June 30, 2026

LEATHER UP LTD

Annual Financial Report
For the Fiscal Year Ended
June 30, 2026

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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 35th Annual General Meeting of the shareholders of the Leather Up Limited will be held on Wednesday, October 28th, 2026 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, 2025.

2. To receive and adopt the Audited Statements of Accounts for the year ended June 30, 2026 together with the Directors' and Auditors reports thereon.

3. To appoint auditors and to fix their remuneration for the year ending June 30, 2027. 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 March 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.

By Order of the Board
Ali Ahmar
(Company Secretary)

Karachi
October 06, 2026

NOTES:

1. **Closure of Share Transfer Books**

The share transfer books of the Company shall remain closed from 21-OCT-2026 to 28-OCT-2026 (both days inclusive). Transfers received in order at the office of Share Registrar, C&K Management 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, 2026 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 C&K Management Associates (Pvt.) Ltd.

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, 2026.

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 form the date notified by the SECP, as per 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. **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 pleasure to present this report to our shareholders, which reviews the performance of the Board of Directors and its role in guiding Leather Up Limited toward its strategic objectives and long-term vision.

Leather Up Limited has built a strong governance framework that supports responsible and effective oversight of the Company's operations, and it remains central to our continued success. Throughout the financial year 2025-26, the Board and its sub-committees demonstrated exceptional commitment and expertise, offering valuable guidance and support as the Company worked toward its goals. The Board carefully reviewed the Annual Report and financial statements and is pleased to confirm that, in its opinion, they are fair, balanced and give a comprehensive view of the Company's financial position.

Each year, the Board conducts a self-evaluation to assess its own performance and effectiveness. The evaluation covers key areas including strategic planning, Board composition, policies and procedures, compensation practices and the quality of information disclosure. The results show that Board members are actively engaged in strategic decision-making, that the necessary controls are in place, and that they receive timely and accurate information. The independent directors also play a vital part in all decision-making, contributing to sound and well-rounded governance.



JAZIM SHAH
CHAIRMAN

چیئرمین کا جائزہ

یہ رپورٹ اپنے حصص یافتگان کے سامنے پیش کرنا میرے لیے باعثِ مسرت ہے، جس میں بورڈ آف ڈائریکٹرز کی کارکردگی اور لیدر اپ لمیٹڈ کو اس کے اسٹریٹجک مقاصد اور طویل مدتی وژن کی جانب رہنمائی کرنے میں اس کے کردار کا جائزہ لیا گیا ہے۔

لیدر اپ لمیٹڈ نے ایک مضبوط نظمِ حکمرانی (گورننس) کا ڈھانچہ قائم کیا ہے جو کمپنی کے امور کی ذمہ دارانہ اور مؤثر نگرانی کو یقینی بناتا ہے، اور یہ ہماری مسلسل کامیابی میں مرکزی حیثیت رکھتا ہے۔ مالی سال 2025-26 کے دوران بورڈ اور اس کی ذیلی کمیٹیوں نے غیر معمولی لگن اور مہارت کا مظاہرہ کیا، اور کمپنی کے اہداف کے حصول میں قیمتی رہنمائی اور معاونت فراہم کی۔ بورڈ نے سالانہ رپورٹ اور مالیاتی گوشواروں کا بغور جائزہ لیا اور یہ تصدیق کرتے ہوئے خوشی محسوس کرتا ہے کہ اس کی رائے میں یہ منصفانہ اور متوازن ہیں اور کمپنی کی مالی پوزیشن کی جامع تصویر پیش کرتے ہیں۔

بورڈ ہر سال اپنی کارکردگی اور افادیت کا جائزہ لینے کے لیے خود احتسابی (سیلف ایویلیوایشن) کرتا ہے۔ اس جائزے میں اسٹریٹجک منصوبہ بندی، بورڈ کی تشکیل، پالیسیاں اور طریقہ کار، معاوضوں کے طریقے اور معلومات کے افشا کا معیار جیسے اہم شعبے شامل ہیں۔ نتائج سے ظاہر ہوتا ہے کہ بورڈ کے اراکین اسٹریٹجک فیصلہ سازی میں سرگرم کردار ادا کر رہے ہیں، ضروری کنٹرولز نافذ ہیں، اور انہیں بروقت اور درست معلومات فراہم کی جاتی ہیں۔ مزید برآں، آزاد ڈائریکٹرز تمام فیصلہ سازی میں اہم کردار ادا کرتے ہیں، جس سے مضبوط اور متوازن نظمِ حکمرانی کو تقویت ملتی ہے۔

جازم شاہ
چیئرمین

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, 2026.

The financial highlights for the year ended June 30, 2026 along with comparative period are summarized hereunder:

Particulars	June 30, 2026 (Rupees)	June 30, 2025 (Rupees)
Profit / (Loss) before taxation	(4,508,241)	(4,318,853)
Taxation	(237,506)	(189,788)
Profit / (Loss) after taxation	(4,745,747)	(4,508,641)
Accumulated profit / (Loss)	(53,723,036)	(48,977,289)
Earnings/ (Loss) per share after tax	(0.79)	(0.75)

Company Performance

The operating loss of the company for the year 2026 is Rs 4.326 million against Rs 4.985million registered last year. However, the loss before taxation is Rs 4.508 million.

Due to the best efforts made by the management, the company managed to maintain its export as well as deterioration in operating loss. The sales of the company are Rs 27.160 million in 2026 as against Rs 12.086 million in 2025, 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 0.79 as against loss of 0.75 per share in the preceding year.

Dividend

Due to very thin profit, the Board of Directors has skipped the dividend.

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 some good export orders 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 summery 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, 2026 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 2025-26 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, 2026 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, 2027.

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, 2026. 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, 2026 required under the Companies Act, 2017 and Code of corporate Governance and additional information regarding pattern of shareholding is annexed separately.

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 2026

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز کو یہ سالانہ رپورٹ اور کمپنی کے مالی سال 30 جون 2026 کے اختتام پر آڈٹ شدہ مالیاتی بیانات پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔
30 جون 2026 کے اختتام پر مالیاتی نمایاں نکات اور تقابلی مدت کا خلاصہ درج ذیل ہے:

تفصیلات	30 جون، 2026 (روپے)	30 جون، 2025 (روپے)
ٹیکس سے قبل منافع / (نقصان)	(4,508,241)	(4,318,853)
ٹیکس	(237,506)	(189,788)
ٹیکس کے بعد منافع / (نقصان)	(4,745,747)	(4,508,641)
مجموعی منافع / (نقصان)	(53,723,036)	(48,977,289)
ٹیکس کے بعد فی شیئر آمدنی / (نقصان)	(0.79)	(0.75)

کمپنی کی کارکردگی

سال 2026 کے دوران کمپنی کا آپریٹنگ نقصان 4,326,999 روپے ہے جبکہ پچھلے سال یہ 4,985,058 روپے تھا۔ تاہم، ٹیکس سے قبل نقصان 4,508,241 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 2026 میں 27.160 ملین روپے رہی، جبکہ 2025 میں یہ 12.086 ملین روپے تھی۔ یہ 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 0.79 روپے ہے، جبکہ گزشتہ سال فی شیئر 0.75 روپے کا نقصان 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 برآمد 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۔

ہیومن ریسورس

لیذر اپ میں، ہم ایک ویلیو ایڈیشن کمپنی کے طور پر یقین رکھتے ہیں کہ کامیابی اس وقت حاصل ہوتی ہے جب ملازمین کمپنی کے ویژن سے ہم آہنگ اور اس کے ساتھ پرعزم ہوتے ہیں۔ کمپنی ملازمین کے ساتھ بہترین تعلقات رکھتی ہے اور ان کے لیے معاون اور سازگار 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۔

ہیومن 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 ایگزیکٹیو 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 کمپنی 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 کمپنی کی حالت، آپریشنل نتائج، نقد بہاؤ، اور ایکوئٹی میں تبدیلیوں کی عکاسی کرتے ہیں۔

-کمپنیز ایکٹ 2018 کے تحت، حسابات کی مناسب کتابیں 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۔

-لسٹنگ 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 کمپنی کی کارکردگی اور مستقبل کے امکانات کے بارے میں ہے، اس رپورٹ کا حصہ ہے۔

بورڈ آف ڈائریکٹرز کی میٹنگ

سال 2025-26 کے دوران بورڈ کی چار میٹنگز ہوئیں۔ ڈائریکٹرز کی حاضری درج ذیل ہے:

خالد ایچ شاہ: 4
الٰہی بخش قریشی: 4
جازم شاہ: 4
ایس فیصل شاہ: 4
محمودہ شاہ: 4
عبدالصمی: 4
فاروق رضا: 4

نان ایگزیکٹیو ڈائریکٹرز کی تنخواہ کی پالیسی

نان ایگزیکٹیو 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 2026 کے مطابق، شیئر ہولڈنگ کا پیٹرن اس رپورٹ کے ساتھ منسلک ہے-

ہم اس بات کی تصدیق کرتے ہیں کہ ڈائریکٹرز، سی ایف او، ان کے شریک حیات، اور نابالغ بچے نے کمپنی 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 کمپنی، 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 2027 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 سمجھی 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

الٰہی بخش قریشی: 4
محمودہ شاہ: 4
جازم شاہ: 4

بورڈ آف ڈائریکٹرز نے 30 جون 2026 کے اختتام تک ڈائریکٹرز کی تنخواہ نہ دینے کا فیصلہ کیا ہے۔ ایک ایگزیکٹیو ڈائریکٹر نے کمپنی 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 کمپنی کے مجموعی نتائج حاصل ہوئے۔ ہم شیئر ہولڈرز کے بھی شکر گزار ہیں جنہوں نے مشکل وقت میں کمپنی 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 کمپنی 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 کمپنی کا ساتھ دیا۔

بورڈ کی جانب سے

خالد ایچ شاہ
(چیف ایگزیکٹیو)

جازم شاہ
(چیئرمین / ڈائریکٹر)

کراچی: 6 اکتوبر 2026

LEATHER UP LIMITED

6 YEARS AT A GLANCE

PARTICULARS	2026	2025	2024	2023	2022	2021
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	16,752,711
Accumulated Depreciation	14,460,479	14,326,768	14,177,890	14,012,082	13,827,366	13,621,520
Current Assets	21,009,324	19,504,646	25,890,387	41,372,076	40,352,808	44,401, 055
Current Liabilities	11,218,980	5,368,688	7,741,055	24,054,682	18,393,824	8,624,267
INCOME/REVENUE						
Sales Revenue	27,160,759	12,086,203	27,525,256	27,156,582	26,952,789	16,961,172
Other Income/(Loss)	(181,242)	668,666	657,223	3,538,641	(11,576,018)	(50,223,083)
Pre-Tax Profit/ (Loss)	(4,508,241)	(4,318,853)	566,401	(2,926,039)	(14,256,705)	(58,506,054)
Taxation	(237,506)	(189,788)	(244,719)	(362,224)	(222,503)	(173,598)
PERCENTAGE AND RATIO						
Pre-Tax (Loss)/Profit to sales %	(0.17)	(0.36)	0.02	(0.11)	(53.00)	(344.94)
Pre-Tax Profit (Loss) to Capital %	(0.40)	(0.27)	0.03	(0.15)	(63.00)	(154.00)
Current Ratio	1.87:1	3.63:1	3.34:1	1.72:1	2.18:1	5.15:1
Paid- Up Value per Share	10	10	10	10	10	10
Profit /(Loss) per Share after Tax (Rs)	(0.79)	(0.75)	0.05	(0.55)	(2.41)	(9.78)
Cash Dividend	Nil	Nil	Nil	Nil	Nil	Nil
Retained/ (Loss) Earnings per Share (Rs)	1.87	2.64	3.37	3.29	3.79	6.31

PATTERN OF SHAREHOLDING
SHAREHOLDERS STATISTICS
AS AT JUNE 30, 2026

NO. OF SHARE HOLDERS	SHARES	TOTAL SHARES HOLD
695	1 - 100	35,774
524	101 - 500	237,330
94	501 - 1000	84,688
87	1001 - 5000	224,979
18	5001 - 10000	141,164
5	10001 - 15000	63,231
7	15001 - 20000	123,814
5	20001 - 25000	116,549
2	25001 - 30000	55,736
2	30001 - 35000	67,000
1	45001 - 50000	47,501
2	50001 - 55000	107,153
2	55001 - 60000	110,580
2	60001 - 65000	123,208
2	65001 - 70000	134,524
2	70001 - 75000	147,700
1	80001 - 85000	81,100
1	85001 - 90000	89,000
1	90001 - 95000	92,000
3	95001 - 100000	295,000
1	135001 - 140000	137,000
1	140001 - 145000	140,069
1	345001 - 350000	345,400
1	595001 - 600000	600,000
1	760001 - 765000	760,100
1	1635001 - 1640000	1,639,400
1462	**Total**	**6,000,000**

S/R NO.	CATAGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	TOTAL SHARES HOLD	PERCENTAGE %
1	INDIVIDUALS	1454	5,976,977	99.62
2	INVESTMENT COMPANIES	1	3,700	0.06
3	JOINT STOCK COMPANIES	7	19,323	0.32
		1462	**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. Jazim Shah	**1**	**1,360,200**	
	Mr. Farooq Raza	**1**	**100**	
	Ms. Mehmooda Shah	**1**	**200**	
	Mr. S. Faisal Shah	**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	**1,365**		**6,000,000**

	Shareholders Holding 5% or more in the company	Number of shares	Percentages
1	**Mr. Khalid H. Shah**	**1,639,400**	**27.32%**
2	**Mr. Jazim Shah**	**1,360,200**	**22.67%**
		2,999,600	**49.99%**

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. Mehmooda Shah (Member)

b) HR and Remuneration Committee

- Mr. Ellahi Bukhsh Qureshi (Chairman)
- Mr. S. Faisal Shah (Member)
- Ms. Mehmooda Shah (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, 2026.
b) **HR and Remuneration Committee:** One meeting was held during the financial year ended June 30, 2026.

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 explanationis required	As per Regulation06 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. 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, 2026, 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.

1- Explanation for non-compliance with the requirements, other than regulations 3, 6, 7, 8,27, 32,33and36 asbelow:

S. No.	Regulation reference no.	Type of the requirement	Description of non-compliance
(1)	24	The explanation for non-compliance is required.	As per the proviso to Regulation 24 of the Regulations, the Chief Financial Officer and the Company Secretary shall not be the same individual. 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.
(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, 2026
Karachi

UHY Hassan Naeem & Co.
Chartered Accountants

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Sharah-e-Faisal
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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 2026 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 of the Regulations as applicable to the Company for the year ended June 30, 2026.

We draw attention to Paragraph 09 of the Statement of Compliance, which describes the non-compliance relating to the training of directors, and Paragraph 18, which describes the non-compliance relating to the required number of independent directors.

We further draw attention to Paragraph 19 of the Statement of Compliance, which describes the instances of non-compliance with the non-mandatory provisions of the Regulations.

UHY Hassan Naeem & Co.
Chartered Accountants

KARACHI
DATE: 06 October 2026
UDIN: CR202610311p7TsNVAWH

UHY
Connect to possibility

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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, 2026** 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, 2026 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:

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Following are the Key Audit Matters:

Key audit matter	How our audit addressed the key audit matter
Revenue	
The Company recognized net sales of Rupees 27,160,759 for the year ended 30 June 2026. 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. For further information on revenue, refer to the following: - Summary of significant accounting policies, Revenue from contracts with customers note 3.9 to the financial statements. - Sales – net note 14 to the financial statements.	Our audit procedures to assess the recognition of revenue, amongst others, include the following: • 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	
As at 30 June 2026, stock-in-trade is stated at Rupees 10,810,117. Stock-in-trade is measured at the lower of cost and net realizable value. We identified the existence and valuation of stock-in-trade as a key audit matter due to its size, representing 46% of the Company's total assets as of 30 June 2026, and the judgment involved in valuation.	Our audit procedures to assess the valuation of stock-in-trade, amongst others, included the following: • 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,

For further information on stock-in-trade, refer to the following: • Summary of significant accounting policies, Stock-in-trade note 3.2 to the financial statements. • Stock-in-trade note 5 to the financial statements.	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.

Urbach Hacker Young International Limited is the administrative entity of the international UHY network of independent accounting and consulting firms. The UHY network is a member of the Forum of Firms.

MEMBER OF THE FORUM OF FIRMS

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: 6 October 2026
UDIN: AR202610311b8q1WvorP

LEATHER UP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	June 2026	June 2025
		Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,292,233	2,425,944
Current assets			
Stock-in-trade	5	10,810,117	10,342,437
Advances, deposits and other receivables	6	5,127,761	4,902,622
Tax refunds due from government	7	2,646,516	2,338,005
Cash and bank balances	8	2,424,930	1,921,582
		21,009,324	19,504,646
Total assets		23,301,557	21,930,590
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
6,000,000 (2025: 6,000,000) ordinary shares of Rs. 10/- each		60,000,000	60,000,000
Issued, subscribed and paid up capital	9	60,000,000	60,000,000
Revenue reserves			
General reserve		1,369,610	1,369,610
Actuarial gain/(loss) on defined benefit		3,577,355	3,476,470
Accumulated (losses) / profit		(53,723,036)	(48,977,289)
		(48,776,071)	(44,131,209)
		11,223,929	15,868,791
Non-current liability			
Staff retirement benefits - gratuity	10	858,648	693,111
Current liabilities			
Loan from directors	11	1,343,600	33,600
Trade and other payables	12	8,245,029	3,704,737
Unclaimed dividend		1,630,351	1,630,351
		11,218,980	5,368,688
Total equity and liabilities		23,301,557	21,930,590
Contingency and commitments	13		

The annexed notes are integral part of these financial statements.

Chief Executive Officer | Chief Financial Officer | Director

LEATHER UP LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED JUNE 30, 2026

	Note	2026	2025
		Rupees	
Sales revenue	14	27,160,759	12,086,203
Cost of sales	15	(25,115,110)	(10,886,246)
Gross (Loss) / Profit		2,045,649	1,199,957
Administrative expenses	16	(5,731,433)	(5,786,150)
Distribution expenses	17	(641,215)	(398,905)
		(6,372,648)	(6,185,055)
Operating loss		(4,326,999)	(4,985,098)
Other (expense) / income	18	(181,242)	666,245
Profit/(loss) before income tax, minimum tax differential and final tax		(4,508,241)	(4,318,853)
Minimum tax - levy	19	(237,506)	(189,788)
Final taxes - levy	20	-	-
		(237,506)	(189,788)
Profit/Loss Before Taxation		(4,745,747)	(4,508,641)
Taxation	21	-	-
The annexed notes are integral part of these financial statements.		(4,745,747)	(4,508,641)
Profit/(Loss) per share - basic and diluted	22	(0.79)	(0.75)

The annexed notes form integral part of these financial statements

Chief Executive Officer | Chief Financial Officer | Director

LEATHER UP LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JUNE 30, 2026

	2026	2025
	Rupees	
Profit/(Loss) after taxation	**(4,745,747)**	(4,508,641)
Other comprehensive income		
Actuarial gain on defined benefit obligation	**100,885**	123,662
Total comprehensive income (Loss)	**(4,644,862)**	(4,384,979)

The annexed notes form integral part of these financial statements

Chief Executive Officer | Chief Financial Officer | Director

LEATHER UP LIMITED
STATEMENT OF CASFLOWS
FOR THE PERIOD ENDED JUNE 30, 2026

	Note	2026	2025
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/Loss before taxation		**(4,508,241)**	(4,318,853)
Adjustments for non-cash and other items:			
- Reversal of provision on finished goods		**(260,959)**	-
- Provision for staff gratuity		**266,422**	346,391
- Depreciation on property, plant and equipment		**133,711**	148,878
		139,174	495,269
Cash flow before working capital changes		**(4,369,067)**	(3,823,584)
Working capital changes			
(Increase) / decrease in current assets			
- Stock-in-trade		**(206,721)**	7,497,680
- Advances, deposits, prepayments and other receivables		**(225,139)**	(491,987)
Increase / (decrease) in current liabilities			
The annexed notes are integral part of these financial statements.		**4,540,292**	(2,317,369)
		4,108,432	4,688,324
Cash generated from operations		**(260,635)**	864,740
Taxes paid		**(546,017)**	(303,390)
		(546,017)	(303,390)
Net cash (used in) / generated from operating activities		**(806,652)**	561,350
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		**1,310,000**	(55,000)
Net cash generated from / (used in) financing activities		**1,310,000**	(55,000)
Net increase / (decrease) in cash and cash equivalents		**503,348**	506,350
Cash and cash equivalents at the beginning of the year		**1,921,582**	1,415,232
Cash and cash equivalents at the end of the year	8	**2,424,930**	1,921,582

The annexed notes are integral part of these financial statements.

Chief Executive Officer | Chief Financial Officer | Director

LEATHER UP LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2026

	Share capital	Capital Reserves	Revenue reserves		Total
	Issued, subscribed and paid up capital	Actuarial gain/(loss) on defined benefit	General reserve	Accumulated (Losses) / Profits	
	Rupees				
Balance as at June 30, 2024	60,000,000	3,208,209	1,369,610	(44,790,329)	19,787,490
Total comprehensive income for the period ended June 30, 2025					
- 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, 2025	60,000,000	3,352,808	1,369,610	(44,468,648)	20,253,770
Balance as at July 1, 2025	60,000,000	3,476,470	1,369,610	(48,977,289)	15,868,791
Total comprehensive income/(loss) for the period ended June 30, 2026					
- Profit/(Loss) after taxation	-	-	-	(4,745,747)	(4,745,747)
- Other comprehensive income	-	100,885	-	-	100,885
	-	100,885	-	(4,745,747)	(4,644,862)
Balance as at June 30, 2026	60,000,000	3,577,355	1,369,610	(53,723,036)	11,223,929

The annexed notes are integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

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. 4.74 million (2025: net loss of Rs. 4.5 million) resulting in accumulated losses of Rs. 53.72 million as of June 30, 2026 (2025: accumulated losses of Rs. 48.98 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:

(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.

(h) 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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 01, 2025. However, these do not have any significant impact on the Company's financial statements.

2.5.2 The standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company are as under:

Description effective for periods		Effective for periods beginning on or after
IAS 7	Statement of Cash Flows (Amendments)	January 01, 2026
1AS 21	The effects of changes in foreign exchange rates (Amendments)	January 01, 2027
IAS 28	Investments in Associates and Joint Ventures (Amendments)	January 01, 2027
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 01, 2026
IFRS 9	Financial Instruments (Amendments)	January 01, 2026
IFRS 10	Consolidated Financial Statements (Amendments)	January 01, 2026
IFRS 17	Insurance Contracts (Amendments)	January 01, 2027
IFRS 18	Presentation and Disclosure in Financial Statements	January 01, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 01, 2027

The management anticipates that, the adoption of the above standards, amendments and interpretations infuture periods, will have no material impact on the unconsolidated financial statements other than in presentation / disclosures.

Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2026;

- IFRS 1 First Time Adoption of International Financial Reporting Standards)

- IFRS 20 Regulatory Assets and Regulatory Liabilities

- IFRIC 12 Service Concession Arrangement

3. MATERIAL ACCOUNTING POLICY INFORMATION

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.

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.

(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.

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.

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.

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.

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.

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, 2026							
Opening net book value	1,100,000	314,122	556,061	11,166	144,110	300,485	2,425,944
Aditions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Depreciation for the year	-	(31,412)	(55,606)	(2,233)	(14,411)	(30,049)	(133,711)
Closing net book value	1,100,000	282,710	500,455	8,933	129,699	270,436	2,292,233
As at June 30, 2026							
Cost	1,100,000	6,749,315	3,953,132	164,365	1,295,136	3,490,763	16,752,711
Accumulated depreciation	-	(6,466,605)	(3,452,678)	(155,432)	(1,165,437)	(3,220,327)	(14,460,479)
Net book value	1,100,000	282,710	500,455	8,933	129,699	270,437	2,292,233
Annual rates of depreciation	-	10%	10%	20%	10%	10%	
Year ended June 30, 2025							
Opening net book value	1,100,000	349,025	617,846	13,957	160,122	333,872	2,574,822
Aditions	-	-	-	-	-	-	-
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%	

4.1 Allocation of the depreciation charge:

	Note	2026	2025
		Rupees	
Cost of sales - Manufacturing expenses	15	80,227	89,327
Administration expenses	16	53,484	59,551
		133,711	148,878

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

5. STOCK-IN-TRADE

	Note	2026	2025
		Rupees	
Raw material and accessories		10,810,117	10,342,437
Finished goods		518,008	778,967
Less: Provision for obsolete stock		(518,008)	(778,967)
		10,810,117	10,342,437

5.1 Provision for obsolete stock

Balance as at the beginning of the year	(778,967)	(778,967)
Add: Provision made during the year	-	-
Add: Reversal of provision	260,959	-
Balance as at the end of the year	(518,008)	(778,967)

		2026	2025
		Rupees	
6.	**ADVANCES, DEPOSITS AND OTHER RECEIVABLES**		
-	Advances to suppliers	**558,343**	1,223,836
-	Other receivables -Export rebate receivable	**4,569,418**	3,678,786
		5,127,761	4,902,622
7.	**TAX REFUNDS DUE FROM THE GOVERNMENT**		
	Income tax refundable	2,018,997	1,710,486
	Sales tax refundable	**627,519**	627,519
		2,646,516	2,338,005
8.	**CASH AND BANK BALANCES**		
	Cash in hand	**30,000**	35,000
	Cash at bank:		
-	foreign currency deposit accounts	**275,002**	275,003
-	current accounts	**2,119,928**	1,611,578
		2,394,930	1,886,581
		2,424,930	1,921,581

9. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2026	2025		2026	2025
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		
125,000	125,000	(cars and furnitures & fixtures)	**1,250,000**	1,250,000
115,900	115,900	- as bonus shares	**1,159,000**	1,159,000
6,000,000	6,000,000		**60,000,000**	60,000,000

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

10. 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, 2026 by using the Projected Unit Credit method.

		2026	2025
10.1	**Movement in defined benefit obligation**	Rupees	
	Opening defined benefit obligation	**693,111**	449,182
	Current service cost	**184,981**	190,074
	Past service cost (credit)		90,063
	Interest cost	**81,441**	66,254
	Beneifts due but not paid	-	-
	Previous payable written off during the year	-	21,200
	Remeasurements - experience adjustments	**(100,885)**	(123,157)
	Changes in financial assumptions		(505)
	Closing defined benefit obligation	858,648	693,111

			2026	2025
10.2	**Expense recognized in the statement of profit or loss**		Rupees	
	Current service cost		**184,981**	190,074
	Interest cost on defined benefit obligation		**81,441**	66,254
	Past service cost (credit)		**-**	90,063
			266,422	346,391
	Allocation in the statement of profit or loss:			
	- Cost of sales - Manufacturing expenses		**-**	-
	- Administrative expenses	16.1	**266,422**	346,391
			266,422	346,391
10.3	**Remeasurement losses / (gain) recognised in other Comprehensive income**			
	Actuarial gain on defined benefit obligation			
	- Changes in financial assumptions		**-**	(505)
	- Experience adjustments		**(100,885)**	(123,157)
			(100,885)	(123,662)
10.4	**Changes in net liability**			
	Opening net liability including trade payable		**693,111**	470,382
	Expense chargeable to P&L		**266,422**	346,391
	Remeasurements charged in other comprehensive income		**(100,885)**	(123,662)
	Closing net liability including trade payable		**858,648**	693,111
10.5	**Year end sensitivity analysis on defined benefit obligation**			
	Discount Rate + 100 bps		**847,206**	683,783
	Discount Rate - 100 bps		**870,488**	702,757
	Salary increment rate + 100 bps		**870,597**	702,845
	Salary increment rate -100 bps		**846,895**	683,530

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.

10.6	**Principal actuarial assumptions used**		
	Discount rate used for interest cost in profit and loss	**11.75%**	**14.75%**
	Discount rate used for year end obligation	**11.75%**	**11.75%**
	Expected rate of increase in salary level (per annum)	**9.75%**	**12.75%**
	Mortality rates	**SLIC 2001-2005**	SLIC 2001-2005

10.7 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.

		Note	2026	2025
			Rupees	
11.	**LOANS FROM DIRECTORS**			
	Opening balance		**33,600**	88,600
	Loan obtained during the year		**1,310,000**	
	Loan repaid during the year		**-**	(55,000)
	Closing balance		**1,343,600**	33,600

11.1 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. 1,343,600.

12.	**TRADE AND OTHER PAYABLES**			
	Creditors		**4,126,135**	1,697,219
	Accrued liabilities		**3,044,122**	281,477
	Advance from customers	12.1	**995,776**	1,649,862
	Provision for Workers' Participation Fund		**22,533**	19,716
	Provision for Workers' Welfare Fund		**56,463**	56,463
			8,245,029	3,704,737

12.1 Advance from customers

In addition, information regarding the timing of satisfaction of performance obligations underlying the closing contract liability of Rs. 995,776 is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

13. CONTINGENCY AND COMMITMENTS

13.1 Contingency

The are no contingencies as at June 30, 2026.

13.2 Commitments

There is no commitment as at June 30, 2026.

14.	**SALES REVENUE**			
	Export sales		**25,386,119**	10,022,634
	Local Sales	15.1	**-**	1,380,000
	Export Rebate		**1,774,640**	683,569
			27,160,759	12,086,203
14.1	Local Sales - Gross		-	1,628,400
	Sales taxs		-	(248,400)
	Net Sales		-	1,380,000

			2026	2025
			Rupees	
14.2	**Disaggregation of sales revenue by products**			
	Bags		2,765,898	2,148,831
	Jackets		22,620,221	7,873,803
			25,386,119	10,022,634
14.2	**Disaggregation of sales revenue by geographic region**			
	Canada		1,692,514	2,148,831
	United States		1,073,384	-
	Spain		22,620,221	7,873,803
			25,386,119	10,022,634
15.	**COST OF SALES**			
	Raw and packing materials consumed	15.1	20,959,610	7,982,180
	Manufacturing expenses			
	Cutting and stitching charges		3,164,900	1,111,800
	Fuel and power		393,123	1,107,240
	Repairs and maintenance		200,691	511,213
	Depreciation on property, plant and equipment	4.1	80,227	89,327
	Entertainment		40,000	16,800
	Printing and stationery		15,600	67,686
			3,894,541	2,904,066
			24,854,151	10,886,246
	Cost of goods manufactured			
	Opening stock of finished goods		778,967	778,967
	Closing stock of finished goods		(518,008)	(778,967)
			25,115,110	10,886,246
15.1	**Raw and packing materials consumed**			
	Opening stock		10,342,437	17,840,117
	Add: Purchases during the year		21,427,290	484,500
			31,769,727	18,324,617
	Less : Closing stock	5	(10,810,117)	(10,342,437)
	Raw materials consumed		20,959,610	7,982,180
16.	**ADMINISTRATIVE EXPENSES**			
	Salaries, allowances and other benefits		2,406,422	2,432,391
	Fees and subscription		1,347,598	705,604
	Auditor's remuneration	16.2	1,057,080	985,800
	Entertainment expense		220,497	116,860
	Utilities		51,000	237,994
	Bank charges		312,669	261,282
	Repairs and maintenance		78,826	880,417
	Depreciation	4.1	53,484	59,551
	Printing and stationery		68,258	94,851
	Communication		39,600	11,400
			5,731,433	5,786,150

16.1 This includes an amount of Rs.266,422 (2025: Rs. 346,391) in respect of staff retirement benefits.

		2026	2025
		Rupees	
16.2	**Auditors' remuneration**		
	Audit fee	**784,080**	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**	30,000
		1,057,080	985,800
17.	**DISTRIBUTION EXPENSES**		
	Advertising and sales promotion	**641,215**	200,000
	Sample and designing	**-**	198,905
		641,215	398,905
18.	**OTHER (EXPENSE) / INCOME**		
	Exchange gain/(loss)	**(439,384)**	668,666
	Reversal of provision on finished goods	**260,959**	-
	Interest charged on WPPF	**(2,817)**	(2,421)
		(181,242)	666,245

19. 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.

20. 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.

21. TAXATION

Current	-for the year			-
	- for prior year			
Deferred		21.1	-	-
			-	-

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

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

21.3 The income tax assessments of the Company have been finalized up to, and including, the tax year 2025. 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.

22. PROFIT/(LOSS) PER SHARE

		2026	2025
22.1	**Basic Profit/(loss) per share**	Rupees	
	Loss after taxation	**(4,745,747)**	(4,508,641)
	Weighted average number of ordinary shares outstanding during the year	Number **6,000,000**	6,000,000
	Loss per share - basic / diluted	Rupees 22.2 **(0.79)**	(0.75)

22.2 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, 2026 and June 30, 2025.

23. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
	Rupees							
Fees	-	-	-	-	-	-	-	-
Managerial remuneration	-	-	-	-	-	-	-	-
Commission or bonus	-	-	-	-	-	-	-	-
Reimbursable expenses	-	-	-	-	-	-	-	-
Retirement benefits	-	-	-	-	-	-	-	-
Other perquisites and benefits	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Number of persons	-	-	-	-	-	-		

24. FINANCIAL INSTRUMENTS

		Note	2026	2025
24.1	**Categorization of financial instruments**		Rupees	
24.1.1	**Financial assets**			
	At amortised cost			
	Advance to employees		**558,343**	1,223,836
	Cash and bank balances		**2,424,930**	1,921,582
			2,983,273	3,145,418
24.1.2	**Financial liabilities**			
	At amortised cost			
	Loan from directors		**1,343,600**	33,600
	Trade and other payables		**7,170,257**	1,978,696
			8,513,857	2,012,296

24.2 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

24.2.1 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.

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.

		2026	2025
Maximum exposure to credit risk		Rupees	
As of the reporting date, the maximum exposure to credit risk was as follows :			
Trade debts	(a)	-	-
Advance to employees	(b)	558,343	1,223,836
Bank balances	(c)	2,394,930	1,886,582
		2,953,273	3,110,418

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	2026	2025
			Rupees	
United Bank Limited	A-1+	VIS	687,767	683,546
Askari Bank Limited	A-1+	PACRA	2,317	2,317
Bank Al-Habib Limited	A-1+	PACRA	920,182	745,468
Bank Alfalah Limited	A-1+	PACRA	25,000	25,000
Faysal Bank Limited	A-1+	PACRA-VIS	282,077	372,418
Meezan Bank Limited	A-1+	VIS	452,714	123,300
Summit Bank Limited	-	VIS	24,874	24,874
			2,394,930	1,976,923

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.

24.2.2 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:

	June 30, 2026						
		Contractual cash flows					
	Carrying amount	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	1,343,600	1,343,600	1,343,600	-	-	-	-
Trade and Other Payables	8,245,029	3,702,316	-	-	-	-	-
	9,588,629	5,045,916	1,343,600	-	-	-	-

	June 30, 2025						
		Contractual cash flows					
	Carrying amount	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	3,702,316	-	-	-	-	-
	3,735,916	3,735,916	33,600	-	-	-	-

24.2.3 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	
	2026	2025	2026	2025
	Rupees			
USD to Pak Rupee	278.27	282.7	276.23	286.60
Euro to Pak Rupee	320.19	306.07	315.46	313.72
GBP to Pak Rupee	371.97	358.31	367.98	364.77

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.

25. 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.

26. 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:

	Note	2026	2025
		Rupees	
Borrowings:			
- Loan from directors		**1,343,600**	33,600

27. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company comprise of its key management personnel (including directors) as well as their close family members. Remuneration of the Chief Executive and Directors is disclosed in note 21 to these financial statements. Transactions entered into during the year, and balances held, with related parties, were as follows:

Name of the related party	Nature of relationship	Particulars	2026	2025
			Rupees	
Mr. Khalid Shah	Director	Loan from Director opening	33,600	88,600
		Add: Loan obtained during the year	1,310,000	-
		Less: Loan payments made during the year		55,000
		Loan payable at year end	1,343,600	33,600

28. SHARIAH SCREENING DISCLOSURES

As per the requirements of the fourth schedule to the Companies Act, 2017, Shariah compliant companies and companies listed on the Islamic Index.

	YES/NO	Conventional	YES/NO	Shariah Compliant	Total
Loans/advances obtained as per Islamic mode	N	-	N	-	-
Bank deposits/bank balances	Y	1,635,266	Y	759,664	2,394,930
Profit earned bank deposits/bank balances	Y	-	Y	-	-
Revenue earned from a shariah compliant business segment	N	-	Y	27,160,759	27,160,759
Gain/loss or dividend earned from shariah compliant investments	N	-	N	-	-
Exchange gain earned from actual currency	N	-	Y	-	-
Mark up paid on Islamic mode of financing	N	-	N	-	-
Relationship with shariah compliant banks	N	-	N	-	-
Profits earned or interest paid on any loan or advance.	N	-	N	-	-

29. GENERAL

29.1 Number of employees

	2026	2025
	Number	
Total number of employees as at reporting date	4	4
Total number of factory employees as at reporting date	1	1
Average number of employees during the year	4	4
Average number of factory employees during the year	1	1

29.2 Correponding 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.

29.3 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, 2026.

29.4 Level of rounding

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

Chief Executive Officer | Chief Financial Officer | Director