duties and responsibilities. Six out of seven directors are exempt from the training requirement.

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief financial officer and chief executive officer duly endorse the financial statements before approval of the Board

12. The Board has formed following committees comprising of members given below:

a) Audit Committee:

Qaiser Jamal	Chairman
Nayyer Ahmed	Member
Azeem Ahmed	Member

b) HR & Remuneration Committee:

Ahmed Jalali	Chairman
Nayyer Ahmed	Member
Azeem Ahmed	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised tothe committee for compliance.TORs of Audit Committee also include functions of Risk Management Committee.

14. The frequency of meetings of the committee is as follow:

a) Audit Committee: Quarterly

b) HR and Remuneration Committee: Yearly

15. The Board has set up an effective internal audit function and the staff is considered suitably knowledgeable for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines 23 on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

17. The statutory auditors or the person associated with them have not been appointed to provide except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that mandatory requirements of the Regulations 3,6,7,8,27,32,33 and 36 have been complied with.

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7,8,27,32,33 and 36 are given below;

- Chief financial officer and the Company Secretary is one and the same person due to small size of the Company;
- Six directors are exempt from training requirement as they have minimum of 14 years of educations and 15 years of experience on the Board of listed Company. Remaining one director will complete his training in due course; and
- In view of the size of the Company and size of its operation, the management believes that internal audit function is being effectively performed by a single person being the head of internal audit.
- Board does not consider formation of separate Nomination Committee as per regulation 29 necessary and its role is being performed by the Board itself.
- Board does not consider formation of separate Risk Management Committee as per regulation 30 necessary and assigned additional responsibility to the Audit Committee as explained in para 13 (ii).

RUBINA SALEEM
CHAIRPERSON

Karachi: October 05, 2026

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

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

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of the Company for the year ended June 30, 2026 in accordance with the requirements of Regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2026.

Further, we highlight below instances of non-compliance with certain requirements of the Regulations, as reflected in the paragraph references mentioned below where these are stated in the Statement of Compliance.

RSM Avais Hyder Liaquat Nauman, Chartered Accountants is a Member Firm of the RSM network and trades as RSM. RSM is the trading name used by the members

Sr. No.	Paragraph reference	Description
1	19	Non-Compliances with certain Regulations other than Regulation 3,6,7,8,27,32,33 and 36 as detailed in the said paragraph.

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS
Place: Lahore
Date:
UDIN:

RSM

RSM Avais Hyder Liaquat Nauman
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
PAK LEATHER CRAFTS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Pak Leather Crafts Limited (the Company), which comprise the statement of financial position as at June 30, 2026, and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2026 and of the total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

Without qualifying our opinion, we draw attention to Note 1.2 to the financial statements which indicates that the Company has been facing financial and operational challenges for several years. The Company has incurred loss of Rs. 5.33 million during the year and, as at the reporting date, it has accumulated losses of Rs. 358.69 million (2025: Rs. 353.35 million) resulting in negative equity of Rs. 207.31 million (2025: Rs. 319.35 million). The Company's current liabilities exceed its current assets by Rs. 226.56 million (2025: Rs. 320.95 million). Certain banking facilities aggregating to Rs. 124.68 million, together with related accrued markup of Rs. 81.97 million, remain overdue and the respective banks / financial institutions have instituted recovery proceedings against the Company. These condition and events, along with other matters set forth in Note 1.2, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Emphasis of Matter

Without qualifying our opinion, we draw attention towards Note 18 to the financial statements which indicates that no provision is made in respect of any cost of funds since initiation of recovery cases against the Company, as the same depends on the ultimate decision by the relevant forums and the quantum of cost of funds cannot be determined at this stage.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report except those discussed in material uncertainty related to going concern section of the report.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements of the company and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

RSM

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements

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or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
b) the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Samee Ullah.

RSM Avais Hyder Liaquat Nauman
Chartered Accountants
Place: Lahore
Date:
UDIN:

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2026

	NOTE	2026 RUPEES	2025 RUPEES
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	**3,318,442**	17,563,112
Investment property	6	**14,523,654**	-
Long term deposits	7	**1,409,612**	1,409,612
		19,251,708	18,972,724
CURRENT ASSETS			
Stock in trade	8	**30,751,544**	35,803,506
Trade debts	9	**10,315,621**	5,526,970
Advances and other receivable	10	**1,682,579**	13,636,015
Tax refunds due from Government	11	**3,882,338**	3,092,974
Cash and bank balances	12	**1,141,232**	521,660
		47,773,314	58,581,125
TOTAL ASSETS		**67,025,022**	77,553,849
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Authorized share capital			
5,000,000 ordinary shares of Rs. 10/- each.		**50,000,000**	50,000,000
Issued, subscribed and paid up capital			
3,400,000 ordinary shares of Rs. 10/- each fully paid in cash		**34,000,000**	34,000,000
Loan from directors	13	**117,376,890**	-
Revenue reserve - Accumulated losses		**(358,685,878)**	(353,354,194)
		(207,308,988)	(319,354,194)
NON-CURRENT LIABILITIES			
Long term loans		**-**	14,025,026
Deferred interest income		**-**	3,351,864
	14	**-**	17,376,890
CURRENT LIABILITIES			
Short term borrowings	15	**111,001,837**	207,041,337
Current portion of long term financing	16	**46,903,419**	54,903,419
Interest / mark up payable		**81,965,162**	81,965,162
Trade and other payables	17	**33,435,628**	33,917,894
Provision for levy and taxation		**885,716**	1,561,093
Unclaimed dividend		**142,248**	142,248
		274,334,010	379,531,153
CONTINGENCIES	18	**-**	-
TOTAL EQUITY AND LIABILITIES		**67,025,022**	77,553,849

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

MUHAMMAD SALEEM AHMED	**NASEER AHMED**	**UMER AHMED**
CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	NOTE	2026 RUPEES	2025 RUPEES
Sales	19	**26,777,272**	60,093,955
Cost of sales	20	**(22,809,697)**	(43,451,725)
Gross profit		**3,967,575**	16,642,230
Other income	21	**9,448,112**	9,347,676
		13,415,687	25,989,906
Administrative expenses	22	**15,202,377**	13,408,923
Selling and distribution expenses	23	**840,548**	1,599,124
Finance cost	24	**492,814**	850,637
		(16,535,739)	(15,858,684)
Operating (loss) / profit		**(3,120,052)**	10,131,222
Other operating expenses	25	**(1,422,353)**	(948,324)
(Loss) / profit before levy and taxation		**(4,542,405)**	9,182,898
Provision for levy	26.1	**(334,716)**	-
(Loss) / profit before taxation		**(4,877,121)**	9,182,898
Provision for taxation	26.2	**(454,563)**	(160,293)
(Loss) / profit for the year		**(5,331,684)**	9,022,605
Other comprehensive income		**-**	-
Total comprehensive (loss) / income for the year		**(5,331,684)**	9,022,605
Earning per share - basic and diluted (Rupees per share)	27	**(1.57)**	2.65

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

MUHAMMAD SALEEM AHMED	NASEER AHMED	UMER AHMED
CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2026

	Issued Subscribed and paid up Capital	Loan from directors	Revenue reserve - Accumulated losses	Total
	---------- (Rupees) ----------			
Balance as at July 01, 2024	**34,000,000**	**-**	**(362,376,799)**	**(328,376,799)**
Total comprehensive income for the year				
Profit for the year	-	-	9,022,605	9,022,605
Other comprehensive income	-	-	-	-
	-	-	9,022,605	9,022,605
Balance as at June 30, 2025	**34,000,000**	**-**	**(353,354,194)**	**(319,354,194)**
Total comprehensive loss for the year				
Loss for the year	-	-	(5,331,684)	(5,331,684)
Other comprehensive income	-	-	-	-
	-	-	(5,331,684)	(5,331,684)
Transactions with owners				
Transfer of loan from directors' associate	-	17,376,890	-	17,376,890
Transfer of short term borrowings	-	100,000,000	-	100,000,000
	-	117,376,890	-	117,376,890
Balance as at June 30, 2026	**34,000,000**	**117,376,890**	**(358,685,878)**	**(207,308,988)**

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

MUHAMMAD SALEEM AHMED
CHIEF EXECUTIVE OFFICER

NASEER AHMED
CHIEF FINANCIAL OFFICER

UMER AHMED
DIRECTOR

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2026

	NOTE	2026 RUPEES	2025 RUPEES
A) CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before levy and taxation		**(4,542,405)**	9,182,898
Adjustment for non-cash changes and other items:			
Depreciation	5 & 6	**1,275,136**	2,410,445
Balances written back	21	**(7,348,112)**	(5,181,254)
Interest / mark up payable written back		**-**	
Gain on disposal of fixed assets	21	**-**	(4,166,422)
Provision and interest on WPPF	25	**150,559**	
Provision and interest on WWF	25	**67,153**	
Provision for doubtful balance / write offs	25	**1,422,353**	273,819
		(4,432,911)	(6,663,412)
Cash flows before working capital changes		**(8,975,316)**	2,519,486
Changes in working capital			
(Increase) / decrease in current assets			
Loose tools		**-**	476,387
Stock in trade		**5,051,962**	8,231,361
Trade debts		**(6,211,004)**	8,096,390
Advances and other receivable		**11,538,527**	(10,380,585)
Tax refunds due from government - sales tax		**(789,310)**	(119,066)
Increase / (decrease) in current liabilities			
Trade and other payables		**6,648,134**	17,782,536
		16,238,309	24,087,023
Cash flows from operations		**7,262,993**	26,606,509
Income tax paid		**(1,049,801)**	(1,464,710)
Net cash flows from operating activities		**6,213,192**	25,141,799
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment		**(1,554,120)**	(4,614,181)
Net cash flows from investing activities		**(1,554,120)**	(4,614,181)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from director obtained / (paid) - net		**3,960,500**	(12,948,380)
Repayment of borrowings from financial institutions		**(8,000,000)**	(8,000,000)
Net cash flows from financing activities		**(4,039,500)**	(20,948,380)
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	**619,572**	(420,762)
Cash and cash equivalents at the beginning of the year		**521,660**	942,422
Cash and cash equivalents at the end of the year		**1,141,232**	521,660

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

MUHAMMAD SALEEM AHMED	**NASEER AHMED**	**UMER AHMED**
CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

1 LEGAL ENTITY & 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 the Pakistan Stock Exchange.

The principal activity of the Company is leather tanning and the export of leather and leather garments. The Company uses production facility of third-party processors under toll manufacturing and job work arrangement. The registered office of the Company is situated at Plot # 18, Sector 7-A, Korangi Industrial Area, Karachi, Sindh and production operations are carried out in the same vicinity at plot No. 92.

1.2 Going Concern

The Company has been facing financial and operational challenges for several years. The Company has incurred loss of Rs. 5.33 million during the year and, as at the reporting date, it has accumulated losses of Rs. 358.69 million (2025: Rs. 353.35 million) resulting in negative equity of Rs. 207.31 million (2025: Rs. 319.35 million). The Company's current liabilities exceed its current assets by Rs. 226.56 million (2025: Rs. 320.95 million). Certain banking facilities aggregating to Rs. 124.68 million, together with related accrued markup of Rs. 81.97 million, remain overdue and the respective banks / financial institutions have instituted recovery proceedings against the Company, as more fully explained in Note 18. These condition and events indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may unable to realise its assets and discharge its liabilities in the normal course of business.

During the preceding year, the Company disposed of its plant and machinery and substantially changed its operating model. The principal activity of the Company is leather tanning and the export of leather and leather garments. The Company uses production facility of third-party processors under toll manufacturing and job work arrangement. Management expects this operating model to reduce fixed operating costs and improve the Company's operating cash flows. During the current year, the Company generated net cash flows from operating activities of Rs. 6.21 million.

In prior years, the Company entered into a settlement arrangement with one of its lenders under which a portion of the outstanding liability was waived and the remaining balance was rescheduled for payment in annual instalments. The Company remained compliant with the agreed repayment schedule and, during the current year, paid the final instalment of Rs. 8 million, thereby fully discharging the liability under the settlement arrangement.

In addition, amounts aggregating to Rs. 117.38 million provided by the Chief Executive Officer and a director have been classified within equity, being unsecured, interest-free and repayable at the discretion of the Company. The directors have also represented their intention to continue providing financial support to the Company, as required, to enable it to meet its obligations as they fall due.

Based on these measures, management believes that the plan will improve the Company's financial position and results, enabling it to continue as a going concern.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of:

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

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 Presentation and functional currency

These financial statements have been presented in Pakistani Rupees which is the Company's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with approved accounting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies, other than those specifically discussed in the accounting policies, are as follows:

- Residual values and useful lives of depreciable assets
- Provision for slow moving and obsolete stock in trade
- Provision for taxation
- Provision for doubtful receivables

3 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

3.1 Standards, amendments to standards and interpretations becoming effective in current year

The following amendments to IFRS Accounting Standards became effective for annual reporting periods beginning on or after 1 July 2025 and have therefore been applied in preparing these financial statements.

i. IAS 21 — The Effects Of Changes In Foreign Exchange Rates (Amendments: Lack of Exchangeability)

The IASB issued amendments to IAS 21 which provide guidance on determining whether a currency is exchangeable into another currency and, where exchangeability is lacking, how an entity should estimate the applicable spot exchange rate.

The amendments:

- clarify when a currency is exchangeable;
- provide guidance for estimating the spot exchange rate where exchangeability is lacking;
- require additional disclosures explaining the impact of a lack of exchangeability on an entity's financial position, financial performance and cash flows.

These amendments are effective for annual reporting periods beginning on or after 1 January 2025.

The adoption of these amendments did not have any material impact on these financial statements.

3.2 Standards, amendments to standards and interpretations becoming effective in the current year but not relevant

There are certain other amendments to IFRS Accounting Standards that became effective for annual reporting periods beginning on or after 1 July 2025 but are not relevant to the Company's operations or are not expected to have any significant effect on these financial statements and, accordingly, have not been disclosed.

3.3 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards and amendments have been issued but are not yet effective for annual reporting periods beginning on 1 July 2025 and have not been early adopted by the Company.

i. Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments

The IASB has issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to clarify the classification and measurement requirements for financial instruments.

The amendments provide clarification regarding:

- application of the SPPI (solely payments of principal and interest) assessment;
- financial assets with non-recourse features;
- contractually linked instruments; and
- enhanced disclosure requirements relating to classification judgments.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The application of these amendments is not expected to have a material impact on the Company's financial statements.

ii. IFRS 18 – Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 Presentation of Financial Statements, with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. However, the standard will affect the presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for management-defined performance measures, such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping and disaggregating information and whether to present this information in the primary financial statements or in the notes.

Management is currently assessing the impact of the standard and expects that its adoption will primarily affect the presentation and disclosure of items in the financial statements.

iii. Annual Improvements to IFRS Accounting Standards (2024–2026 Cycle)

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11, comprising narrow-scope amendments intended to clarify wording, correct minor unintended consequences and improve consistency within IFRS Accounting Standards. The amendments affect IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash Flows.

The principal amendments include clarification of hedge accounting requirements for first-time adopters; requirements and guidance relating to derecognition disclosures and credit risk disclosures under IFRS 7; accounting for the derecognition of lease liabilities and measurement of trade receivables under IFRS 9; determination of whether a party is acting as a de facto agent under IFRS 10; and replacement of the obsolete reference to the "cost method" in IAS 7.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The application of these amendments is not expected to have a material impact on the Company's financial statements.

iv. IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 – Climate-related Disclosures

The Securities and Exchange Commission of Pakistan has adopted IFRS S1 and IFRS S2 for specified companies on a phased basis. The Company falls within Phase III of the implementation framework and is required to comply with the Sustainability Disclosure Standards for annual reporting periods beginning on or after 1 July 2027. Accordingly, these standards will first become applicable to the Company for the year ending 30 June 2028.

The Company is currently assessing the impact of these requirements on its sustainability-related reporting, systems, processes and controls.

SASB standards

The International Sustainability Standards Board (ISSB) has issued amendments to the Sustainability Accounting Standards Board (SASB) standards to enhance their international applicability. The amendments remove and replace jurisdiction-specific references and definitions, without substantially altering industries, topics or metrics.

3.4 Standards, amendments to standards and interpretations becoming effective in future periods but not relevant

There are certain other standards, amendments and interpretations that are effective for future reporting periods but are not considered relevant to the Company's operations or are not expected to have any significant effect on these financial statements and have therefore not been disclosed.

3.5 Standards issued by IASB but not yet notified by SECP

The following IFRS Accounting Standards have been issued by the IASB but have not yet been notified by the SECP for adoption in Pakistan:

IFRS 1 - First-time adoption of International Financial Reporting Standards
IFRS 20 – Regulatory Assets and Regulatory Liabilities (subject to notification by SECP)

4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies that are material to the company are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

4.1 Property, plant and equipment

Property, plant and equipment except leasehold land and capital work in progress are stated at cost less accumulated depreciation and impairment in value, if any. Leasehold land is stated at cost less accumulated amortization and impairment in value, if any.

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in property, plant and equipment note.

Depreciation on additions during the year is charged from the month in which asset is acquired or capitalized, while no depreciation is charged for the month in which asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Repairs and maintenance costs are charged to statement of profit or loss during the period in which they are incurred. Major renewals and improvements are capitalized.

Gains or losses on disposal of assets, if any, are recognized as and when incurred.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

4.2 Investment property

Investment property comprises property held to earn rentals and/or for capital appreciation. Investment property is initially measured at cost, including directly attributable transaction costs.

Subsequent to initial recognition, investment property is carried under the cost model at cost less accumulated depreciation and accumulated impairment losses, if any. Land is not depreciated. Depreciation on buildings is charged to the statement of profit or loss using the reducing balance method at the rates disclosed in the relevant note.

Depreciation is charged from the month in which the property is available for its intended use and no depreciation is charged in the month of disposal. The useful lives, residual values and depreciation method are reviewed at each reporting date and adjusted prospectively, where appropriate.

Transfers to or from investment property are made when, and only when, there is a change in use evidenced by commencement or cessation of owner-occupation or commencement of an operating lease to another party.

An investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any resulting gain or loss is recognised in the statement of profit or loss.

4.3 Impairment

The company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether these are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized immediately in profit or loss account.

4.4 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.5 Loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon.

4.6 Stock in trade

Stock in trade except wastes is valued at lower of cost and net realizable value. Cost is determined as follows:

Raw material	Weighted average cost.
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.

Wastes are valued at net realizable value.

Net realizable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sales. Average manufacturing cost includes cost of direct material, labour and appropriate manufacturing overheads.

4.7 Financial instruments

4.7.1 Measurement of financial asset

Initial measurement

The Company classifies its financial assets into following three categories:
- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition, except FVTPL which is measured at fair value.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, as follows:

Debt investments at FVOCI

These assets are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income and are never reclassified to the statement of profit or loss. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest markup or dividend income, are recognized in the statement of profit or loss.

Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalents.

Derecognition

The Company derecognizes the financial assets when the contractual rights to the cash flows from the assets expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred assets.

4.7.2 Financial liabilities

Initial recognition

Financial liabilities are classified in the following categories:

- fair value through profit or loss; and

- other financial liabilities.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as follows:

Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost using the effective interest rate method. Gain and losses are recognized in statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

Derecognition

The Company derecognizes financial liabilities when and only when the Company's obligations are discharged, cancelled or expire.

4.7.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has currently legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

4.7.4 Impairment of financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.8 Trade debts, loans, advances and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.9 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed to the Company or not.

Contract liability represents advances received from customer for subsequent sales of the Company's products.

4.10 Dividend and other appropriations

Dividend is recognized as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

4.11 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.12 Income tax

Income tax comprises of current tax and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity (if any), in which case the tax amounts are recognized directly in other comprehensive income or equity.

4.12.1 Current income tax

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. Such judgments are reassessed whenever circumstances change or there is new information that affects the judgments.

4.12.2 Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except in the case of items charged or credited to equity or other comprehensive income, in which case it is included in the statement of changes in equity or statement of other comprehensive income as the case may be.

4.12.3 Levies

Minimum taxes and the final taxes that are not calculated on the 'taxable profit' as defined in IAS 12 but calculated on turnover or other basis and the tax deducted at source other than from dividends from subsidiaries, joint ventures and associates under final tax regime or any minimum taxes which are not adjustable against future income tax liability, are classified as levy in the profit or loss as they fall under the scope of IFRIC 21 "Levies" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

4.13 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For this purpose, the company:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration, if any, and the time value of money;
- allocates the transaction price to the separate performance obligations, if applicable, on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer of control of the goods or services promised to the customer.

Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company is engaged in leather tanning, export and sale of leather garments, which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point in time when control of the asset is transferred to the customer, which is upon the delivery of goods. Delivery occurs when the products have been shipped to the specific location and the risks of loss have been transferred to the customers. The transfer can be either in the form of acceptance by the customer of products as per the sales contract or lapse of acceptance provision or the Company has objective evidence that all criteria for acceptance have been satisfied.

Invoices are generated at the point in time when control of the asset is transferred and revenue is recognized at that point in time. Receivable is also recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, books overdrawn and highly liquid short-term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

4.15 Foreign currencies

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in net profit or loss for the period.

4.16 Related party transactions

The Company enters into transactions with related parties in the ordinary course of business. Such transactions are recognised and measured in accordance with the applicable accounting and reporting standards. The nature of related party relationships, transactions, outstanding balances and commitments, where applicable, are disclosed in the relevant notes to these financial statements.

5. PROPERTY AND EQUIPMENT

PARTICULARS	Right to use asset-Leasehold land	Owned						Total
		Building on leasehold land	Plant and machinery	Furniture and fixture	Office equipment	Books	Motor vehicles	
	(Rupees)							
As at July 01, 2024								
Cost	6,382,167	24,083,064	98,803,809	5,240,087	7,761,412	75,000	10,148,476	152,494,015
Accumulated depreciation	-	(17,705,554)	(80,664,089)	(4,973,998)	(6,920,504)	(62,261)	(9,474,655)	(119,801,061)
Net book value	6,382,167	6,377,510	18,139,720	266,089	840,908	12,739	673,821	32,692,954
Year ended June 30, 2025								
Opening net book value	6,382,167	6,377,510	18,139,720	266,089	840,908	12,739	673,821	32,692,954
Additions	-	3,908,380	583,800	-	122,001	-	-	4,614,181
Disposals								
Cost	-	-	(99,387,609)	-	-	-	-	(99,387,609)
Accumulated depreciation	-	-	82,054,031	-	-	-	-	82,054,031
	-	-	(17,333,578)	-	-	-	-	(17,333,578)
Depreciation charged	-	(764,616)	(1,389,942)	(26,609)	(93,240)	(1,274)	(134,764)	(2,410,445)
Closing net book value	6,382,167	9,521,274	-	239,480	869,669	11,465	539,057	17,563,112
As at June 30, 2025								
Cost	6,382,167	27,991,444	-	5,240,087	7,883,413	75,000	10,148,476	57,720,587
Accumulated depreciation	-	(18,470,170)	-	(5,000,607)	(7,013,744)	(63,535)	(9,609,419)	(40,157,475)
Net book value	6,382,167	9,521,274	-	239,480	869,669	11,465	539,057	17,563,112
Year ended June 30, 2026								
Opening net book value	6,382,167	9,521,274	-	239,480	869,669	11,465	539,057	17,563,112
Additions	-	1,554,120	-	-	-	-	-	1,554,120
Transfer to investment property								
Cost	(5,977,562)	(26,216,892)	-	-	-	-	-	(32,194,454)
Accumulated depreciation	-	17,299,231	-	-	-	-	-	17,299,231
	(5,977,562)	(8,917,661)	-	-	-	-	-	(14,895,223)
Depreciation charged	-	(683,695)	-	(23,947)	(86,966)	(1,147)	(107,812)	(903,567)
Closing net book value	404,605	1,474,038	-	215,533	782,703	10,318	431,245	3,318,442
As at June 30, 2026								
Cost	404,605	3,328,672	-	5,240,087	7,883,413	75,000	10,148,476	27,080,253
Accumulated depreciation	-	(1,854,634)	-	(5,024,554)	(7,100,710)	(64,682)	(9,717,231)	(23,761,811)
Net book value	404,605	1,474,038	-	215,533	782,703	10,318	431,245	3,318,442
Annual rate of depreciation	-	10%	10%	10%	10%	10%	20%	

	NOTE	2026 RUPEES	2025 RUPEES
5.1 Allocation of depreciation for the year is as under:			
Cost of sales	20	-	2,265,818
Administrative expenses	22	903,567	144,627
		903,567	2,410,445

5.2 Following are the details of plant and machinery disposed off during the prior year:

	2025 RUPEES
Cost	99,387,609
Book Value	17,333,578
Sale Proceeds	21,500,000
Gain / (Loss)	4,166,422
Mode of Purchase	Negotiation
Particulars of party	Six Star Warehouse

6 INVESTMENT PROPERTY	NOTE	2026 RUPEES	2025 RUPEES
Right to use asset -Leasehold land - at cost	6.1	5,977,562	-
Building on leasehold land	6.2	8,546,092	-
	6.3	14,523,654	-

6.1 This represents land transferred from operating fixed assets.

6.2 Building on leasehold land

Cost	26,216,892	-
Accumulated depreciation	(17,670,800)	-
Written down value	8,546,092	-
Reconciliation of written down value		
Opening balance	-	-
Additions	-	-
Transfer from operating fixed assets	-	
Cost	26,216,892	-
Accumulated depreciation	(17,299,231)	-
	8,917,661	-
Depreciation	(371,569)	-
Closing balance	8,546,092	-
Depreciation Rate	10%	-

6.3 As determined by an independent valuer throught its report dated October 17, 2025, the fair value of portion of land and building classified as investment property amounted to Rs. 99.75 million and Rs. 59.47 million, respectively. The forced sale value of the land and building had been assessed at Rs. 84.79 million and Rs. 50.55 million, respectively, on revaluation date.

6.4 Fair value hierarchy used Level 3 for both

Basis for revaluation are as under:

Particulars	Basis of valuation
Freehold land	Value has been determined using the market comparable approach, with reference to prevailing market prices of similar properties in the vicinity, adjusted for the location and other characteristics of the property.
Building on freehold land	Value has been determined using the market comparable approach, with reference to prevailing market prices of similar properties in the vicinity, considering the condition, construction quality and other characteristics of the building.

	NOTE	2026 RUPEES	2025 RUPEES
7 LONG TERM DEPOSITS			
Against utilities		**843,112**	843,112
Others		**566,500**	566,500
		1,409,612	1,409,612
8 STOCK IN TRADE			
Raw material		**9,679,805**	11,780,941
Finished goods	8.1	**21,071,739**	24,022,565
		30,751,544	35,803,506

8.1 Finished goods included old and slow-moving inventory carried at net realizable value of Rs. 9.93 million (2025: Rs. 10.73 million). A write-down of Rs. 0.81 million was recognised in profit or loss during the year.

9 TRADE DEBTS			
Unsecured			
Considered good			
Local		**-**	4,789,311
Foreign		**10,315,621**	737,659
		10,315,621	5,526,970
Considered doubtful		**10,798,243**	9,375,890
Less: provision for doubtful balances		**(10,798,243)**	(9,375,890)
		-	-
		10,315,621	5,526,970
9.1 Provision for doubtful balances			
Opening balance		**9,375,890**	9,375,890
Provision for the year	25	**1,422,353**	-
Closing balance		**10,798,243**	9,375,890

		2026 RUPEES	2025 RUPEES
10	**ADVANCES AND OTHER RECEIVABLE**		
	Considered good		
	Advances		
	Employees	**43,055**	148,555
	Suppliers	**16,522**	11,526,751
	Income tax	**1,049,801**	1,464,710
	Other receivable		
	Duty drawback	**573,201**	495,999
		1,682,579	13,636,015
11	**TAX REFUNDS DUE FROM GOVERNMENT**		
	Sales tax	**2,884,113**	2,094,803
	Income tax	**998,225**	998,171
		3,882,338	3,092,974
12	**CASH AND BANK BALANCES**		
	Cash in hand	**3,020**	41,042
	Cash at bank - In current accounts	**1,138,212**	480,618
		1,141,232	521,660
13	**LOAN FROM DIRECTORS**		
	Loan from directors	**117,376,890**	-

These are unsecured, interest-free and repayable at the discretion of the Company. Accordingly, the amounts have been classified as equity at face value in accordance with the applicable financial reporting framework and ICAP Technical Release TR-32 Accounting – Director's Loan.

		2026 RUPEES	2025 RUPEES
14	**LONG TERM LOANS**		
	From director's associates	**-**	14,025,026
	Deferred interest income	**-**	3,351,864
		-	17,376,890

14.1 The loan amounting to Rs. 17.377 million was originally obtained from an associate of a director. The loan was unsecured, interest-free and was originally repayable over a period of five years.

During the year, the outstanding amount was settled by the Chief Executive Officer of the Company and the rights in respect of the outstanding balance were assigned to the Chief Executive Officer with effect from June 30, 2026.

Following the assignment, the amount is unsecured, interest-free and repayable at the discretion of the Company. Accordingly, the amount has been classified as equity in accordance with the principles set out in ICAP Technical Release TR-32 Accounting – Director's Loan.

	NOTE	2026 RUPEES	2025 RUPEES
15 SHORT TERM BORROWINGS			
From Directors	15.1	**33,222,749**	129,262,249
From banking companies	15.2	**77,779,088**	77,779,088
		111,001,837	207,041,337

15.1 These are unsecured, interest free and repayable on demand.

15.1.1 Movement during the year was as follows:

Balance at the beginning of the year	**129,262,249**	142,210,629
Obtained during the year	**17,485,000**	15,712,000
Repaid during th year	**(13,524,500)**	(28,660,380)
Transferred to equity	**(100,000,000)**	-
Balance at the end of the year	**33,222,749**	129,262,249

15.2 The facilities are expired. These are secured against first charge over current assets and first charge over fixed assets ranking pari passu with the charge created in respect of long term financing (Refer Note 16.1), lien over import and export documents and personal guarantee of directors of the Company. Cash finance is secured against pledge of old stock in trade with historical value of Rs. 22.17 million (2025: Rs. 22.17 million). All these borrowings and related mark up are overdue and the banks / financial institutions have filed suits for recovery of these finances along with related mark up and cost of funds (Refer Note 18).

	NOTE	2026 RUPEES	2025 RUPEES
16 CURRENT PORTION OF LONG TERM FINANCING			
Secured			
Export finance		**-**	8,000,000
Demand finance	16.1	**46,903,419**	46,903,419
		46,903,419	54,903,419

16.1 This is secured against first charge over fixed assets of the Company ranking pari passu with the charge created in respect of short term bank borrowings (Refer Note 15.2) and personal gaurantee of directors of the Company. The principal and related mark up are overdue and the bank has filed suit for recovery of the finance alongwith related mark up and cost of funds (Refer Note 18).

	NOTE	2026 RUPEES	2025 RUPEES
17 TRADE AND OTHER PAYABLES			
Creditors		**9,568,437**	18,542,696
Accrued liabilities	17.1	**13,815,002**	12,649,250
Rent received in advance		**6,512,768**	-
Withholding Income tax payable		**1,836,399**	1,240,638
Workers' Profit Participation Fund payable	17.2	**1,188,184**	1,037,625
Workers' Welfare Fund payable	17.3	**514,838**	447,685
		33,435,628	33,917,894

17.1 These include remuneration payable to chief executive officer and directors amounting to Rs. 11.61 million (2025: Rs. 10.79 million).

	NOTE	2026 RUPEES	2025 RUPEES
17.2 Workers' Profit Participation Fund payable			
Opening balance		**1,037,625**	575,789
Provision during the year	25	**-**	461,836
Interest accredited during the year	24	**150,559**	-
Closing balance		**1,188,184**	1,037,625
17.3 Workers' Welfare Fund payable			
Opening balance		**447,685**	235,016
Provision during the year	25	**-**	212,669
Interest accredited during the year	24	**67,153**	-
Closing balance		**514,838**	447,685

18 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.124.68 million (2025: Rs. 124.68 million) and related overdue mark up is Rs. 81.97 million (2025: Rs. 81.97 million). No provision is made in respect of any cost of funds since initiation of cases, as the same depends on the ultimate decision by the relevant forums and the quantum of cost of funds cannot be determined at this stage.

	NOTE	2026 RUPEES	2025 RUPEES
19 SALES			
Export - Leather	19.1 & 19.2	**26,311,133**	51,779,860
Local sale - Job work income - Leather Processing		**-**	8,688,836
		26,311,133	60,468,696
Less : Sales Tax		**-**	(1,325,416)
Add : Rebate / duty draw back		**466,139**	950,675
		26,777,272	60,093,955

19.1 It includes exchange gain of Rs. 131,642/- (2025: Rs 183,935/-).

	NOTE	2026 RUPEES	2025 RUPEES
20 COST OF SALES			
Opening stock of finished goods		**24,022,565**	27,679,038
Cost of goods manufactured	20.1	**19,858,871**	39,795,252
		43,881,436	67,474,290
Less:			
Closing stock of finished goods	8	**(21,071,739)**	(24,022,565)
		22,809,697	43,451,725

	NOTE	2026 RUPEES	2025 RUPEES
20.1 Cost of goods manufactured			
Raw material consumed	20.1.1	**15,948,905**	24,225,603
Job work charges		**1,834,859**	2,017,934
Salaries, wages, and benefits		**1,892,991**	7,175,352
Power, fuel and water		**-**	2,425,618
Repairs and maintenance		**-**	1,596,226
Carriage and freight		**49,106**	49,200
Depreciation	5.1	**-**	2,265,818
Others		**133,010**	39,501
		19,858,871	39,795,252
20.1.1 Raw material consumed			
Opening balance		**11,780,941**	16,355,829
Purchases during the year		**13,847,769**	19,650,715
Available for consumption		**25,628,710**	36,006,544
Closing balance		**(9,679,805)**	(11,780,941)
		15,948,905	24,225,603
21 OTHER INCOME			
Rental income - net	21.1	**2,100,000**	-
Balances written back		**7,348,112**	5,181,254
Gain on sale of fixed asset		**-**	4,166,422
		9,448,112	9,347,676
21.1 Rental income - net			
Rental income - gross		**2,500,000**	-
Less: commission expense		**(400,000)**	-
		2,100,000	-
22 ADMINISTRATIVE EXPENSES			
Directors' remuneration	28	**5,400,000**	5,400,000
Salaries and benefits		**2,108,360**	2,231,715
Telephone, fax and postage		**229,538**	228,045
Fees and subscription		**1,128,305**	605,528
Printing and stationary		**138,804**	143,578
Repairs and maintenance		**838,930**	1,475,541
Vehicles running and maintenance		**115,560**	139,325
Power, fuel and water		**2,058,741**	1,617,079
Rent, rates and taxes		**255,647**	-
Legal and professional		**570,171**	451,250
Auditors' remuneration	22.1	**855,425**	855,425
Advertisement		**50,510**	34,600
Depreciation	5 & 6	**1,275,136**	144,627
Others		**177,250**	82,210
		15,202,377	13,408,923

		NOTE	2026 RUPEES	2025 RUPEES
22.1	**Auditors' remuneration**			
	Audit fee		**504,000**	504,000
	Half year review		**115,500**	115,500
	Other professional services		**172,325**	172,325
	Out of pocket expenses		**63,600**	63,600
			855,425	855,425
23	**SELLING AND DISTRIBUTION EXPENSES**			
	Freight and forwarding charges		**401,958**	836,202
	Others		**438,590**	762,922
			840,548	1,599,124
24	**FINANCE COST**			
	Bank charges and commission		**275,102**	850,637
	Interest on Workers' Profit Participation Fund payable	17.2	**150,559**	-
	Interest on Workers' Welfare Fund payable	17.3	**67,153**	-
			492,814	850,637
25	**OTHER OPERATING EXPENSES**			
	Worker's Welfare Fund		**-**	212,669
	Worker's Profit Participation Fund		**-**	461,836
	Provision for doubtful balance / write offs		**1,422,353**	273,819
			1,422,353	948,324
26	**PROVISION FOR LEVY AND TAXATION**			
	Levy	26.1	**334,716**	-
	Taxation	26.2	**454,563**	160,293
			789,279	160,293
26.1	**Levy**			
	For the year		**334,716**	-
26.2	**Taxation**			
	Current			
	for current year		**551,000**	1,561,093
	for prior years		**(96,437)**	(1,400,800)
			454,563	160,293
	Deferred	26.2	**-**	-
			454,563	160,293

	NOTE	2026 RUPEES	2025 RUPEES
26.1 Relationship between accounting loss and tax expense			
The relationship between accounting loss and tax expense has not been presented in these financial statements as the income of the Company was subject to minimum/alternate corporate tax.			
26.2 Deferred tax asset works out to Rs. 7.33 million (2025: Rs. 3.96 million) which is not recognized in these financial statements in view of un-certain future results. It comprises of the following;			
Difference between accounting and tax basis of assets		**3,421,862**	1,786,510
Tax losses carried forward			
Expiring in TY 2029		**459,042**	459,042
Expiring in TY 2032		**1,251,781**	-
Unabsorbed depreciation		**300,359**	155,817
Tax credits			
Expiring in TY 2035		**809,918**	809,918
Expiring in TY 2028		**1,085,891**	751,175
		1,895,809	1,561,093
		7,328,853	3,962,462
27 EARNING PER SHARE - BASIC AND DILUTED (RUPEES PER SHARE)			
(Loss) / profit for the year – Rupees		**(5,331,684)**	9,022,605
Weighted average number of ordinary shares (number)		**3,400,000**	3,400,000
Earning per share - basic and diluted (Rupees per share)		**(1.57)**	2.65
27.1 There is no dilutive effect on the basic earning per share of the Company.			
28 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS			
Chief Executive Officer			
Remuneration		**2,304,000**	2,304,000
Housing rent allowance		**1,036,800**	1,036,800
Utilities		**259,200**	259,200
		3,600,000	3,600,000
Number of person(s)		**1**	1
Director			
Remuneration		**1,152,000**	1,152,000
Housing rent allowance		**522,000**	522,000
Utilities		**126,000**	126,000
		1,800,000	1,800,000
Number of person(s)		**1**	1
Executive			
Remuneration		**-**	1,260,000
Number of person(s)		**-**	1

28.1 The Company has also provided mobile and the Company maintained vehicle to a director. The monetary value of these benefits is Rs. 257,250/- (2025: Rs.246,010/-)

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's objectives in managing risks is the creation and protection of shareholders' value. Risk is inherent in the company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the company's continuation. The company is exposed to credit risk, liquidity risk and market risk arising from the financial instruments it holds.

The company finances its operations through equity, borrowing and management of working capital with a view to maintain an appropriate mix among various sources of finances to minimize risk.

	NOTE	2026 RUPEES	2025 RUPEES
29.1 Financial instruments by category			
Financial assets at amortized cost:			
Long term deposits		1,409,612	1,409,612
Trade debts		10,315,621	5,526,970
Cash and bank balances		1,141,232	521,660
		12,866,465	7,458,242
Financial liabilities at amortized cost:			
Long term loan		-	17,376,890
Short term borrowings		111,001,837	207,041,337
Current portion of long term financing		46,903,419	54,903,419
Interest / mark up payable		81,965,162	81,965,162
Trade and other payables		23,383,439	31,191,946
		263,253,857	392,478,754

29.1.1 Credit risk exposure and concentration of credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligations and cause the other party to incur a financial loss. The company attempts to control credit risk and concentration of credit risk by monitoring credit exposure, limiting transaction with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The maximum exposure to credit risk at the reporting date is as follows:

	2026 RUPEES	2025 RUPEES
Financial assets at amortized cost		
Long term deposits	1,409,612	1,409,612
Trade debts	10,315,621	5,526,970
Bank balances	1,138,212	480,618
	12,863,445	7,417,200

Due to Company's long standing relations with counter parties and after giving due consideration to their financial standing, the management does not expect non performance by these counter parties on their obligations to the Company.

For trade debts, credit quality of customers is assessed taking into consideration their financial position and previous dealings and on that basis, individual credit limits are set. Moreover, the management regularly monitors and reviews customers' credit exposure. The credit risk exposure is limited in respect of bank balances as these are placed with the banks having good credit rating from international and local credit rating agencies. Trade debts considered good are not past due.

29.1.2 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions without incurring unacceptable losses of risking damage to the company's reputation. But due to nature of business, unavailability of proper export orders and bad economic conditions, the management of the company is making their effort for recoveries from parties and assure that they provide financial support to Company in meeting its obligations.

All financial liabilities of the Company are due to mature within one year from the reporting date, except for 'Long term loans'. Contractual maturities of these liabilities are discussed in their respective notes.

29.1.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The Company is not significantly exposed to market risk as at reporting date.

29.1.4 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign currency rates. The Company is exposed to currency risk in respect of net amount of foreign trade debts amounting to Rs. 10.32 million (2025: .74 million). Change of 100 basis points in exchange rate will not have any significant impact on the results of the Company.

29.1.5 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Majority of interest rate risk from bank arises from long term and short term borrowings from banks. The Company is not exposed to any significant interest rate risk as markup on these borrowings is not being made for (Refer Note 18).

29.2 Fair value of financial instruments

The carrying value of all the financial assets and financial liabilities reflected in the financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

29.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Debt is calculated as total external borrowings ('long term financing' and 'short term borrowings' as shown in the statement of financial position) including related mark up payable. Equity comprises of share capital, loan from director and accumulated loss as shown in the statement of financial position under 'share capital and reserves'. The Company is exposed to capital risk and has formulated a plan to address the same as disclosed in Note 1.2.

30 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. Detail of transactions with related parties have been specifically disclosed in relevant notes to these financial statements. Names and basis of relationship with related parties are as follows:

Name of related party	Basis of relationship
Mr. Muhammad Saleem Ahmed	Chief Executive Officer (26.80 % Shareholding)
Mr. Umer Ahmed	Director (0.09 % Shareholding)

31 SHARIAH SCREENING DISCLOSURE

The following are the Company's shariah disclosures under clause VII of Part I of Schedule IV of the Companies Act, 2017:

	2026 RUPEES	2025 RUPEES
Disclosures in relation to statement of financial position - Liability		
Long term financing as per Islamic mode	-	8,000,000
Short term financing as per Islamic mode	-	-
Mark up accrued on conventional loans	-	-
Disclosures in relation to statement of financial position - Assets		
Long term and short term shariah compliant investments	-	-
Bank balances that are Shariah compliant	1,018,045	34,335
Disclosures in relation to statement of profit or loss		
Profit paid on Islamic mode of financing	-	-
Revenue earned from Shariah-compliant business	-	-
Late payments or liquidated damages	-	-
Gain / (loss) or dividend earned from shariah compliant investments	-	-
Exchange gain earned from actual currency	-	-
Exchange gains earned suing conventional derivative financial instruments	-	-
Source and detailed break-up of other income	-	-
Earned from shariah compliant transactions		
Earned from non-shariah compliant transactions		
Income from financing assets		
Interest income from banks	-	-
Mark-up income on staff loan	-	-
Income from non-financing assets		
Sale of scrap - net of sales tax	-	-
Gain on disposal of property, plant and equipment		
Gain on disposal of right of use of lease hold land	-	-
Others		

Relationship with Shariah Compliant financial Institutions

The Company has relationships with banks, having Islamic window of operations, in respect of bank balances amounting to Rs. 1,018,045/- (2025: Rs 34,335/-) and availed borrowing facilities amounting to Rs. nil (2025: Rs 8,000,000/-).

Faysal Bank Limited
Albaraka Islamic Bank
Askari Bank
Meezan Islami Bank

	2026	2025
32 NUMBER OF PERSONS EMPLOYED BY THE COMPANY		
Number of employees at the year end	**11**	11
Average number of employees during the year	**11**	19

33 DATE OF AUTHORIZATION FOR ISSUE

The financial statements have been authorized for issue by the Board of Directors of the Company on October 5, 2026.

34 GENERAL

34.1 Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. Significant re-arrangements made during the year are as below:

From	To	Amount (Rs.)
Cost of sales	Administrative expenses	2,681,230

MUHAMMAD SALEEM AHMED
CHIEF EXECUTIVE OFFICER

NASEER AHMED
CHIEF FINANCIAL OFFICER

UMER AHMED
DIRECTOR

PATTERN OF SHARE HOLDING AS AT JUNE 30, 2026

NUMBER OF SHAREHOLDERS	SHARE HOLDINGS FROM		TO	SHARES HELD OF RS. 10/- EACH
314	1	-	100	14357
183	101	-	500	68584
63	501	-	1000	58012
68	1001	-	5000	165838
5	5001	-	10000	34873
2	15001	-	20000	35000
1	65001	-	70000	68335
1	75001	-	80000	78000
1	100001	-	105000	100001
1	180001	-	185000	182000
1	185001	-	190000	186000
1	250001	-	255000	251500
1	265001	-	270000	270000
1	310001	-	315000	311300
1	325001	-	330000	330000
1	330001	-	335000	334800
1	335100	-	920000	911400
646				**3400000**

BREAK-DOWN OF PATTERN OF SHARE HOLDINGS

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	NO. OF SHARES HELD	HOLDING PERCENTAGE
INDIVIDUAL	639	3,129,000	92.03
INVESTMENT COMPANIES	1	1,800	0.05
JOINT STOCK COMPANIES	3	1,300	0.04
INSURANCE COMPANIES	0		
FINANCIAL INSTITUTIONS	2	81,900	2.41
MODARABA COMPANIES	0		
FOREIGNERS	0		
ASSOCIATED	0		
OTHERS	1	186,000	5.47
TOTALS	**646**	**3,400,000**	**100.00**

DETAILS OF PATTERN OF SHAREHOLDING

AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE

Category	Categor wise No. of Shareholders	Category wise shares held	Percentage %
JOINT STOCK COMPANIES	3	1,300	0.04
INVESTMENT COMPANIES	1	1,800	0.05
DIRECTORS CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN	7		
MR. MUHAMMAD SALEEM AHMED		911,400	26.81
MRS. RUBINA JALALI		311,300	9.16
AZEEM AHMED		252,500	7.43
UMER AHMED		3,500	0.10
NAYYER AHMED		1,000	0.03
AHMED JALALI		1,000	0.03
QAISER JAMAL		1,000	0.03
SPONSORS' FAMILY & ASSOCIATES	3	935,800	27.52
BANKS,DFIS,NBFIS,INSURANCE COMPANIES, MODARABA & MUTUAL FUNDS & OTHERS	3	267,900	7.88
INDIVIDUALS	629	711,500	20.92
	646	3,400,000	100.00

Shareholders holding five percent or more voting interest in the company

Name of Shareholders	No. of Shares held	Percentage
MR. MUHAMMAD SALEEM AHMED	911,400	26.81
MR. MUHAMMAD SHOAIB AHMED	330,000	9.71
MRS. RUBINA JALALI	311,300	9.16
MRS. VERONIQUE AHMED	334,800	9.85
BILAL AHMED	271,000	7.97
AZEEM AHMED	252,500	7.43
DANIYAL RAHIM	182,000	5.35

PROXY FORM

I/We_____

_____of_____

being member (s) of Pak Leather Crafts Limited and a holder of ordinary shares, hereby appoint_____of _____

_____who is also a member of the company vide Folio No.

_____as my/our proxy to attend and vote for me/us and on my/our behalf at the 39th Annual General Meeting of the Company to be held on Wednesday 28th October 2026 at 06:00 p.m.or at any adjournment thereof.

Signed this_____day of_____2026

Please affix Revenue Stamp & Signature

_____

Signature of Witness

Shareholder's Folio No. _____ Number of Shares held _____

IMPORTANT :

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person shall act as a proxy, who is not a member of the company except that a company may appoint a person who is not a member.
2. An instrument of proxy duly stamped, and witnessed and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, in order to be valid, must be deposited at the registered office of the Company at least 48 hours before the time of the meeting.
3. Signature should agree with the specimen signature registered with the Company.
4. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the company, all such instrument of proxy shall be rendered invalid

FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES:

In addition to the above the following requirements have to be met:

The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

The proxy shall produce his original CNIC or original passport at the time of the meeting.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form of the Company.

پراکسی فارم

سالانہ اجلاس عام

میں/ہم _____

_____ بحیثیت رکن پاک لیدر کرافٹس لمیٹڈ وحامل _____

عام حصص بمطابق شیئر رجسٹر فولیو نمبر _____ اور/یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____

اور ذیلی کھاتہ نمبر _____ محترم/محترمہ _____ ساکن _____

یا بصورت دیگر _____ ساکن _____

کو اپنی/ہماری جگہ بروز بدھ، مورخہ 28 اکتوبر، 2026، بوقت 6:00 بجے میں منعقد یا ملتوی ہونے والے 39 واں سالانہ اجلاس عام میں شرکت، رائے دہندگی کے لیے اپنا نمائندہ مقرر کرتا/کرتی/کرتے ہوں/ہیں۔

دستخط مورخہ _____ برائے ماہ وسال _____ ثبت ہیں۔

گواہ:

(ٹکٹ یہاں چسپاں کریں
اور دستخط کریں

دستخط _____

نام _____

پتہ _____

شناختی کارڈ نمبر: _____

شیئر ہولڈر کا فولیو نمبر _____ حامل شیئرز کی تعداد _____

نوٹ:

۱۔ اگر کوئی ممبر عام اجلاس میں شرکت کرنے سے قاصر ہو تو وہ کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔ جو شخص کمپنی کا ممبر نہ ہو وہ بطور پراکسی کام نہیں کر سکتا سوائے اس کے کہ کمپنی کسی ایسے شخص کا تقرر کرے جو ممبر نہ ہو۔

۲۔ پراکسی دستاویز تصدیق شدہ ہونے چاہئیں اور اس کے ساتھ پاور آف اٹارنی یا دیگر اتھارٹی (اگر کوئی ہو) کی مصدقہ کاپی کمپنی کی میٹنگ کے وقت سے کم از کم 48 گھنٹے قبل رجسٹرڈ آفس میں جمع کرانا ضروری ہے۔

۳۔ دستخط کمپنی کے پاس رجسٹرڈ شدہ نمونہ کے مطابق ہونے چاہئیں۔

۴۔ اگر کوئی ممبر ایک سے زیادہ پراکسی کا تقرر کرتا ہے اور پراکسی کے اک سے زیادہ انسٹرومنٹ کمپنی کے پاس جمع کرائے جاتے ہیں تو پراکسی کے ایسے تمام انسٹرومنٹ کو غلط قرار دیا جائے گا۔

سی ڈی سی اکاؤنٹ ہولڈرز/کارپوریٹ ادارں کیلئے:

مندرجہ بالا کے علاوہ درج ذیل ضروریات کو پورا کرنا ضروری ہے۔:

پراکسی فارم پر دو گواہان کے نام، پتے اور شناختی کارڈ نمبر درج ہوں گے۔

پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ جمع کرائی جائیں گی۔

اجلاس کے وقت پراکسی اپنا اصل شناختی کارڈ یا اصل پاسپورٹ پیش کرے گا۔

کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کا ریزولیوشن/پاور آف اٹارنی نمونہ دستخط کے ساتھ کمپنی کے پراکسی فارم کے ساتھ جمع کرایا جائے گا (اگر یہ پہلے فراہم نہ کیا گیا ہو)۔