

June 30, 2025

LEATHER UP LTD

Annual Financial Report
For the Fiscal Year Ended
June 30, 2025

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Vision

An internationally renowned manufacturer and exporter, specializing in premium leather products while upholding exceptional ethical and professional standards.

Mission Statement

Since its inception, the company has strived to maximize value addition and achieve optimal returns for each unit exported, with the goal of becoming a leading manufacturer and exporter of leather products in international markets.

Code of ethics and business practices

- 1. Maintaining integrity and scrupulous dealings*
- 2. Maintaining correct books and records of the Company*
- 3. Avoiding conflicts of interest*
- 4. Strictly follows the rules of leather techniques*
- 5. Treating chemical as per specification and testing criteria*
- 6. This is prime priority of the company to formulate, implement and monitor the objectives and overall business plan.*
- 7. Check and oversee the affairs of the company carried out within the existing laws/regulations and to re-arrange prudently*
- 8. Make sure legal and regulatory requirements of the statutory authorities*
- 9. Encourage and initiate motivation among members of the company*
- 10. Safeguard and protect the interest and asset of the company*

A detailed policy for actual and perceived conflict of interest and its resolution relating to the members of the Board of Directors and employees is in place.

COMPANY PROFILE

Board of Directors

Khalid H. Shah	Chief Executive/ Director
Mahmooda Shah	Director
Jazim Shah	Director / Chairman
S. Faisal Shah	Director
Ellahi Bukhsh Qureshi	Director
Farooq Raza	Director
Shaikh Abdus Sami	Director

Board Audit Committee

Ellahi Bukhsh Qureshi	Chairman
Jazim Shah	Member
Mahmooda Shah	Member

Human Resource Committee

Ellahi Bukhsh Qureshi	Chairman
S. Faisal Shah	Member
Mahmooda Shah	Member

Chief Financial Officer / Company Secretary

Ali Ahmar

Auditors

UHY Hassan Naeem & Co.

Legal Advisor

Maqsood Ahmad Bullo & Company
Advocate

Bankers

MCB Bank Ltd	United Bank Ltd	Faysal Bank Ltd
Summit Bank Ltd	Askari Bank Ltd	Meezan Bank Ltd
Bank Al-falah Ltd	Bank Al Habib Ltd	

Registered Office/Factory

Plot # 23/C, 15th Commercial Street Phase II Extension, Defence Housing Authority, Karachi.
Phone: (021) 35880771-2 Fax: (021) 35880773
E-mail: Inquiry@leatherupltd.com
Website: www.leatherupltd.com

Share Registrar Office

M/s C&K Management Associates (Pvt) Limited
M13, Progressive Plaza, Civil Lines Quarter, Near P.I.D.C, Beaumont Road, Karachi - 75530,
Pakistan
Phone: (021) 35687839- (021) 35685930

LEATHER UP LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting of the shareholders of the Leather Up Limited will be held on Tuesday, October 28th, 2025 at 10:00 am at 23/C Ground Floor, 15th Commercial Street DHA Phase II-Ext., Karachi to transact the following business:

ORDINARY BUSINESS:

1. To read and confirm minutes of the Annual General Meeting of the shareholders of the Company held on October 28th, 2024.
2. To receive and adopt the Audited Statements of Accounts for the year ended June 30, 2025 together with the Directors' and Auditors reports thereon.
3. To appoint auditors and to fix their remuneration for the year ending June 30, 2026. The present retiring Auditors M/s. UHY Hassan Naeem & Co. Chartered Accountants being eligible have offered themselves for reappointment.
4. In accordance with section 223 (6) of the companies act 2017 (the "Act") and pursuant to the S.R.O.389(I)/2023 dated 21, 2023, issued by the securities and exchange commission of Pakistan (the SECP), the financial statements of the company can be exist through the following web link and QR enabled code.

<https://leatherupltd.com/financials-annual/>



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

Karachi

October 06, 2025

By Order of the Board

Ali Ahmar
(Company Secretary)

NOTES:

1. Closure of Share Transfer Books

The share transfer books of the Company shall remain closed from 21-OCT-2025 to 28-OCT-2025 (both days inclusive). Transfers received in order at the office of Share Registrar C&K Associates (Pvt.) Ltd, M13, Progressive Plaza, Civil Lines Quarter, Near P.I.D.C, Beaumont Road, Karachi-75530, Pakistan by the close of business on October 20th, 2025 will be considered in time to attend and vote at the meeting.

2. Participation in General Meeting

An individual beneficial owner of shares must bring his/her original CNIC or Passport, Account and Participant's I.D. numbers to prove his/her identity. A representative of corporate members must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of the nominee, CDC account holders will further have to follow the guidelines as laid down in Circular 1 dated January 28, 2000, issued by the Securities and Exchange Commission of Pakistan.

A member entitled to attend and vote at the meeting may appoint another member as his/her proxy in writing to attend the meeting and vote on the member's behalf. Proxies in order to be effective must be received at the Company's Registered Office, 23/C Ground Floor, 15th Commercial Street DHA Phase II Ext. Karachi, not later than 48 hours before the time of holding the meeting and no account shall be taken of any part of the day that is not a working day. A member shall not be entitled to appoint more than one proxy.

Members are requested to notify their change of address, Zakat declaration (CZ-50) and tax exemption certificate (if any) immediately to Company's Share Registrar CDC Share Registrar Services Limited.

3. Submission of the CNIC/NTN details (Mandatory)

In accordance with the notification of the Securities and Exchange Commission of Pakistan (SECP) vide SRO 779(1)/2011 dated 18 August 2011 and SRO 83(1)/2012 dated 5 July 2012, dividend counters in electronic form should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, Members who have not yet submitted photocopy of their valid CNIC or NTN in case of corporate entities are requested to submit the same to the Companies' Share Registrar in case of non-compliance, the Company shall withhold credit of dividend as per law.

4. Participation through Video Link Facility

The members can also participate in the Annual General Meeting through video link facility. To attend the AGM through video link, members and their proxies are requested to register their following particulars by sending an email at accounts@leatherupltd.com

Full Name	CNIC No	Folio / CDC Account No.	No. Of Shares Held	Cell No.	E-mail Address

The video link and login credentials will be shared with the shareholders whose email, containing all the requested particulars, are received at the given email address by or before the close of business hours (5:00 p.m) on October 20, 2025.

5. Mandatory Information of Physical Shareholders:

According to Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile/telephone number, International Bank Account Number (IBAN), etc. to our Share Registrar at C&K Associates (Pvt.) Ltd, M13, Progressive Plaza, Civil Lines Quarter, Near P.I.D.C, Beaumont Road, Karachi-75530 immediately to avoid any non-compliance of law or any inconvenience in future.

6. Deposit of Physical Shares in CDC Accounts:

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017. The shareholders having physical shareholding may please open CDC sub-account with any of the brokers or investors account directly with CDC to place their physical shares into scrip less form.

7. Electronic Transmission of Audited Financial Statements & Notices

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its Members through e-mail. Accordingly, Members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail.

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice. Annual Financial Statements will be sent at your registered address, as per normal practice. Also members can download the financial statements through web link and QR code.

8. Prohibition of Gift Distribution

In compliance with the Securities and Exchange Commission of Pakistan (SECP) Notification S.R.O. 452(I)/2025, please be advised that no gifts, of any kind, will be distributed during or in relation to the Annual General Meeting.

9. Postal Ballot/E-voting

Pursuant to the Companies (Postal Ballot) Regulations, 2018, shareholders will be allowed to exercise their right to vote through postal ballot that is voting by post or through any electronic mode subject to requirements of Section 143 to Section 145 of the Companies Act, 2017 and procedure contained in the aforesaid Regulations. Postal Ballot Paper is available on the Company's website www.leatherupltd.com and the same can be downloaded.

CHAIRMAN REVIEW

It is my privilege to present this report on the stewardship and strategic direction provided by the Board of Directors of Leather Up Limited. Our focus remains firmly fixed on guiding the Company toward its long-term objectives and creating sustainable value for our shareholders.

Our robust corporate governance framework is fundamental to our success, ensuring principled oversight and strategic agility. During the fiscal year 2024-25, the Board and its committees provided exceptional guidance and diligent oversight, which were instrumental in navigating the Company's progress. Following a thorough review, the Board has approved the Annual Report and Financial Statements, confirming they present a true and fair view of the Company's performance and financial health.

Our commitment to governance excellence is reinforced through a rigorous annual Board evaluation. This process assesses critical areas, including strategic oversight, board composition, and risk management. The results affirm an actively engaged Board, effective internal controls, and high-quality information flow, all strengthened by the invaluable contributions of our independent directors.

CHAIRMAN
JAZIM SHAH

چیئرمین کا جائزہ

برائے مہربانی غور فرمائیں کہ لیتھر اپ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے فراہم کردہ نگرانی اور اسٹریٹیجک رہنمائی پر مبنی یہ رپورٹ پیش کرنا میرے لیے باعث اعزاز ہے۔ ہمارا فوکس کمپنی کو اس کے طویل مدتی مقاصد کی طرف رہنمائی فراہم کرنے اور اپنے شیئر ہولڈرز کے لیے پائیدار قدر پیدا کرنے پر مرکوز ہے۔

ہمارا مضبوط کارپوریٹ گورننس فریم ورک ہماری کامیابی کی بنیاد ہے، جو اصولی نگرانی اور اسٹریٹیجک لچک کو یقینی بناتا ہے۔ مالی سال 2024-25 کے دوران، بورڈ اور اس کی کمیٹیوں نے غیر معمولی رہنمائی اور مستعد نگرانی فراہم کی، جو کمپنی کی ترقی میں اہم کردار ادا کرتی رہی۔ مکمل جائزے کے بعد، بورڈ نے سالانہ رپورٹ اور مالیاتی بیانات کی منظوری دے دی ہے، اس بات کی تصدیق کرتے ہوئے کہ وہ کمپنی کی کارکردگی اور مالی صحت کا درست اور منصفانہ نظارہ پیش کرتے ہیں۔

حکمرانی میں عمدگی کے لیے ہماری وابستگی سالانہ بورڈ ایپولیاوشن کے ذریعے مزید مضبوط ہوتی ہے۔ یہ عمل اہم شعبوں کا جائزہ لیتا ہے، جن میں اسٹریٹیجک نگرانی، بورڈ کی تشکیل، اور خطرات کے انتظام شامل ہیں۔ نتائج سے تصدیق ہوتی ہے کہ بورڈ فعال طور پر مصروف عمل ہے، مؤثر اندرونی کنٹرولز موجود ہیں، اور معلومات کا معیاری بہاؤ ہے، جو ہمارے آزاد ڈائریکٹرز کے انمول تعاون سے مزید مضبوط ہوا ہے۔

آپ کا مخلص
جازم شاہ
چیئرمین
لیتھر اپ لمیٹڈ

DIRECTORS' REPORT

The Directors have pleasure to present the Annual Report together with the audited financial statements of the company for the year ended June 30, 2025.

The financial highlights for the year ended June 30, 2025 along with comparative period are summarized hereunder:

Particulars	June 30, 2025 (Rupees)	June 30, 2024 (Rupees)
Profit / (Loss) before taxation	(4,318,853)	566,401
Taxation	(189,788)	(244,719)
Profit / (Loss) after taxation	(4,508,641)	321,682
Accumulated profit / (Loss)	(48,977,289)	(44,468,647)
Earnings/ (Loss) per share after tax	(0.75)	0.05

Company Performance

The operating loss of the company for the year 2025 is Rs 4,987,519 as against Rs 90,821 registered last year. However, the Loss before taxation is Rs 4.31 million.

Despite to the best efforts made by the management, exports declined as well as operating loss also deteriorated. The sales of the company are Rs 12.08 million in 2025 as against Rs 27.525 million in 2024 although the demand is very low in Europe for leather goods as a result of highest ever inflation in Europe and other markets.

In nutshell, there has been a continuous fall over the past decade in the exports of leather garments and its allied products from Pakistan as massive inflation both at the local and as well as international markets.

Earnings per share

The loss per share of the company is Rs 0.75 as against profit of 0.05 per share in the preceding year.

Dividend

Due to loss, no dividend is announce

Future Out look

The recession grips in Europe in recent period and the impact of low business activity there, automatically affected the main exporting countries of leather garments and allied products.

The management is making all out efforts to secure orders and has taken steps to cut operating expenses to minimum to withstand any lean period. Subsequently, in the first quarter of the financial year 2026, the company has secured export orders Rs 22 million despite significant inflation.

Human Resource:

At Leather Up, we are value addition Company, strongly believe that success comes when employees are engaged and aligned with the Company's vision. The Company having good relation with the employees and continues to make people its focal point by providing the most supportive and conducive environment to all its employees and by promoting a culture of high performance, learning, trust and confidence to deliver its products to the international markets.

Human Resource and Remuneration Committee:

In compliance with the requirements of code of corporate governance, the Board of Directors has established this Committee comprising three members' and all of three are a non-executive director (including Chairman) who is independent director. Detailed terms of reference of the Committee were duly communicated to the members, by the Board.

Training Program:

The Board remained fully compliant with the provision with regard to their directors' training program. Out of total of seven directors, four directors have completed the Directors Training Program and one director is exempt from training program as mentioned in regulation no. 20, sub-regulation 2 of the Regulation; however, exemption from the Commission is yet to be obtained.

Corporate and Financial Report Framework:

The Board members are pleased to state that the management of the Company is committed to good corporate governance and are complying with best practices.

In compliance with the Code of Corporate Governance, the Directors are pleased to state that:

- 1- The financial statements have been drawn up in conformity with the requirements of the Companies Act, 2017 and present fairly state of its affairs, operating results, cash flow and changes in equity.
- 2- Proper books of accounts have been maintained in the manner required under Companies Act, 2018.
- 3- Appropriate accounting policies have been applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- 4- International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of the financial statements.
- 5- The internal control system is being implemented and monitored.
- 6- There are no significant doubts about the Company's ability to continue as a going concern.
- 7- There has been no material departure from the best practices of corporate governance as required by the listing regulations.

- 8- The summary of key operating and financial data of the past six years is annexed to this report.
- 9- Outstanding duties and taxes, if any, have been disclosed in the financial statements. (If any)
- 10- The Chief Executive Review dealing with the performance of the Company during the year ended June 30, 2025 future prospects and other matters of concern to the Company forms part of this report.

Board of directors Meeting:

The number of board meetings held during the year 2024-25 was four. The attendance of the directors is as under:

1	Mr. Khalid H. Shah	4
2	Mr. Ellahi Buksh Qureshi	4
3	Mr. Jazim Shah	4
4	Mr. S. Faisal Shah	4
5	Ms. Mahmooda Shah	4
6	Mr. Abdus Sami	4
7	Mr. Farooq Raza	4

Remuneration Policy of non-Executive Directors.

The fee of the Non-Executive and Independent Directors for attending the Board meetings and Board of Committee meetings of the Company is determined by the Board from time to time.

Pattern of shareholding as at June 30, 2025 is annexed to this report.

We confirm that Directors and CFO and their spouse and minor children have made no transactions of the Company's shares during the year.

The Statement of Compliance with the Code of Corporate Governance is annexed to this report. The present Auditors M/s. UHY Hassan Naeem & Co, Chartered Accountants, being eligible, they have offered themselves for the re-appointment. On suggestion of Audit committee, they are being appointed for year ending June 30, 2026.

Board Audit Committee:

An audit committee of the Board has been in existence since the enforcement of the Code of Corporate Governance. The audit committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the listing regulations and code of corporate governance.

The committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and to consult directly with the external auditors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board.

The audit committee comprises of two non-executive directors and one independent director who is also Chairman.

Members	Number of Meeting Attended
Mr. Ellahi Buksh Qureshi	4
Ms. Mahmooda Shah	4
Mr. Jazim Shah	4

The Board of Directors of the Company has decided not to accrue directors' remuneration for the year ended June 30, 2025. The one executive director has agreed to forgo his part of the remuneration for the year under review in the interest of the company.

The statement showing the pattern of shareholding at June 30, 2025 required under the Companies Act, 2017 and Code of corporate Governance and additional information regarding pattern of shareholding is annexed separately.

No trading in company's shares was carried out by its directors, CEO, CFO, Company Secretary, and Head of Internal Audit, other Executives and their spouse(s) and minor children.

Workers Management Relation:

The management will like to put on the record valued contribution of all members of the staff, workers towards achieving results in general and we wish to place on record our gratitude to the shareholders for their continued support in difficult times and hope to continue the same in the coming years. The worker management relation remained excellent throughout the year, which resulted in the smooth operation of your company. This is team work and we hope it shall continue in the same spirit during the coming years.

Thanks and Appreciation

Thanks to our shareholders for their trust and support now as well as in difficult times.

By order of the Board



Khalid H. Shah
(Chief Executive)



Jazim Shah
(Chairman / Director)

Karachi: October 6th, 2025

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز کو یہ سالانہ رپورٹ اور کمپنی کے مالی سال 30 جون 2025 کے اختتام پر آڈٹ شدہ مالیاتی بیانات پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔
30 جون 2025 کے اختتام پر مالیاتی نمایاں نکات اور تقابلی مدت کا خلاصہ درج ذیل ہے:

نقصیات	30 جون، 2025 (روپے)	30 جون، 2024 (روپے)
ٹیکس سے قبل منافع / (نقصان)	(4,318,853)	566,401
ٹیکس	(189,788)	(244,719)
ٹیکس کے بعد منافع / (نقصان)	(4,508,641)	321,682
مجموعی منافع / (نقصان)	(48,977,289)	(44,468,647)
ٹیکس کے بعد فی شیئر آمدنی / (نقصان)	(0.75)	0.05

کمپنی کی کارکردگی

سال 2025 کے دوران کمپنی کا آپریٹنگ نقصان 4,987,519 روپے ہے جبکہ پچھلے سال یہ 90,821 ملین روپے تھا۔ تاہم، ٹیکس سے قبل منافع 4.31 ملین روپے ہے

اگرچہ انتظامیہ نے پوری کوششیں کیں، برآمدات میں کمی واقع ہوئی ہے اور عملیاتی نقصان میں بھی اضافہ ہوا ہے۔ کمپنی کی فروخت 2025 میں 12.08 ملین روپے رہی، جبکہ 2024 میں یہ 27.525 ملین روپے تھی۔ یہ کمی بنیادی طور پر یورپ اور دیگر مارکیٹوں میں مہنگائی کی بلند ترین شرح کے باعث چمڑے کے سامان کی طلب میں نمایاں کمی کی وجہ سے ہوئی ہے۔

فی شیئر آمدنی

کمپنی کا فی شیئر نقصان 0.75 روپے ہے، جبکہ گزشتہ سال فی شیئر 0.05 روپے کا منافع حاصل ہوا تھا

ڈیویڈنڈ

نقصان کی وجہ سے، بورڈ آف ڈائریکٹرز نے ڈیویڈنڈ جاری نہ کرنے کا فیصلہ کیا ہے۔

مستقبل کا لائحہ عمل

حال ہی میں یورپ میں کساد بازاری کی وجہ سے وہاں کاروباری سرگرمیوں میں کمی ہوئی ہے، جس کا اثر چمڑے کی مصنوعات پر آمد کرنے والے بڑے ممالک پر بھی پڑا ہے۔
انتظامیہ تمام تر کوششیں کر رہی ہے کہ آرڈرز حاصل کیے جائیں اور مشکل وقت میں اخراجات کو کم سے کم رکھا جائے۔ مالی سال 2026 کی پہلی سہ ماہی میں، کمپنی نے 22 ملین روپے کے برآمدی آرڈرز حاصل کیے ہیں، حالانکہ افراتر کی شرح بلند ہے

ہیومن ریسورس

لیڈر اپ میں، ہم ایک ویلیو ایڈیشن کمپنی کے طور پر یقین رکھتے ہیں کہ کامیابی اس وقت حاصل ہوتی ہے جب ملازمین کمپنی کے ویزن سے ہم آہنگ اور اس کے ساتھ پر عزم ہوتے ہیں۔ کمپنی ملازمین کے ساتھ بہترین تعلقات رکھتی ہے اور ان کے لیے معاون اور سارگام ماحول فراہم کرتی ہے۔ کمپنی ایک اعلیٰ کارکردگی، سیکھنے، اعتماد، اور خود اعتمادی کی ثقافت کو فروغ دے رہی ہے تاکہ بین الاقوامی مارکیٹ میں اپنی مصنوعات فراہم کی جا سکیں۔

بیومن ریسورس اور معاوضہ کمیٹی

کارپوریٹ گورننس کے ضوابط کی ضروریات کے مطابق، بورڈ آف ڈائریکٹرز نے یہ کمیٹی قائم کی ہے، جو تین ممبران پر مشتمل ہے اور تمام ممبران نان ایگزیکٹو ڈائریکٹر ہیں (بشمول چیئرمین) جو آزاد ڈائریکٹر ہیں۔ کمیٹی کی تفصیلی حدود کار بورڈ کی جانب سے ممبران کو فراہم کی گئی ہیں۔

تربیتی پروگرام

بورڈ نے اپنے ڈائریکٹرز کے تربیتی پروگرام کے حوالے سے تمام ضوابط کی مکمل پاسداری کی ہے۔ سات ڈائریکٹرز میں سے چار ڈائریکٹرز نے تربیتی پروگرام مکمل کر لیا ہے جبکہ ایک ڈائریکٹر کو ضابطہ نمبر 20، ذیلی ضابطہ 2 کے تحت تربیتی پروگرام سے استثنیٰ حاصل ہے۔ تاہم، کمیشن سے استثنیٰ کی منظوری حاصل کرنا ابھی باقی ہے۔

کارپوریٹ اور مالیاتی رپورٹ فریم ورک

بورڈ کے ممبران یہ بیان کرنے میں خوشی محسوس کرتے ہیں کہ کمیٹی کی انتظامیہ اچھے کارپوریٹ گورننس کے ساتھ پرعزم ہے اور بہترین اصولوں پر عمل پیرا ہے۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل میں، ڈائریکٹرز یہ بیان کرنے میں خوشی محسوس کرتے ہیں کہ:

-مالیاتی بیانات کو کمپنیز ایکٹ 2017 کی ضروریات کے مطابق تیار کیا گیا ہے اور یہ کمیٹی کی حالت، آپریشنل نتائج، نقد بہاؤ، اور ایکویٹی میں تبدیلیوں کی عکاسی کرتے ہیں۔

-کمپنیز ایکٹ 2018 کے تحت، حسابات کی مناسب کنائیں تیار کی گئی ہیں۔

-مالیاتی بیانات کی تیاری کے دوران مناسب اکاؤنٹنگ پالیسیاں اپنائی گئی ہیں اور حسابی تخمینے معقول اور محتاط فیصلے پر مبنی ہیں۔

-بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جو پاکستان میں لاگو ہیں، ان مالیاتی بیانات کی تیاری میں استعمال کیے گئے ہیں۔

-اندرونی کنٹرول سسٹم کو نافذ کیا جا رہا ہے اور اس کی نگرانی کی جا رہی ہے۔

-کمپنی کے کاروبار کو جاری رکھنے کی صلاحیت کے بارے میں کوئی نمایاں شک نہیں ہے۔

-لہسٹنگ کے ضوابط کے تحت بہترین کارپوریٹ گورننس کے اصولوں سے کوئی انحراف نہیں ہوا ہے۔

-گزشتہ چھ سالوں کی اہم آپریشنل اور مالیاتی ڈیٹا کی سمری اس رپورٹ کے ساتھ منسلک ہے۔

-اگر کوئی ہے، تو زیر التوا ذمہ داریوں اور ٹیکس کی معلومات کو مالیاتی بیانات میں ظاہر کیا گیا ہے۔

-چیف ایگزیکٹو کی نظرثانی، جو کہ کمیٹی کی کارکردگی اور مستقبل کے امکانات کے بارے میں ہے، اس رپورٹ کا حصہ ہے۔

بورڈ آف ڈائریکٹرز کی میٹنگ

سال 2024-25 کے دوران بورڈ کی چار میٹنگز ہوئیں۔ ڈائریکٹرز کی حاضری درج ذیل ہے:

خالد ایچ شاہ: 4

الہی بخش قریشی: 4

جازم شاہ: 4

ایسی فیصل شاہ: 4

محمودہ شاہ: 4

عبدالصمی: 4

فاروق رضا: 4

نان ایگزیکٹو ڈائریکٹرز کی تنخواہ کی پالیسی

نان ایگزیکٹو اور آزاد ڈائریکٹرز کو بورڈ کی میٹنگز اور کمیٹی کی میٹنگز میں شرکت کے لیے دی جانے والی فیس کا تعین بورڈ کی جانب سے کیا جاتا ہے

شیئر ہولڈنگ کا پیٹرن -

30 جون 2025 کے مطابق، شیئر ہولڈنگ کا پیٹرن اس رپورٹ کے ساتھ منسلک

ہے۔ اس بات کی تصدیق کرتے ہیں کہ ڈائریکٹرز، سی ایف او، ان کے شریک حیات، اور نایاب بچے کے لیے کمیٹی کے حصص کے کسی قسم کے لین دین میں حصہ نہیں لیا۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل کا بیان اس رپورٹ کے ساتھ منسلک ہے۔ موجودہ آڈیٹرز، M/s. UHY حسن نعیم اینڈ کمیٹی، چارٹرڈ اکاؤنٹنٹس، جو اہل ہیں، انہوں نے دوبارہ تقرری کے لیے اپنی خدمات پیش کی ہیں۔ آڈٹ کمیٹی کی سفارش پر، ان کی تقرری مالی سال 30 جون 2026 کے اختتام تک کے لیے کی جا رہی ہے۔

آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی کوڈ آف کارپوریٹ گورننس کے نفاذ کے بعد سے موجود ہے۔ آڈٹ کمیٹی کی حدود کار کا تعین بورڈ آف ڈائریکٹرز کی جانب سے لسٹنگ کے ضوابط اور کارپوریٹ گورننس کے کوڈ کے تحت کیا گیا ہے۔ کمیٹی ہر سہ ماہی میں کم از کم ایک بار میٹنگ کرتی ہے اور بورڈ کی نگرانی کی ذمہ داریوں کو پورا کرنے میں مدد کرتی ہے۔ اس میں مالی اور غیر مالی معلومات کا جائزہ لینا، داخلی کنٹرول اور رسک مینجمنٹ سسٹم کا معائنہ، اور مناسب سمجھے جانے والی صورتوں میں بیرونی آڈیٹرز کے ساتھ مشاورت شامل ہے۔ چیف فنانشل آفیسر باقاعدگی سے آڈٹ کمیٹی کی میٹنگز میں شرکت کرتے ہیں اور اکاؤنٹس پیش کرتے ہیں۔ ہر میٹنگ کے بعد، کمیٹی کے چیئرمین بورڈ کو رپورٹ کرتے ہیں۔

آڈٹ کمیٹی کے ممبران اور ان کی میٹنگز میں شرکت کی تفصیل

آپنی بخش قریشی: 4

محمود شاہ: 4

جازم شاہ: 4

بورڈ آف ڈائریکٹرز نے 30 جون 2025 کے اختتام تک ڈائریکٹرز کی تنخواہ نہ دینے کا فیصلہ کیا ہے۔ ایک ایگزیکٹو ڈائریکٹر نے کمیٹی کے مفاد میں اپنی تنخواہ معاف کر دی ہے

مزدوروں اور انتظامیہ کے درمیان تعلقات

انتظامیہ تمام اسٹاف اور مزدوروں کے تعاون کی تعریف کرتی ہے، جس کی وجہ سے کمیٹی کے مجموعی نتائج حاصل ہوئے۔ ہم شیئر ہولڈرز کے بھی شکر گزار ہیں جنہوں نے مشکل وقت میں کمیٹی کا ساتھ دیا اور امید ہے کہ مستقبل میں بھی ایسا ہی تعاون جاری رہے گا۔ مزدوروں اور انتظامیہ کے درمیان تعلقات پورے سال بہترین رہے، جس کے نتیجے میں کمیٹی کا آپریشن بلا رکاوٹ جاری رہا۔ یہ ایک ٹیم ورک ہے اور ہم امید کرتے ہیں کہ یہ جذبہ آئندہ بھی برقرار رہے گا

شکریہ اور اظہار تشکر

تمام شیئر ہولڈرز کا شکریہ کہ انہوں نے ہر مشکل وقت میں کمیٹی کا ساتھ دیا۔

بورڈ کی جانب سے

خالد ایچ شاہ

(چیف ایگزیکٹو)

جازم شاہ

(چیئرمین / ڈائریکٹر)

کراچی: 6 اکتوبر 2025

LEATHER UP LIMITED

6 YEARS AT A GLANCE

PARTICULARS	2025	2024	2023	2022	2021	2020
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FINANCIAL POSITION

Paid up Capital	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
General Reserves	1,369,610	1,369,610	1,369,610	1,369,610	1,369,610	1,369,610
Fixed Assets at Cost	16,752,711	16,752,711	16,752,711	16,752,711	16,752,711	17,697,066
Accumulated Depreciation	14,326,768	14,177,890	14,012,082	13,827,366	13,621,520	14,296,368
Current Assets	19,504,646	25,890,387	41,372,076	40,352,808	44,401,055	98,681,207
Current Liabilities	5,368,688	7,741,055	24,054,682	18,393,824	8,624,267	3,841,161

INCOME/REVENUE

Sales Revenue	12,086,203	27,525,256	27,156,582	26,952,789	16,961,172	27,423,826
Other Income/(Loss)	668,666	657,223	3,538,641	(11,576,018)	(50,223,083)	2,139,250
Pre-Tax Profit/ (Loss)	(4,318,853)	566,401	(2,926,039)	(14,256,705)	(58,506,054)	(1,409,415)
Taxation	(189,788)	(244,719)	(362,224)	(222,503)	(173,598)	(280,870)

PERCENTAGE AND RATIO

Pre-Tax (Loss)/Profit to sales %	(0.36)	0.02	(0.11)	(53.00)	(344.94)	(5.14)
Pre-Tax Profit (Loss) to Capital %	(0.27)	0.03	(0.15)	(63.00)	(154.00)	(0.01)
Current Ratio	3.63:1	3.34:1	1.72:1	2.18:1	5.15:1	25.69:1
Paid- Up Value per Share	10	10	10	10	10	10
Profit /(Loss) per Share after Tax (Rs)	(0.75)	0.05	(0.55)	(2.41)	(9.78)	(0.28)
Cash Dividend	Nil	Nil	Nil	Nil	Nil	Nil
Retained/ (Loss) Earnings per Share (Rs)	2.64	3.37	3.29	3.79	6.31	16.07

PATTERN OF SHAREHOLDING

FORM "34"
 SHAREHOLDERS STATISTICS
 AS AT JUNE 30, 2025

NO. OF SHOLD	SHARE	TOTAL SHARES HOLD
623	1 - 100	34,642
521	101 - 500	241,375
78	501 - 1000	72,451
90	1001 - 5000	208,538
15	5001 - 10000	122,269
11	10001 - 15000	141,121
4	15001 - 20000	72,043
2	20001 - 25000	47,500
1	25001 - 30000	26,840
1	30001 - 35000	32,000
1	35001 - 40000	38,200
1	50001 - 55000	54,000
1	55001 - 60000	55,500
2	60001 - 65000	123,208
1	65001 - 70000	65,524
3	70001 - 75000	218,389
1	80001 - 85000	81,100
1	85001 - 90000	89,000
1	90001 - 95000	92,000
2	95001 - 100000	198,800
1	110001 - 115000	111,600
1	115001 - 120000	117,000
1	135001 - 140000	137,000
1	270001 - 275000	275,000
2	295001 - 300000	600,000
1	345001 - 350000	345,400
1	760001 - 765000	760,100
1	1635001 - 1640000	1,639,400
1369	Total	6,000,000

S/R NO.	CATAGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	TOTAL SHARES HOLD	PERCENTAGE %
1	INDIVIDUALS	1361	5,992,903	99.88
2	INVESTMENT COMPANIES	1	3,700	0.06
3	JOINT STOCK COMPANIES	7	3,397	0.06
		1369	6,000,000	100.00

S.No.	Categories Shareholders	Shareholders	Shares Held	Total
1	Directors, Chief Executive Officer and their spouse(s) and minor children			3,000,000
	Mr. Khalid H. Shah	1	1,639,400	
	Mr. Syed Raza Shah	1	300,000	
	Mr. Farooq Raza	1	100	
	Ms. Mehmooda Shah	1	100	
	Mr. Jazim Shah	1	100	
	Mr. S. Faisal Shah	1	100	
	Mr. Nazeer Shah	1	760,100	
	Mr. Zain Shah	1	300,000	
	Mrs. Naheed Parveen Fayyaz	1	100	
2	Associated Companies, Undertakings and related parties	NIL	NIL	NIL
3	NIT and ICP			3,700
	Investment Corporation of Pakistan	1	3,700	
5	Banks, Development Finance Institutions, Non-Banking Financial Institutions	NIL	NIL	NIL
6	Insurance Companies	NIL	NIL	NIL
7	Modarabas and Mutual Funds	NIL	NIL	NIL
8	Joint Stock Companies	7	3,397	3,397
9	General Public			
	Local	1,352	2,992,903	2,992,903
	Foreign	NIL	NIL	NIL
10	Others	NIL	NIL	NIL
	Total	1,369		6,000,000

Shareholders Holding 5% or More in the Company	Number of shares	Percentage
Mr. Khalid H. Shah	1,639,400	27.32
Mr. Syed Raza Shah	300,000	5.00
Mr. Nazeer Shah	760,100	12.67
Mr. Zain Shah	300,000	5.00

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

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

1. The total number of directors is 7, as per the following:

- a) Male: 6 members
- b) Female: 1 member

2. The composition of the board is as follows:

Category	Names
a) Independent Directors	Mr. Shaikh Abdus Sami Mr. Ellahi Bukhsh Qureshi
b) Non-Executive Directors	Mr. Jazim Shah Mr. S. Faisal Shah Mr. Farooq Raza
c) Executive Director	Mr. Khalid H. Shah
d) Female Director	Ms. Mahmooda Shah (Non-Executive Director)

- 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 significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or updated/amended has been maintained by the company.
- 6. All the powers of the board have been duly exercised, and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 7. The meetings of the Board were presided over by the Chairman, and in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of the Act and the Regulations with respect to frequency, recording, and circulating minutes of meetings of the board.
- 8. The board of directors has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and these Regulations.
- 9. The company has not fully complied with the requirement of having all the directors on the board acquire Director's Training Program certification as prescribed under sub-clause 1(iii) of regulation no. 19 of the Regulations. Out of a total of seven (7) directors, the total number of

certified directors of the Company stands at four (4), and one (1) of the directors meets the exemption requirement of the DTP. The remaining two (2) directors shall obtain certification under the Director's Training Program in due course of time.

10. The board has approved the appointment of the CFO and Company Secretary, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations.
11. The CFO and CEO duly endorsed the financial statements before the board's approval.
12. The board has formed committees comprising the following members:

a) Audit Committee

- Mr. Ellahi Bukhsh Qureshi (Chairman)
- Mr. Jazim Shah (Member)
- Ms. Mahmooda Shah (Member)

b) HR and Remuneration Committee

- Mr. Ellahi Bukhsh Qureshi (Chairman)
- Mr. S. Faisal Shah (Member)
- Ms. Mahmooda Haroon (Member)

13. The terms of reference of the aforementioned committees have been formed, documented, and advised to the committees for compliance.
14. The frequency of meetings of the committees was as follows:

a) **Audit Committee:** Four quarterly meetings were held during the financial year ended June 30, 2025.

b) **HR and Remuneration Committee:** One meeting was held during the financial year ended June 30, 2025.

15. The board has set up an effective internal audit function, considered suitably qualified and experienced for the purpose, and are 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 ICAP and are registered with the Audit Oversight Board of Pakistan. They have also confirmed that they and all their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the ICAP 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 persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations, or any other regulatory requirements, and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of the regulations no. 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with. The requirement of explanation for regulation 6 is mentioned below:

S. No.	Regulation reference no.	Type of the requirement	Description of non-compliance
(1)	06	The explanation is required	<p>As per Regulation 06 of the Regulations, a listed company shall have at least two or one-third members of the Board, whichever is higher, as independent directors. Further, it requires a listed company to explain the reasons, in its Statement of Compliance, if any fraction contained in such one-third number is not rounded up as one.</p> <p>Since the total number of directors of the Company is 7, its one-third fraction comes to 2.33. In contrast, during the year ended June 30, 2023, the number of independent director of the Company has been 2. Existing independent directors play an effective part within the Board and make valuable contributions. Therefore, the fraction (2.3) has not been rounded up.</p>

- 1- Explanation for non-compliance with the requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 as below:

S. No.	Regulation reference no.	Type of the requirement	Description of non-compliance
(1)	24	The explanation for non-compliance is required.	<p>As per the proviso to Regulation 24 of the Regulations, the Chief Financial Officer and the Company Secretary shall not be the same individual.</p> <p>Presently, both the aforesaid positions are held by the same person, Mr. Ali Ahmar. The Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Regulations") allowed the Companies to either comply or explain the reason otherwise. Therefore, the Company has adopted explanation approach as the management is of the view, that considering the current volume of transactions and nature of business, it is practically not cost effective to appoint two separate individuals as CFO and Company Secretary.</p>

(2)	29(1)	The explanation for non-compliance is required.	Nomination Committee: The Board has not constituted separate Nomination Committee and currently functions required to be performed by Nomination Committee are being dealt with by Human Resource and Remuneration Committee.
(3)	30(1)	The explanation for non-compliance is required.	Risk Management Committee: The Board has not constituted separate Risk Management Committee and currently functions required to be performed by such committee are being performed by Board Audit Committee and the Board.
(4)	10(A)	The explanation for non-compliance is required.	Role of the Board and its members to address sustainability risk and opportunities: At present the Board provides governance and oversight in relation to Company's initiatives on environmental, social and governance (ESG) matters. Nevertheless, the requirements introduced recently by SECP through notification dated June 12, 2024 will be complied with in due course

On behalf of the Board of Directors



**Jazim Shah
Chairman**

October 6, 2025
Karachi

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of M/s. Leather Up Limited

Review report on the statement of compliance contained in the 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 (here-in-after referred to as 'the Regulations'), prepared by the Board of Directors of **Leather Up Limited** (the Company) for the year ended 30 June 2025 in accordance with the requirements of the Regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

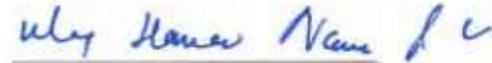
The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's Compliance with the provisions of the Regulations and report if it does not and to highlight 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, 2025.

Further, We highlight content of para 18 of the statement where matter of independent directors has been explained.


UHY Hassan Naeem & Co.
Chartered Accountants

KARACHI

DATE: October 6, 2025

UDIN: CR202510311BboDtgq73

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEATHER UP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statement of **Leather Up Limited (the Company)**, which comprise the statement of financial position as at **June 30, 2025** and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies 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 profit or loss, 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, 2025 and of the loss and other 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 Auditor's 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.

Key Audit Matters:

Key audit matters are those that, in our professional judgment were of most significance in our audit of 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, and we do not provide a separate opinion on these matters:

Following are the Key Audit Matters:

Key audit matter	How our audit addressed the key audit matter
Revenue	
<p>The Company recognized net sales of Rupees 12,086,203 for the year ended 30 June 2025.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the company's key performance indicators and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information on revenue, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue from contracts with customers note 3.9 to the financial statements. - Sales – net note 15 to the financial statements. 	<p>Our audit procedures to assess the recognition of revenue, amongst others, include the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process relating to the recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • Comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • Comparing a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting year; • Assessing whether the accounting policies for revenue recognition comply with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • We also considered the appropriateness of disclosures in the financial statements.
Stock-in-trade	
<p>As at 30 June 2025, stock-in-trade is stated at Rupees 10,342,437. Stock-in-trade is measured at the lower of cost and net realizable value.</p> <p>We identified the existence and valuation of stock-in-trade as a key audit matter due to its size, representing 47% of the Company's total assets as of 30 June 2025, and the judgment involved in valuation.</p> <p>For further information on stock-in-trade, refer to the following:</p> <ul style="list-style-type: none"> • Summary of significant accounting policies, Stock-in-trade note 3.2 to the financial statements. • Stock-in-trade note 5 to the financial statements. 	<p>Our audit procedures to assess the valuation of stock-in-trade, amongst others, included the following:</p> <ul style="list-style-type: none"> • Attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data; • Assessing the net realizable value of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices for the products; • Comparing the net realizable value to the cost of a sample of stock-in-trade and comparison to the

associated provision to assess whether stock-in-trade provisions are complete;

- In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents.

Information other than financial statements and Auditor’s report thereon:

Management is responsible for other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statement 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.

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 requirement 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 operation, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company’s financial reporting process.

Auditor’s 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 auditor’s 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 auditor's report to the related disclosures in the financial statements 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 auditor's 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 therefore the key audit matters. We describe these matters in our auditor's 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 profit or loss and other 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 auditor's report is **Arslan Ahmed**.



UHY Hassan Naeem & Co.
Chartered Accountants

KARACHI

DATE: October 6, 2025

UDIN: AR202510311LWkmsEgvX

LEATHER UP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

		June 2025	June 2024
	Note	Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,425,944	2,574,822
Current assets			
Stock-in-trade	5	10,342,437	17,840,117
Trade debts	6	-	-
Advances, deposits and other receivables	7	4,902,622	4,410,635
Tax refunds due from government	8	2,338,005	2,224,403
Cash and bank balances	9	1,921,582	1,415,232
		19,504,646	25,890,387
Total assets		21,930,590	28,465,209
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorized capital</i>			
6,000,000 (2024: 6,000,000) ordinary shares of Rs. 10/- each		60,000,000	60,000,000
Issued, subscribed and paid up capital	10	60,000,000	60,000,000
<i>Revenue reserves</i>			
General reserve		1,369,610	1,369,610
Actuarial gain/(loss) on defined benefit		3,476,470	3,352,808
Accumulated (losses) / profit		(48,977,289)	(44,468,647)
		(44,131,209)	(39,746,229)
		15,868,791	20,253,771
Non-current liability			
Staff retirement benefits - gratuity	11	693,111	470,382
Current liabilities			
Loan from directors	12	33,600	88,600
Trade and other payables	13	3,704,737	6,022,104
Unclaimed dividend		1,630,351	1,630,351
		5,368,688	7,741,055
Total equity and liabilities		21,930,590	28,465,209
Contingency and commitments	14	-	-

The annexed notes are integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED JUNE 30, 2025

	Note	2025 Rupees	2024
Sales revenue	15	12,086,203	27,525,256
Cost of sales	16	(10,886,246)	(21,248,657)
Gross (Loss) / Profit		1,199,957	6,276,599
Administrative expenses	17	(5,788,571)	(5,062,754)
Distribution expenses	18	(398,905)	(1,304,667)
		(6,187,476)	(6,367,421)
Operating loss		(4,987,519)	(90,821)
Other (expense) / income	19	668,666	657,223
Profit/(loss) before income tax, minimum tax differential and final tax		(4,318,853)	566,401
Minimum tax - levy	20	(189,788)	(2,501)
Final taxes - levy	21	-	(242,218)
		(189,788)	(244,719)
Profit/Loss Before Taxation		(4,508,641)	321,682
Taxation	22	-	-
Profit/(Loss) after taxation		(4,508,641)	321,682
Profit/(Loss) per share - basic and diluted	23	(0.75)	0.05

The annexed notes form integral part of these financial statements



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JUNE 30, 2025

	2025	2024
	———— Rupees ————	
Profit/(Loss) after taxation	(4,508,641)	321,682
Other comprehensive income		
Actuarial gain on defined benefit obligation	123,662	144,599
Total comprehensive income (Loss)	<u>(4,384,979)</u>	<u>466,281</u>

The annexed notes form integral part of these financial statements

CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
STATEMENT OF CASFLOWS
FOR THE PERIOD ENDED JUNE 30, 2025

	2025	2024
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/Loss before taxation	(4,318,853)	566,401
<i>Adjustments for non-cash and other items:</i>		
- Reversal of provision on finished goods	-	(200,093)
- Advances from customers written back	-	298,809
- Trade debts and other receivables written off	-	63,072
- Provision for staff gratuity	346,391	281,377
- Depreciation on property, plant and equipment	148,878	165,808
	495,269	608,973
Cash flow before working capital changes	(3,823,584)	1,175,374
Working capital changes		
<i>(Increase) / decrease in current assets</i>		
- Stock-in-trade	7,497,680	16,280,506
- Trade debts	-	-
- Advances, deposits, prepayments and other receivables	(491,987)	(1,522,470)
<i>Increase / (decrease) in current liabilities</i>		
- Trade and other payables excluding gratuity payable	(2,317,369)	(16,701,035)
	4,688,324	(1,942,999)
Cash generated from operations	864,740	(767,625)
Gratuity paid	-	-
Taxes paid	(303,390)	(659,988)
	(303,390)	(659,988)
Net cash (used in) / generated from operating activities	561,350	(1,427,613)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash (used in) / generated from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Net loan obtained from / (repaid to) directors	(55,000)	-
Proceeds from loan from directors	-	250,000
Repayment of loan from directors	-	(161,400)
Net cash generated from / (used in) financing activities	(55,000)	88,600
Net increase / (decrease) in cash and cash equivalents	506,350	(1,339,013)
Cash and cash equivalents at the beginning of the year	1,415,232	2,754,247
Cash and cash equivalents at the end of the year	1,921,582	1,415,232

9

The annexed notes are integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

LEATHER UP LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2025

	Share capital Issued, subscribed and paid up capital	Capital Reserves Actuarial gain/(loss) on defined benefit	Revenue reserves		Total
			General reserve	Accumulated (Losses) / Profits	
Rupees					
Balance as at June 30, 2023	60,000,000	3,208,209	1,369,610	(44,790,329)	19,787,490
<i>Total comprehensive income for the period ended June 30, 2024</i>					
- Profit/(Loss) after taxation	-	-	-	321,682	321,682
- Other comprehensive loss	-	144,599	-	-	144,599
	-	144,599	-	321,682	466,281
Balance as at June 30, 2024	60,000,000	3,352,808	1,369,610	(44,468,648)	20,253,770
Balance as at July 1, 2024	60,000,000	3,352,808	1,369,610	(44,468,648)	20,253,770
<i>Total comprehensive income for the period ended June 30, 2025</i>					
- Profit/(Loss) after taxation	-	-	-	(4,508,641)	(4,508,641)
- Other comprehensive income	-	123,662	-	-	123,662
	-	123,662	-	(4,508,641)	(4,384,979)
Balance as at June 30, 2025	60,000,000	3,476,470	1,369,610	(48,977,289)	15,868,791

The annexed notes are integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1. STATUS AND NATURE OF BUSINESS

Leather Up Limited ('the Company') was incorporated in Pakistan as a private limited company on December 2, 1990 (vide registration no. K-02440 of 1990-91) under the Companies Ordinance, 1984 (now repealed with the enactment of the Companies Act, 2017 in May 2017). Subsequently, the Company was converted into a public limited company on May 15, 1993. The Company is listed on Pakistan Stock Exchange since 1994.

The Company is engaged in the manufacture and export of leather garment products.

The Head Office and the manufacturing facility of the Company are located at Plot # 23/C, 15th Commercial Street, Phase II Extension, Defence Housing Authority, Karachi.

- 1.1** During the year, the Company has incurred a net loss of Rs. 4.5 million (2024: net profit of Rs 0.032 million) resulting in accumulated losses of Rs. 48.98 million as of June 30, 2025 (2024: accumulated profit of Rs 44.468 million). In view of the said situation, material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business. However, directors of the Company, has been agreed to provide maximum support to the Company to meet the capital expenditure and working capital requirements of the Company by providing loans and subscribing to the shares of the Company. In view of the above, these financial statements have been prepared using going concern assumption.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement of items in these financial statements

In these financial statements, all items have been measured at their historical cost.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Use of judgments and estimates

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

LEATHER UP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

(a) *Useful lives, patterns of economic benefits and impairments*

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of operating fixed assets, with a corresponding effect on the depreciation charge and impairment.

(b) *Inventories*

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

(c) *Income tax*

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

(d) *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

(e) *Revenue from contracts with customers involving sale of goods*

Whether control of the promised goods is transferred to the customer when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company.

(f) *Provisions*

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

(g) *Contingencies*

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

LEATHER UP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

(b) *Assumptions and other major sources of estimation uncertainty*

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
Staff retirement benefits	Estimation of the present value of staff retirement benefits payable and recognition of the provision.

2.5 Changes in accounting standards and interpretations

2.5.1 New Accounting pronouncements

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

Description effective for periods		Effective for periods beginning on or after
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 01, 2026
IFRS 17	Insurance Contracts	January 01, 2026
IFRS 9	Financial Instruments – Classification and Measurement of Financial Instruments (Amendments)	January 01, 2026

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

Other than the aforesaid standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the SECP as at June 30, 2025:

- IFRS 1 First Time Adoption of International Financial Reporting Standards)
- IFRIC 12 Service Concession Arrangement
- IFRS 18 Presentation and Disclosures in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Company adopted disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statements 2 'Making Materiality Judgments') from 01 July, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Property, plant and equipment - operating assets

Items of property, plant and equipment are stated at cost amount less accumulated depreciation and impairment losses except for leasehold land which is stated at cost. Cost include expenditures that are directly attributable to the acquisition of an asset.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Depreciation is charged to the statement of profit or loss applying the reducing balance method at the rates specified in note 4 to these financial statements. Depreciation is charged when the asset is available for use till the time the asset is disposed off.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

3.2 Stock-in-trade

Basis of valuation

All items of stock-in-trade are valued at the lower of cost and their net realizable value as of the reporting date.

Determination of cost

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, duties and other taxes (other than those subsequently recoverable by the Company from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of materials and services. Trade discounts and other similar items are deducted in determining the costs of purchase.

LEATHER UP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

The costs of conversion of inventories include costs directly related to the quantity of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads to the costs of conversion is based on the normal operating capacity of the production facilities (which is the production expected to be achieved on average over a number of days under normal circumstances, taking into account the loss of capacity resulting from planned maintenance).

The cost of the items consumed or sold and those held in stock at the reporting date is determined using FIFO.

3.3 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized when customers obtain control of the goods sold 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.

3.4 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand and balances held with banks.

3.5 Financial assets

3.5.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

- (a) financial assets measured at amortized cost;
- (b) fair value through other comprehensive income (FVOCI); and
- (c) fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

LEATHER UP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

(c) *Financial assets at FVTPL*

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

3.5.2 Subsequent measurement

(a) *Financial assets measured at amortized cost*

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

(b) *Financial assets at FVOCI*

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) *Financial assets at FVTPL*

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

3.5.3 Impairment

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

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The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.5.4 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

3.6 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the cash flows of the financial liability have been substantially modified.

3.7 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

3.8 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.9 Revenue

Revenue from sales of goods is recognized when the customer obtains control of the goods being when the goods are delivered to the customer and there remains no other unfulfilled obligation to be satisfied by the Company. Delivery occurs when the goods have been dispatched from the Company's premises and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered to customer 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.

The Company does not expect to have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

3.10 Employee benefits

Staff retirement benefits - Defined benefit plan

A defined benefit plan is a post-employment benefit plan under which an entity regularly pays contributions into a separate fund but will continue to have legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the entity.

The Company operates an unfunded gratuity scheme for its employees which is classified as a defined benefit plan.

The Company's obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligation is performed annually by using the Projected Unit Credit Method.

LEATHER UP LIMITED
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Remeasurements of the defined benefit liability (i.e. the actuarial gains or losses) are recognised immediately in other comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate to the defined benefit liability at the beginning of the annual reporting period, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

Provision for accumulating compensated absences, whether vesting or non-vesting, is recognized as the employees render services that increase their entitlement to future paid absences. Such provision is measured as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Non-accumulating compensated absences are recognized as expense in the period in which they occur.

3.11 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

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3.12 Translation of foreign currency transactions and balances

On initial recognition, a foreign currency transaction is recognized, in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate (i.e. the spot exchange rate at the end of the reporting period).

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

3.13 Other income

Interest income

Returns on saving accounts and investments at amortised cost are recognised using effective interest rate method.

3.14 Taxation

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognized only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that the sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. Deferred tax assets are reviewed at each reporting date and reduced to the extent that is no longer probable that the related tax benefit will be realised.

LEATHER UP LIMITED
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Judgement and estimates

Significant judgement is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

4. PROPERTY, PLANT AND EQUIPMENT

Description	Leasehold land	Building on leasehold land	Plant and machinery	Vehicles	Furniture and fixtures	Office equipment	Total
Rupees							
For the Period ended June 30, 2025							
Opening net book value	1,100,000	349,025	617,846	13,957	160,122	333,872	2,574,822
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Depreciation for the year	-	(34,903)	(61,785)	(2,791)	(16,012)	(33,387)	(148,878)
Closing net book value	1,100,000	314,122	556,061	11,166	144,110	300,485	2,425,944
As at June 30, 2025							
Cost	1,100,000	6,749,315	3,953,132	164,365	1,295,136	3,490,763	16,752,711
Accumulated depreciation	-	(6,435,193)	(3,397,072)	(153,199)	(1,151,026)	(3,190,278)	(14,326,768)
Net book value	1,100,000	314,122	556,061	11,166	144,110	300,486	2,425,944
Annual rates of depreciation	-	10%	10%	20%	10%	10%	
Year ended June 30, 2024							
Opening net book value	1,100,000	387,806	686,495	17,446	177,913	370,969	2,740,629
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Depreciation for the year	-	(38,781)	(68,650)	(3,489)	(17,791)	(37,097)	(165,808)
Closing net book value	1,100,000	349,025	617,846	13,957	160,122	333,872	2,574,822
As at June 30, 2024							
Cost	1,100,000	6,749,315	3,953,132	164,365	1,295,136	3,490,763	16,752,711
Accumulated depreciation	-	(6,400,290)	(3,335,287)	(150,408)	(1,135,014)	(3,156,891)	(14,177,890)
Net book value	1,100,000	349,025	617,846	13,957	160,122	333,873	2,574,822
Annual rates of depreciation	-	10%	10%	20%	10%	10%	

LEATHER UP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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		2025	2024
	<i>Note</i>	Rupees	
4.1 Allocation of the depreciation charge:			
Cost of sales - Manufacturing expenses	16	89,327	99,485
Administration expenses	17	59,551	66,323
		<u>148,878</u>	<u>165,808</u>

4.2 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	Usage of Immovable Property	Area
Plot # 23/C, 15th Commercial Street Phase II Extension Defence Housing Authority, Karachi.	Head Office & Production Facility	Ground plus three floors built on 200 sq. yards

		2025	2024
	<i>Note</i>	Rupees	
5. STOCK-IN-TRADE			
Raw material and accessories		10,342,437	17,840,117
Finished goods		778,967	778,967
Less: Provision for obsolete stock		(778,967)	(778,967)
		<u>10,342,437</u>	<u>17,840,117</u>
5.1 Provision for obsolete stock			
Balance as at the beginning of the year		778,967	(979,060)
Add: Provision made during the year		-	-
Add: Reversal of provision		-	200,093
Balance as at the end of the year		<u>778,967</u>	<u>(778,967)</u>
6. TRADE DEBTS			
Secured			
- against irrevocable letter of credit		-	-
Unsecured			
- sale for document against payment		-	-
Less: Allowance for expected credit losses	6.1	-	-
		<u>-</u>	<u>-</u>
6.1 Movement in loss allowance			
Opening provision		-	-
Charge for the year		-	-
Written off during the year		-	-
Reversal for the year		-	-
Closing Provision		<u>-</u>	<u>-</u>

LEATHER UP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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	2025	2024
	Rupees	
7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES		
- Advances to suppliers	1,223,836	-
- Other receivables -Export rebate receivable	3,678,786	4,410,635
	<u>4,902,622</u>	<u>4,410,635</u>
8. TAX REFUNDS DUE FROM THE GOVERNMENT		
Income tax refundable	1,710,486	1,596,885
Sales tax refundable	627,519	627,519
	<u>2,338,005</u>	<u>2,224,404</u>
9. CASH AND BANK BALANCES		
Cash in hand	35,000	54,120
Cash at bank:		
- foreign currency deposit accounts	275,002	275,003
- current accounts	1,611,580	1,086,109
	<u>1,886,582</u>	<u>1,361,112</u>
	<u>1,921,582</u>	<u>1,415,232</u>

10. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2025	2024		2025	2024
No. of shares		Ordinary shares of Rs. 10/- each issued:	Rupees	
5,759,100	5,759,100	- for cash	57,591,000	57,591,000
		- for consideration other than cash (cars and furnitures & fixtures)	1,250,000	1,250,000
125,000	125,000			
115,900	115,900	- as bonus shares	1,159,000	1,159,000
<u>6,000,000</u>	<u>6,000,000</u>		<u>60,000,000</u>	<u>60,000,000</u>

10.1 There are no agreements among shareholders in respect of voting rights, board selection, rights of first refusal and block voting.

11. STAFF RETIREMENT BENEFITS - GRATUITY

The Company operates a unfunded gratuity scheme for its employees. The latest actuarial valuation of the plan was carried out as at June 30, 2025 by using the Projected Unit Credit method.

	2025	2024
	Rupees	
11.1 Movement in defined benefit obligation		
Opening defined benefit obligation	449,182	333,604
Current service cost	190,074	228,889
Past service cost (credit)	90,063	-
Interest cost	66,254	52,488
Benefits due but not paid	-	(21,200)
Previous payable written off during the year	21,200	
Remeasurements - experience adjustments	(123,157)	(144,438)
Changes in financial assumptions	(505)	(161)
Closing defined benefit obligation	<u>693,111</u>	<u>449,182</u>

LEATHER UP LIMITED
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	2025	2024
	Rupees	
11.2 Expense recognized in the statement of profit or loss		
Current service cost	190,074	228,889
Interest cost on defined benefit obligation	66,254	52,488
Past service cost (credit)	90,063	
	<u>346,391</u>	<u>281,377</u>
Allocation in the statement of profit or loss:		
- Cost of sales - Manufacturing expenses	-	-
- Administrative expenses	17.1 346,391	281,377
	<u>346,391</u>	<u>281,377</u>
11.3 Remeasurement losses / (gain) recognised in other Comprehensive income		
Actuarial gain on defined benefit obligation		
- Changes in financial assumptions	(505)	(161)
- Experience adjustments	(123,157)	(144,438)
	<u>(123,662)</u>	<u>(144,599)</u>
11.4 Changes in net liability		
Opening net liability including trade payable	470,382	333,604
Expense chargeable to P&L	346,391	281,377
Remeasurements charged in other comprehensive income	(123,662)	(144,599)
Closing net liability including trade payable	<u>693,111</u>	<u>470,382</u>
11.5 Year end sensitivity analysis on defined benefit obligation		
Discount Rate + 100 bps	683,783	473,807
Discount Rate - 100 bps	702,757	486,055
Salary increment rate + 100 bps	702,845	486,110
Salary increment rate -100 bps	683,530	473,648
<p>The above sensitivity analyses are based on the changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognized within the statement of financial position.</p>		
11.6 Principal actuarial assumptions used		
Discount rate used for interest cost in profit and loss	<u>14.75%</u>	<u>14.75%</u>
Discount rate used for year end obligation	<u>11.75%</u>	<u>14.75%</u>
Expected rate of increase in salary level (per annum)	<u>12.75%</u>	<u>12.75%</u>
Mortality rates	<u>SLIC 2001-2005</u>	<u>SLIC 2001-2005</u>

LEATHER UP LIMITED
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11.7 The defined benefit obligation exposes the Company to the following risks:

Final salary risks:

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Mortality risks:

The risk that the actual mortality experience is different. Similar to the withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit.

Withdrawal risks:

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the Withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

		2025	2024
	<i>Note</i>	Rupees	
12. LOANS FROM DIRECTORS			
Opening balance		88,600	
Loan obtained during the year		-	250,000
Loan repaid during the year		(55,000)	(161,400)
Closing balance		33,600	88,600

12.1 These represent short-term interest-free loans obtained by the Company from its directors in order to meet its working capital requirements. The loans are repayable on demand. Maximum outstanding amount during the year is Rs. 88,600.

		2025	2024
		Rupees	
13. TRADE AND OTHER PAYABLES			
Creditors		1,697,219	3,240,955
Accrued liabilities		281,477	1,057,530
Advance from customers	<i>13.1</i>	1,649,862	1,649,862
Provision for Workers' Participation Fund		19,716	17,295
Provision for Workers' Welfare Fund		56,463	56,463
		3,704,737	6,022,104

13.1 Advance from customers

In addition, information regarding the timing of satisfaction of performance obligations underlying the closing contract liability of Rs. 1,649,862 is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

14. CONTINGENCY AND COMMITMENTS

14.1 Contingency

The are no contingencies as at June 30, 2025 (2024: Nil).

14.2 Commitments

There is no commitment as at June 30, 2025 (2024: Nil).

LEATHER UP LIMITED
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		2025	2024
		Rupees	
15. SALES REVENUE			
Export sales		10,022,634	25,802,693
Local Sales	15.1	1,380,000	200,093
Export Rebate		683,569	1,522,470
		12,086,203	27,525,256
15.1 Local Sales - Gross		1,628,400	200,093
Sales tax		(248,400)	-
Net Sales		1,380,000	200,093
15.2 Disaggregation of sales revenue by products			
Bags		2,148,831	6,692,892
Coat		-	8,895,475
Wallet		-	47,317
Pouch		-	204,186
Jackets		7,873,803	9,962,823
		10,022,634	25,802,693
15.2 Disaggregation of sales revenue by geographic region			
Germany		-	-
Italy		-	-
Netherlands		-	-
Portugal		-	-
South Africa		-	-
Pakistan		-	-
Canada		2,148,831	9,859,269
Spain		7,873,803	15,943,422
		10,022,634	25,802,691
16. COST OF SALES			
Raw and packing materials consumed	16.1	7,982,180	7,521,239
Manufacturing expenses			
Salaries, wages and benefits		-	1,308,335
Cutting and stitching charges		1,111,800	1,483,230
Fuel and power		1,107,240	1,441,048
Repairs and maintenance		511,213	285,291
Depreciation on property, plant and equipment	4.1	89,327	99,485
Entertainment		16,800	261,873
Telephone, fax and postage		-	33,600
Printing and stationery		67,686	14,018
		2,904,066	4,926,880
		10,886,246	12,448,119

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	2025	2024
	Rupees	
Cost of goods manufactured		
Opening work in progress	-	8,600,445
Closing work in progress	-	-
Opening stock of finished goods	778,967	979,060
Closing stock of finished goods	(778,967)	(778,967)
	<u>10,886,246</u>	<u>21,250,681</u>
16.1 Raw and packing materials consumed		
Opening stock	17,840,117	25,320,085
Add: Purchases during the year	484,500	41,271
	18,324,617	25,361,356
Less : Closing stock	5 (10,342,437)	(17,840,117)
Raw materials consumed	<u>7,982,180</u>	<u>7,521,239</u>
17. ADMINISTRATIVE EXPENSES	2025	2024
	Rupees	
Salaries, allowances and other benefits	2,432,391	2,252,377
Fees and subscription	705,604	803,212
Auditor's remuneration	17.2 985,800	987,120
Entertainment expense	116,860	-
Utilities	237,994	496,807
Bank charges	261,282	262,073
Repairs and maintenance	880,417	31,422
Depreciation	4.1 59,551	66,323
Printing and stationery	94,851	32,435
Communication	11,400	-
Legal and professional	-	43,700
Provision for WWF, WPPF fund	2,421	24,213
Trade debts and other receivables written off	-	63,072
	<u>5,788,571</u>	<u>5,062,754</u>
17.1	This includes an amount of Rs. 346,391 (2024: Rs. 281377) in respect of staff retirement benefits.	
17.2 Auditors' remuneration		
Audit fee	712,800	712,800
Half yearly review fee	183,600	183,600
Code of corporate governance fees	59,400	59,400
Out of pocket expenses	30,000	31,320
	<u>985,800</u>	<u>987,120</u>
18. DISTRIBUTION EXPENSES		
Advertising and sales promotion	200,000	-
Freight, handling and insurance	198,905	1,304,667
	<u>398,905</u>	<u>1,304,667</u>

LEATHER UP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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	2025	2024
	Rupees	
19. OTHER (EXPENSE) / INCOME		
Exchange gain - net	668,666	158,321
Advances from customers written back	-	298,809
Reversal of provision on finished goods	-	200,093
	<u>668,666</u>	<u>657,223</u>

20 MINIMUM TAX - LEVY

This represents portion of minimum tax paid under relevant sub sections of section 113 of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

21 FINAL TAX - LEVY

This represents portion of final taxes paid under relevant sub sections of section 5 and section 154 of Income Tax Ordinance, 2001 (ITO, 2011), representing levy in terms of requirements of IFRIC 21/IAS 37.

22. TAXATION

Current	-for the year	-
	- for prior year	-
Deferred	22.1	<u>-</u>
		<u>-</u>

22.1 As the Company's future usual income is subject to taxation under the Minimum Tax Regime, therefore no deferred tax asset or liability arises.

22.2 The reconciliation between tax expense and accounting profit is not prepared as the income falls under Minimum regime.

22.3 The income tax assessments of the Company have been finalized up to, and including, the tax year 2024. Tax returns filed by the Company are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for re-assessment or audit by the taxation authorities. However, at any time during a period of five years from the date of filing of a return, the taxation authorities may select an income tax return filed by the Company for the purpose of re-assessment.

23. PROFIT/(LOSS) PER SHARE

	2025	2024
	Rupees	
23.1 Basic Profit/(loss) per share		
Loss after taxation	<u>(4,508,641)</u>	<u>321,682</u>
Weighted average number of ordinary shares outstanding during the year	<u>6,000,000</u>	<u>6,000,000</u>
	Rupees	
Loss per share - basic	<u>(0.75)</u>	<u>0.05</u>
Loss / Income - Diluted	23.2	

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23.2 Diluted loss per share

There is no dilutive effect on the basic loss per share of the Company, since there were no potential ordinary shares in issue as at June 30, 2025 and June 30, 2024.

24. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rupees							
Fees	-	-	-	-	-	-	-	-
Managerial remuneration	-	-	-	-	-	-	-	-
Commission or bonus	-	-	-	-	-	-	-	-
Reimbursable expenses	-	-	-	-	-	-	-	-
Retirement benefits	-	-	-	-	-	-	-	-
Other perquisites and benefits	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Number of persons	-	-	-	-	-	-	-	-

25. FINANCIAL INSTRUMENTS

Note

2025

2024

25.1 Categorization of financial instruments

Rupees

25.1.1 Financial assets

At amortised cost

Advance to employees	1,223,836	-
Cash and bank balances	1,921,582	1,415,232
	<u>3,145,418</u>	<u>1,415,232</u>

25.1.2 Financial liabilities

At amortised cost

Loan from directors	33,600	88,600
Trade and other payables	1,978,696	4,298,485
	<u>2,012,296</u>	<u>4,387,085</u>

25.2 Financial risk analysis

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

25.2.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is **past due for 90 days or more**.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means. Written off financial assets are not subject to any enforcement activity.

	2025	2024
	————— Rupees —————	
<i>Maximum exposure to credit risk</i>		
As of the reporting date, the maximum exposure to credit risk was as follows :		
Trade debts	(a) -	-
Advance to employees	(b) 1,223,836	-
Bank balances	(c) 1,886,582	1,361,112
	<u>3,110,418</u>	<u>1,361,112</u>

Note (a) - Credit risk exposure on bank balances

The Company's credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. As of the reporting date, the external credit ratings of the Company's bankers were as follows:

Bank	Short-term rating	Rating agency	2025	2024
			————— Rupees —————	
United Bank Limited	A-1+	VIS	683,546	683,546
Askari Bank Limited	A-1+	PACRA	2,317	2,317
Bank Al-Habib Limited	A-1+	PACRA	745,468	296,666
Bank Alfalah Limited	A-1+	PACRA	25,000	25,000
Faysal Bank Limited	A-1+	PACRA-VIS	372,418	282,077
Meezan Bank Limited	A-1+	VIS	123,300	46,632
Summit Bank Limited	-	VIS	24,874	24,874
			<u>1,976,923</u>	<u>1,361,112</u>

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, 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. As of the reporting date, the Company was not exposed to any major concentrations of credit risk.

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25.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Following are the contractual maturities of financial liabilities:

Carrying amount	June 30, 2025					
	Contractual cash flows					
	Total contractual cash flows	Repayable on demand	Not later than one month	Later than one month and not later than 3 months	Later than three months and not later than 1 year	Later than one year and not later than five years
	Rupees					
Loan from directors	33,600	33,600	33,600	-	-	-
Trade and Other Payables	3,702,316	-	-	-	-	-
	<u>3,735,916</u>	<u>3,735,916</u>	<u>33,600</u>	<u>-</u>	<u>-</u>	<u>-</u>

Carrying amount	June 30, 2024					
	Contractual cash flows					
	Total contractual cash flows	Repayable on demand	Not later than one month	Later than one month and not later than 3 months	Later than three months and not later than 1 year	Later than one year and not later than five years
	Rupees					
Loan from directors	88,600	88,600	88,600	-	-	-
Trade and Other Payables	4,298,485	-	-	-	-	-
	<u>4,387,085</u>	<u>88,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

25.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to a change in a foreign exchange rate. It arises mainly where receivables and payables exist due to transactions in foreign currency. As of the reporting date, the Company was exposed to currency risk on trade debts that is denominated in Euros and Canadian (CAD) as follows:

The following significant exchange rate applied during the year:

	Average rate		Reporting date rate	
	2025	2024	2025	2024
	Rupees			
USD to Pak Rupee	<u>282.70</u>	<u>282.7</u>	<u>286.60</u>	<u>278.80</u>
Euro to Pak Rupee	<u>306.07</u>	<u>306.07</u>	<u>313.72</u>	<u>298.41</u>
GBP to Pak Rupee	<u>358.31</u>	<u>358.31</u>	<u>364.77</u>	<u>351.85</u>

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ii) Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. As of the reporting date, the Company was not exposed to any material interest rate risk.

iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. As of the reporting date, the Company was not exposed to any other price risk.

26. FAIR VALUE OF ASSETS AND LIABILITIES

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. Consequently, differences can arise between carrying values and the fair value estimates.

The Company measures fair value of its assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

The Company does not carry any non-financial assets and liabilities at fair value. Further, as of the reporting date, the fair value of all the financial assets and financial liabilities that not are measured at fair value approximated their carrying amount in these financial statements.

27. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The management closely monitors the return on capital employed along with the level of distributions to ordinary shareholders. Further, in order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, reduce capital, or issue new shares.

The Company is not subject to any externally imposed capital requirements. Following is the quantitative analysis of what the Company manages as capital:

	<i>Note</i>	2025	2024
		Rupees	
Borrowings:			
- Loan from directors		33,600	88,600

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29.3 Corresponding Figures

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current year.

29.4 Date of authorization for issue of the financial statements

These financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on October 06, 2025.

29.5 Level of rounding

Figures in these financial statements have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR