

**ACCOUNTS FOR
THE HALF YEAR ENDED
DECEMBER 31, 2025
(UNAUDITED)**



Pak Leather Crafts Limited



Pak Leather Crafts Limited

CORPORATE PROFILE

BOARD OF DIRECTORS

Mrs. Rubina Saleem
Muhammad Saleem Ahmed
Qaiser Jamal
Nayyer Ahmed
Azeem Ahmed
Umer Ahmed
Ahmed Jalali

Chairperson
Director / CEO
Director
Director
Director
Director
Director

AUDIT COMMITTEE

Qaiser Jamal
Nayyer Ahmed
Azeem Ahmed

Chairman
Member
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Ahmed Jalali
Nayyer Ahmed
Azeem Ahmed

Chairman
Member
Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Naseer Ahmed

BANKERS

Albaraka Bank Pakistan Ltd
MCB Limited
Habib Metropolitan Bank Ltd
Habib Bank Limited
Industrial Development Bank Ltd
Faysal Bank Limited
Soneri Bank Ltd
Bank Alfalah Ltd
Bank of Khyber
Meezan Bank Ltd
Askari Bank Ltd
Bank AL Habib Ltd

EXTERNAL AUDITORS

RSM Avais Hyder Liaquat Nauman
Chartered Accountants
Lahore

LEGAL ADVISOR

Talat Aftab
Advocate, Karachi

REGISTERED OFFICE

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

SHARE REGISTRAR

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

TOLL MANUFACTURING FACILITY

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



Pak Leather Crafts Limited

DIRECTORS' REVIEW

The directors of your Company are pleased to present the condensed interim financial statements of the Pak Leather Crafts Limited for the six-month period ended December 31, 2025 duly reviewed by the auditors of the Company.

Financial Results:

	Dec-31 2025	Dec-31 2024
 Rupees	
Loss before taxation	(6,694,167)	(1,256,318)
Taxation	33,437	1,006,092
Loss after tax	(6,660,730)	(250,226)
Accumulated loss B/F	(353,354,194)	(362,376,799)
Accumulated loss C/F	(360,014,924)	(362,627,025)
Loss per share after tax (Rupees)	(1.96)	(0.07)

Company Performance:

During the period ended December 31, 2025 the total net sales was Rs. 6.548 million where as it was Rs. 28.958 million for the same period, last year. Since the first quarter of the period under report, the production is being done through toll manufacturing based on order-to-order basis, from customers. During the second quarter, no order was received from any customers, hence no production order was placed for toll manufacturing and hence there was no sales for the first quarter.

Accordingly, period under review ended at after tax loss of Rs.6.661 million comparing with an after-tax loss of Rs. 0.250 million for the same period last year.

However, your directors viewed the status of the customers' response and have decided to obtain the membership of Leather Working Group (LWG). This has been our contention for several past quarters, finally the board has approved and has received a provisional Gold Rating under Commissioned Manufacturing on 25th February, 2026. This signifies highest standards of demonstrating exceptional environmental, chemical, and waste management. It signifies the best practices in energy consumption, water usage, and traceability, ensuring responsible production.

LWG certification is a crucial requirement for export to many international brands and retailers, especially in the US and Europe, who are committed to responsible sourcing. Obtaining this certification opens doors to global supply chains that would otherwise be inaccessible, directly contributing to increased export opportunities for Pakistani leather manufacturers.



Pak Leather Crafts Limited

LWG certification would be the doorway for Pak Leather Crafts Limited to increase its footprint and mark its presence in the international market, strengthening and unlocking new opportunities for the Company.

On having the LWG certification, the Company anticipates operational efficiency by increase in the export orders with higher gross profit margin.

Comments on Auditor's Review Report:

Auditors in their review report have given emphasis of matters. The attention of the reader is drawn to Note # 1.2 and # 7 to the financial statements where in the management has give its view point on these matters.

Future Outlook:

The management is not optimistic in the estimates because of uncertain international geo-political conditions. Particularly, prevailing unfriendly Pak-Afghan relations, US-Iran tension and divesting aggression by Israel in Gaza strip and other areas of Middle East.

On the other hand, LWG may provide opportunity to get export orders from rest of the world. Management will make all efforts to take advantage of this certification.

Acknowledgement:

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

On behalf of the Board

Muhammad Saleem Ahmed
Chief Executive Officer

Karachi: February 26, 2026



Pak Leather Crafts Limited



RSM Avais Hyder Liaquat Nauman
Chartered Accountants
Avais Chambers, V.C-5
Sikander Malik Road, Canal Park
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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF PAK LEATHER CRAFTS LIMITED
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pak Leather Crafts Limited (the Company) as at December 31, 2025 and the related condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six month period then ended (herein-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

**THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING**

RSM Avais Hyder Liaquat Nauman Chartered Accountants is a Member Firm of the RSM network and trades as RSM Avais in the ordinary course of business. RSM Avais is a member of the RSM network. Each member of the RSM network is an independent accounting and consulting firm owned and operated by its members. The RSM network is not a legal entity and does not provide any services.





Pak Leather Crafts Limited

RSM

Emphasis of Matters

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

- Note 1.2 to the condensed interim financial statements indicate that the Company has been facing financial and operational challenges for several years. As at 31 December 2025, the Company has accumulated losses of Rs. 360.01 million (June 30, 2025: Rs. 353.35 million) and negative equity of Rs. 326.01 million (June 30, 2025: Rs. 319.35 million). The Company's current liabilities exceed its current assets by Rs. 320.1 million (June 30, 2025: Rs. 320.95 million). The Company has been unable to discharge its obligations as they became due, and certain banks and financial institutions have filed suits for recovery of outstanding finances and related mark up along with cost of funds. These conditions, along with other matters set forth in Note 1.2, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.
- Note 7 to the condensed interim financial statements indicates that no provision is made in respect of any cost of funds since initiation of cases, as the same depends on the ultimate decision by the relevant forums. The quantum of cost of funds cannot be determined at this stage.

Other Matter

Pursuant to requirements of Section 237 (1) (b) of Companies Act, 2017, only cumulative figures for the half year, presented in the second quarter accounts are subject to limited scope review by the statutory auditors of the company. Accordingly, the figures of the condensed interim statement of comprehensive income for the three months period ended December 31, 2025 have not been reviewed by us.

The engagement partner on the review resulting in this independent auditor's review report is Syed Ali Adnan Tirmizey.


MUM AVAIS HYDER LIQAT NAUMAN
CHARTERED ACCOUNTANTS

Place: Lahore

Date: 26-02-2026

UDIN: RR202510193QEzvvifoNX



Pak Leather Crafts Limited

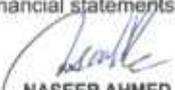
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT DECEMBER 31, 2025

	Note	Unaudited Dec. 31, 2025	Audited June 30, 2025
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	18,054,281	17,563,112
Long term deposits		1,409,612	1,409,612
		<u>19,463,893</u>	<u>18,972,724</u>
CURRENT ASSETS			
Stock in trade		41,268,032	35,803,506
Trade debts		5,281,983	5,526,970
Advances and other receivable		4,248,598	13,636,015
Tax refunds due from Government		3,498,708	3,092,974
Cash and bank balances		254,841	521,660
		<u>54,552,162</u>	<u>58,581,125</u>
TOTAL ASSETS		<u>74,016,055</u>	<u>77,553,849</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Authorised share capital 5,000,000 Ordinary shares of Rs. 10/- each.		<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid up capital 3,400,000 Ordinary shares of Rs. 10/- each fully paid in cash		34,000,000	34,000,000
Accumulated loss		<u>(360,014,924)</u>	<u>(353,354,194)</u>
		<u>(326,014,924)</u>	<u>(319,354,194)</u>
NON-CURRENT LIABILITIES			
Long term loans	5	14,796,901	14,025,026
Deferred interest income		2,579,989	3,351,864
		<u>17,376,890</u>	<u>17,376,890</u>
CURRENT LIABILITIES			
Short term bank borrowings		213,111,837	207,041,337
Current portion of long term financing		50,903,419	54,903,419
Interest / mark up payable		81,965,162	81,965,162
Trade and other payables	6	36,468,423	33,917,894
Provision for taxation - income tax		63,000	1,561,093
Unclaimed dividend		142,248	142,248
		<u>382,654,089</u>	<u>379,531,153</u>
CONTINGENCIES	7	<u>74,016,055</u>	<u>77,553,849</u>

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


MUHAMMAD SALEEM AHMED
Chief Executive Officer


UMER AHMED
Director


NASEER AHMED
Chief Financial Officer



Pak Leather Crafts Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2025

Note	(Un-audited)				
	Half Year Ended		Quarter Ended		
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	
 Rupees				
Sales	8	6,548,143	28,958,432	-	10,347,939
Cost of sales	9	7,281,640	23,462,574	1,814,452	7,111,837
Gross (loss)/profit		(733,497)	5,495,858	(1,814,452)	3,236,102
Administrative expenses		5,448,608	5,567,708	2,558,007	2,869,891
Selling and distribution expenses		399,923	766,233	26,935	208,942
Finance cost		112,139	418,235	3,759	91,097
		5,960,670	6,752,176	2,588,701	3,169,930
(Loss)/profit for the period before taxation		(6,694,167)	(1,256,318)	(4,403,153)	66,172
Provision for taxation	10	(33,437)	(1,006,092)	-	170,000
Loss for the period		(6,660,730)	(250,226)	(4,403,153)	(103,828)
Other comprehensive income		-	-	-	-
Total comprehensive loss		(6,660,730)	(250,226)	(4,403,153)	(103,828)
Loss per share - basic and diluted (Rupees per share)		(1.96)	(0.07)	(1.30)	(0.03)

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


MUHAMMAD SALEEM AHMED
Chief Executive Officer


UMER AHMED
Director


NASEER AHMED
Chief Financial Officer



Pak Leather Crafts Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2025

	Issued subscribed and paid up capital	Accumulated loss	Total
	Rupees		
Balance as at July 1, 2024 - audited	34,000,000	(362,376,799)	(328,376,799)
Total comprehensive income for the period			
Loss for the period	-	(250,226)	(250,226)
Other comprehensive income	-	(250,226)	(250,226)
Balance as at December 31, 2024 - unaudited	<u>34,000,000</u>	<u>(362,627,025)</u>	<u>(328,627,025)</u>
Balance as at July 01, 2025 - audited	34,000,000	(353,354,194)	(319,354,194)
Total comprehensive income for the period			
Loss for the period	-	(6,660,730)	(6,660,730)
Other comprehensive income	-	(6,660,730)	(6,660,730)
Balance as at December 31, 2025 - unaudited	<u>34,000,000</u>	<u>(360,014,924)</u>	<u>(326,014,924)</u>

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


MUHAMMAD SALEEM AHMED
Chief Executive Officer


UMER AHMED
Director


NASEER AHMED
Chief Financial Officer



Pak Leather Crafts Limited

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2025

	Note	Un-audited Half Year Ended	
		Dec. 31, 2025	Dec. 31, 2024
..... Rupees			
A) Cash flows from operating activities			
Loss for the period before taxation		(6,694,167)	(1,256,318)
Adjustment for non-cash changes and other items:			
Depreciation on property, plant and equipment		618,831	1,368,646
Cash flows before working capital changes		(6,075,336)	112,328
Changes in working capital (Increase)/decrease in current assets			
Stock in trade		(5,464,526)	4,401,464
Trade debts		244,987	7,078,729
Tax refunds due from Government		(405,734)	(84,638)
Advances and other receivables		8,158,114	1,668,420
(Decrease) in current liabilities Trade and other payables		2,550,529	(3,142,939)
Cash flow from operations		<u>5,083,370</u>	<u>9,921,036</u>
Income tax paid		(991,966)	10,033,364
Net cash flow from operating activities		<u>(1,227,319)</u>	<u>8,120,492</u>
B) Cash flows from investing activities			
Additions in property, plant and equipment		(1,110,000)	(1,159,460)
Net cash flow from investing activities		<u>(1,110,000)</u>	<u>(1,159,460)</u>
C) Cash flows from financing activities			
Increase/(decrease) in short term borrowings - net		6,070,500	(482,380)
Repayment of long term loans		(4,000,000)	(4,000,000)
Net cash flow from financing activities		<u>2,070,500</u>	<u>(4,482,380)</u>
Net increase/(decrease) in cash and cash equivalents (A + B + C)		<u>(266,819)</u>	<u>2,478,652</u>
Cash and cash equivalents at the beginning of the period		<u>521,660</u>	<u>942,422</u>
Cash and cash equivalents at the end of the period		<u>254,841</u>	<u>3,421,074</u>

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

MUHAMMAD SALEEM AHMED
Chief Executive Officer

UMR AHMED
Director

NASEER AHMED
Chief Financial Officer



Pak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2025

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Pak Leather Crafts Limited (the "Company") is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 and is quoted on the Pakistan Stock Exchange.

Historically, the principal activity of the Company was leather tanning and the export of leather and leather garments from its own production facilities. During the year ended June 30, 2025, the Company disposed of its plant and machinery and had significantly scaled down its in-house production operations.

The Company will continue to carry out its business primarily through toll manufacturing and job-work arrangements. The registered office of the Company is situated at Plot # 18, Sector 7-A, Korangi Industrial Area, Karachi, Sindh and production operations were carried out in the same vicinity at plot No. 92.

1.2 Going Concern Assumption

The Company has been facing financial and operational challenges for several years. As at December 31, 2025, the Company has accumulated losses of Rs. 360.01 million (June 30, 2025: Rs. 353.35 million) and negative equity of Rs. 326.01 million (June 30, 2025: Rs. 319.35 million). The Company's current liabilities exceed its current assets by Rs. 328.1 million (June 30, 2025: Rs. 320.95 million). The Company has been unable to discharge its obligations as they became due, and certain banks and financial institutions have filed suits for recovery of outstanding finances and related mark up along with cost of funds. These conditions and events indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In line with its strategic revival plan and in compliance with a resolution of the shareholders, the Company disposed of its entire plant and machinery, which significantly reduced production capacity. To address this situation, the Company has shifted to toll manufacturing, as disclosed above. This arrangement has begun to yield positive results, primarily by reducing unabsorbed fixed and variable overhead costs.

Notwithstanding the above, the Company had previously entered into a settlement agreement with one of its lenders under which a portion of the outstanding liability was waived and the remaining balance rescheduled. The Company has remained compliant with the agreed repayment schedule, and all instalments due under this settlement have been paid on their due dates, including those falling after the reporting date. The Company's management is also pursuing operational revival strategies, including a shift to subcontracting and job-work arrangements as its primary mode of production from upcoming financial years, and the directors have undertaken to provide further financial support as and when required.



Pak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2025

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

2 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provision of and directives issues under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2025.

3 BASIS OF PREPARATION

3.1 Summary of material accounting policies

The accounting policies and method of computation followed in these condensed interim financial statements are same as compared to the annual audited financial statements of the Company as at and for the year ended June 30, 2025.

3.2 Standards, interpretations and amendments to the accounting and reporting standards

- a. There are certain amendments to standards that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2025 but are considered not to be relevant/material to the Company's operations and are, therefore, not disclosed in these condensed interim financial statements.
- b. The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after the effective dates specified therein.



Pak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2025

IFRS 18 Presentation and Disclosure in Financial Statements

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

- c. There are certain new standards, amendments to standards and interpretations, in addition to those disclosed above that are effective from different future periods but are considered not to be relevant/material to the Company's operations, therefore, not disclosed in these condensed interim financial statements.

3.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupee which is the Company's functional and presentation currency.

3.4 Significant accounting estimates and Judgements

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the preparation of annual audited financial statements of the Company for the year ended June 30, 2025.

3.5 Financial risk management

Risk management policies and procedures are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2025.



Pak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2025

	Note	Un-audited Dec 31, 25	Audited Jun 30, 25
4 PROPERTY, PLANT AND EQUIPMENT	 Rupees	
Opening balance		17,563,112	32,692,954
Additions during the period/year		1,110,000	4,614,181
Depreciation for the period/year		(618,831)	(2,410,445)
Disposals during the period/year		-	(17,333,578)
Closing balance		<u>18,054,281</u>	<u>17,563,112</u>
		Half Year ended	
		Dec 31, 2025	Dec 31, 2024
4.1 Additions in property, plant and equipment - at cost	 Rupees	
Building on leasehold land		1,110,000	541,660
Plant and machinery		-	495,800
Office equipment		-	122,000
		<u>1,110,000</u>	<u>1,159,460</u>
5 LONG TERM LOANS	 Rupees	
From director's associates		14,025,026	10,254,742
Adjustment for change in incremental borrowing rate		-	2,345,227
Interest markup on long term loan		771,875	1,425,057
		<u>14,796,901</u>	<u>14,025,026</u>
From banking companies	5.1	14,796,901	14,025,026
Export refinance - rescheduled	5.2	4,000,000	8,000,000
Less: current portion		(4,000,000)	(8,000,000)
		<u>14,796,901</u>	<u>14,025,026</u>

5.1 This is unsecured and interest free. Terms of repayment have not been decided so far. However, It is confirmed by the lender that repayment will not be demanded within next 1.5 (June 30, 2025: 2) years. The loan is carried at amortized cost, with estimated repayment term of 5 years at an effective interest rate of 11.31% (June 30, 2025: 11.31%) per annum. The unearned interest income is recorded as deferred interest income.

5.2 The Company entered into a loan settlement agreement with a financial institution, approved by the banking court, for an original outstanding liability of Rs. 41.9 million. Under the terms of the agreement, Rs. 28 million was rescheduled for repayment over a period of 2.5 years through quarterly installments of Rs. 2 million each, while the remaining Rs. 13.9 million was waived off, this waiver had been recognized in the prior period financial statements as other income. Loan is secured by post date cheques of outstanding amount.



Pak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2025

	Note	Un-audited Dec 31, 25	Audited Jun 30, 25
..... Rupees			
6 TRADE AND OTHER PAYABLES			
Creditors		18,934,831	18,542,696
Accrued liabilities	6.1	14,494,700	12,649,250
Withholding income tax payable		1,438,582	1,240,638
Payable against other operating expenses		1,600,310	1,485,310
		<u>36,468,423</u>	<u>33,917,894</u>

6.1 These include remuneration payable to chief executive officer and directors amounting to Rs. 12.24 million (June 30, 2025: Rs. 10.79 million).

7 CONTINGENCIES

Bankers / financial institutions of the Company have filed suits in banking courts against the Company under the provisions of Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of overdue short term and long term finances along with related mark up and cost of funds which the Company is defending. The Company has fully provided for mark up till the date of filing of suits by the banks / financial institutions. The amount of related overdue loans is Rs.124.68 million (June 30, 2025: Rs. 124.68 million) and related overdue mark up is Rs. 81.97 million (June 30, 2025: Rs. 81.97 million). No provision is made in respect of any cost of funds since initiation of cases, as the same depends on the ultimate decision by the relevant forums and the quantum of cost of funds cannot be determined at this stage.

	Note	Un-audited			
		Half Year Ended		Quarter Ended	
		Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
..... Rupees					
8 SALES					
Export - leather		6,437,007	23,740,939	-	6,756,538
Local sale - leather processing		-	5,657,664	-	4,324,994
		<u>6,437,007</u>	<u>29,398,603</u>	<u>-</u>	<u>11,081,532</u>
Less : Sales tax		-	(853,449)	-	(853,449)
Add : Rebate / duty draw back		111,136	413,278	-	119,856
		<u>6,548,143</u>	<u>28,958,432</u>	<u>-</u>	<u>10,347,939</u>



Pak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2025

Note	Un-audited			
	Half Year Ended		Quarter Ended	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
..... Rupees				
9 COST OF SALES				
Opening balance - finished goods	24,022,565	27,679,038	21,537,031	27,527,761
Cost of goods manufactured	9.1 4,796,106	22,154,048	1,814,452	5,954,588
	<u>28,818,671</u>	<u>49,833,086</u>	<u>23,351,483</u>	<u>33,482,349</u>
Less: Closing balance - finished goods	<u>(21,537,031)</u>	<u>(26,370,512)</u>	<u>(21,537,031)</u>	<u>(26,370,512)</u>
	<u>7,281,640</u>	<u>23,462,574</u>	<u>1,814,452</u>	<u>7,111,837</u>
9.1 Cost of goods manufactured				
Raw material consumed 9.1.1	1,198,456	10,873,896	-	1,237,894
Salaries, wages, and benefits	1,720,715	5,451,226	688,578	2,310,440
Power, fuel and water	1,065,689	3,379,582	648,103	1,437,904
Repairs and maintenance	139,644	1,119,917	106,893	299,876
Carriage and cartage	25,350	24,900	-	10,100
Depreciation	581,701	1,286,527	312,213	649,374
Others	64,551	18,000	58,665	9,000
	<u>4,796,106</u>	<u>22,154,048</u>	<u>1,814,452</u>	<u>5,954,588</u>
9.1.1 Raw material consumed				
Opening balance	11,780,941	16,355,829	19,731,001	14,404,535
Purchase and purchase expenses	9,148,516	7,780,958	-	96,250
Available for consumption	20,929,457	24,136,787	19,731,001	14,500,785
Closing balance	<u>(19,731,001)</u>	<u>(13,262,891)</u>	<u>(19,731,001)</u>	<u>(13,262,891)</u>
	<u>1,198,456</u>	<u>10,873,896</u>	<u>-</u>	<u>1,237,894</u>



Pak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2025

Note	Un-audited			
	Half Year Ended		Quarter Ended	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
..... Rupees				
10 PROVISION FOR TAXATION				
Current				
for the year	63,000	617,687	-	170,000
for prior years	(96,437)	(1,623,779)	-	-
	(33,437)	(1,006,092)	-	170,000
Deferred				
10.1	-	-	-	-
	(33,437)	(1,006,092)	-	170,000

10.1 Deferred tax asset works out to Rs. 1.49 million (December 31, 2024: Rs. 3.82 million) which is not recognized in these condensed interim financial statements in view of un-certain future results.

10.2 The income tax provision for the six-month period ended 31 December 2025 is based on the estimated tax position expected for the year ending 30 June 2026 and is subject to adjustment in annual financial statements.

11 TRANSACTIONS WITH RELATED PARTIES

The Company carries out transactions with related parties in the normal course of business. Related parties comprise of directors and key management personnel. Significant related party transactions carried out during the period are as under:

Name	Relationship	Nature of Transaction	Half Year Ended December 31	
			2025	2024
..... Rupees				
Mr. Saleem Ahmed	CEO	Loan (paid)/received - net	6,110,500	(31,380)
		Remuneration	1,800,000	1,800,000
Mr. Umer Ahmed	Director	Loan received	590,000	345,000
		Loan repaid	630,000	750,000
		Remuneration	900,000	900,000



Pak Leather Crafts Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2025

12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue by the Board of Directors of the Company on February 26, 2026

13 GENERAL

13.1 Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison and better presentation as per reporting framework.

13.2 The figures have been rounded off to the nearest Rupees unless otherwise stated.


MUHAMMAD SALEEM AHMED
Chief Executive Officer


UMER AHMED
Director


NASEER AHMED
Chief Financial Officer

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