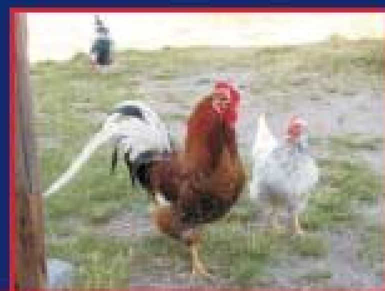
LEINER PAK GELATINE LTD.



ANNUAL REPORT
2011-2012

CONTENTS

COMPANY INFORMATION
BOARD OF DIRECTORS

Khwaja Imtiaz Ahmed
(Chief Executive & Managing Director)
Khwaja Ijaz Ahmed
Khwaja Ibrar Ahmed
Mr. Iqbal Dossa
Khwaja Muhammad Kamran
Khwaja Umer Riaz
Khwaja Ahmed Hassan

AUDIT COMMITTEE

Khwaja Umer Riaz (Chairman)
Khwaja Ibrar Ahmed (Member)
Khwaja Muhammad Kamran (Member)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Khwaja Ahmed Hassan (Chairman)
Khwaja Muhammad Kamran (Member)
Khwaja Umer Riaz (Member)

COMPANY SECRETARY

Khwaja Ibrar Ahmed

CHIEF FINANCIAL OFFICER

Mr. Muhammad Javaid

AUDITORS

M. Almas & Co.
Chartered Accountants
207-Sadiq Plaza, 2nd Floor, 69-The Mall, Lahore.

LEGAL ADVISOR

Khwaja Muhammad Akram
Advocate
1-Begum Road, Mozang Adda, Lahore.

REGISTRAR

CORPLINK (PVT) LTD.,
Wings Arcade, 1-K Commercial,
Model Town, Lahore.

REGISTERED OFFICE

17-G, Gulberg-2, G.P.O. Box No. 415, Lahore-54660
Ph. #: 0092-42-35756953-54, Fax #: 0092-42-35710604

PLANT

19th Kilometer,
Shahrah-e-Pakistan, Kala Shah Kaku,
District Sheikhupura.
Ph. #: 0092-42-37950018 – 37980179

BANKERS

United Bank Limited
Bank Al Habib Limited
MCB Bank Limited-Islamic Banking
Bank Alfalah Limited-Islamic Banking

NOTICE OF 29th ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of LEINER PAK GELATINE LTD., will be held on Wednesday, the 31st October, 2012 at 10.00 A.M. at the Registered office of the Company, 17/G, Gulberg-2, Lahore-54660 to transact the following business :-

1. Recitation from the Holly Quran.
2. To confirm the minutes of the 28th Annual General Meeting held on Monday, 31st October, 2011.
3. To receive and adopt the Annual Accounts of the Company for the Year ended 30th June, 2012 together with Directors' and Auditors' Report thereon.
4. To approve the cash dividend other than Directors for the year ended June 30, 2012 as recommended by the Board of Directors.
5. To appoint the Auditors of the Company for the year ending 30th June, 2013 and to fix their remuneration.
6. To transact or discuss any other business with the permission of the Chair.

BY ORDER OF THE BOARD,

(KH: IBRAR AHMED),
COMPANY SECRETARY.

LAHORE:
DATED: 08th October, 2012

NOTES:

1. The Share Transfer Books of the Company will remain closed from 24th October, 2012 to 31st October, 2012 (both days inclusive). Shares may be lodged for transfer with our Registrar M/s CORPLINK (PVT) LTD., Wings Arcade, 1-K, Commercial, Model Town, Lahore. Phone Nos: 042-35839182, 35887262, 35916719 Fax No: 042-35869037.
2. The Shareholders are advised to notify the Registrar of any change in their address.
3. A member entitled to attend and vote at this meeting may appoint another member as proxy to attend and vote instead of him. The Proxy Form duly signed and stamped must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
4. Any individual beneficial owner of the share in the Central Depository Company (CDC) entitled to vote at this meeting with him/her to prove him/her identity together with his/her Account number in CDC and in case of proxy, must enclose an attested copy of his/her CNIC. Representative of Corporate Members should bring the usual documents required for such purpose.
5. Those shareholders who have not yet received their previous Dividends may please contact the Company.
6. The shareholders who have not yet submitted photocopy of their valid CNIC to the Company are once again requested to send the same.

VISION STATEMENT

To continue to lead the domestic industry in Gelatine manufacturing with technology and quality of the product along with persistent recognition in international market.

MISSION

The mission of the management of the company is to focus on the vision and its accomplishment by:-

- Adoption of advanced technologies in Gelatine manufacturing.
  Investment in human resources to create and strengthen professional environment.
- Exploring new international markets with the satisfaction of existing customers.
- Continuous improvement of quality system, Environmental management system from ISO- 9001:2000, ISO 14000 (already obtained) to other achievements of quality management.
- Fetching and delivering healthy returns to all stakeholders.
- Contribution towards economic and social uplift of employees and community in general.

CORPORATE STRATEGY

OBJECTIVES

Our corporate strategy is very much in line with vision and mission statement. Strategic objectives are covering the following areas.

Sustainable growth.
Promotion for efficient use of energy.
Innovation in product line.
Customer satisfaction.
Adherence to the code of conduct.
Safeguard the share holders interest.
Continuous improvement of human capital.

STRATEGIC PLANNING

It is planned to innovate the product line with scheduled R&D activities. Energy Conservation through calibration, expert advises and induction of efficient machinery and replacing the old production line which shall lead to sustainable growth. Well equipped quality assurance department is maintained to achieve consistency in quality of the products. Optimal utilization of company resources to achieve the economy level. Investment in human capital by participating in workshops, conferences, and different technical courses offered by reputed institutions. Formulation of Code of Conduct for better governance and to bring corporate culture in company.

DIRECTORS' REPORT

The Board of Directors is pleased to present the 29th Annual Report along with Company's audited accounts for the financial year ended 30th June, 2012 and Auditors' Report thereon.

OPERATIONS

During the year company posted highest sales ever made at Rs.579.012 million. Due to prevailing high inflation in economy of the country the gross profit margin is registered at 13.097%., which is very close to the corresponding period percentage of gross profit (12.298%).

In this current financial year, we witnessed extensive gas load shedding and as a result used high priced alternate fuel. Repeated upward revision of energy prices by the Government and day to day price hike in the raw material (Crushed Bone) also kept the cost of sales up surged, which did not allow to earn higher rate of gross profit margin but yielded favourable figure of Rs.75.836 million as compared to last year gross profit amount of Rs.52.734 million. This healthy amount of gross profit was mainly consumed in operating expenses and your company managed to bring profit before tax at Rs.10.060 million as compared to Rs.1.004 million in last year.

Your company this year also could not achieve its economy level due to less availability of raw material (Crushed Bone). The reasons of scarcity of raw material is mainly attributed to the export of live and slaughtered animals with bones and direct export of crushed bone to other countries without making it available to the local value addition industry. Management once again urge the policy makers to ban the export of bones so that local industry can fetch much more foreign exchange by exporting their value added product (Gelatine).

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The Board of Directors is pleased to confirm the Compliance with Corporate and financial reporting framework given in the Code of Corporate Governance and place the following statement on the record:

1. The financial statements prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

2. Proper books of accounts have been maintained.

3. Appropriate accounting policies have been consistently applied in 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 financial statements.

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There are no doubts upon 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 detailed in listing regulations.

KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

Years ending on June:	2011	2010	2009	2008	2007	2006
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)
Turnover	428,796	476,657	430,924	344,930	258,141	265,847
(Loss)/Profit after Taxation	(254)	(3,000)	21,359	(4,362)	1,927	14,497
Assets	203,789	195,290	172,306	172,410	99,862	104,686
Dividend	-	-	9,000	-	-	10,500
Loans (long term)	2,500	7,500	-	-	-	1,250

During the year five (5) meetings of the Board of Directors were held. The attendance by the Directors was as follows:

Sr.	NAME OF DIRECTORS	NUMBER OF MEETINGS ATTENDED
1	Khwaja Imtiaz Ahmed	5
2	Khwaja Ijaz Ahmed	5
3	Khwaja Ibrar Ahmed	5
4	Mr. Iqbal Dossa	5
5	Khwaja Muhammad Kamran	5
6	Khwaja Umer Riaz	5
7	Khwaja Ahmed Hassan	5

DIVIDEND

Board of Directors has recommended final cash dividend of Rs.0.75 per share i.e 7.5 % to the share holders other than Directors.

Directors have decided to forego their right of dividend to support the cash flow of the company.

SUBSEQUENT APPROPRIATION

Board of Directors has recommended cash dividend of Rs.0.75 per share i.e 7.5% to the share holders other than Directors of the Company.

Movement in Un-appropriated profit is as follow:-

	Rupees (000s)
Profit after taxation (for the year)	3,566
Un-appropriated profit at the beginning of the year	60,564
Profit available for appropriation	64,130
Appropriation	
Cash dividend for the fiscal year 2011-12	3,010
Un-appropriated profit carried forward	61,120
	======

EARNING RATIO:-

The earning/ (loss) per share after tax works out to Rs.0.48 {last year Rs.(0.03)}.

VALUE OF INVESTMENT IN PROVIDENT FUND

The Company operates an approved contributory provident fund covering all permanent employees. The value of investment in the respective fund is as follows:

Last audited statements		**Provident Fund June 30, 2012**
Investments at cost **Rs.(000s)**		**50,722**
These funds are invested as given below:	Rs.(000s)	
NIT	17,077	
Quoted Shares	6,838	
Islamic Fund	2,227	
Unit Trust	1,180	
Other Mutual Funds	1,773	
Saving schemes of Banks	3,200	
Bank Deposits	18,427	
	50,722	

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Company is committed to contribute in the social up lift of the society and playing its role by donating certain approved institutions of the country. Company is also working for the rehabilitation of special persons by diverting some part of donation to LABARD (Lahore Businessmen Association for Rehabilitation of the Disabled).

The company always responded in un pleasant events of national disaster like earth quake & devastating flood and shared the responsibilities in helping the affectees from the platform of business community and by helping at its own.

In recognition of company's contribution to the society, a certificate of recognition was awarded by Pakistan centre for philanthropy on December 15, 2011.

OUTSTANDING STATUTORY PAYMENTS

All outstanding payments are of routine nature.

HUMAN RESOURCES AND REMUNERATION

Company has constituted a human resources and remuneration (HR & R) committee in accordance with code of corporate governance. This committee will help the Board in discharging their responsibilities as envisaged by the Code of Corporate Governance which include:-

i) Recommending human resource management policies to the Board.

ii) Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of C.E.O.

iii) Recommending to the Board the selection, evaluation, compensation (including retirement benefits) of C.O.O., C.F.O., Company Secretary and Head of Internal Audit.

iv) Consideration and approval on recommendations of C.E.O. on the matters relating to the key management position who report directly to C.E.O. or C.O.O.

Human resource and remuneration committee (HR & R) include the following Directors:-

i)	Khwaja Ahmed Hassan	(Chairman)
ii)	Muhammad Kamran Khwaja	(Member)
iii)	Umer Riaz Khwaja	(Member)

CODE OF CONDUCT

Our company has prepared and adopted the "Code of Conduct" in accordance with Code of Corporate Governance and has been disseminated through out the company.

Main theme behind the Code of Conduct is to promote the honesty, integrity, professionalism and tolerance among the behaviour of the company employees.

Every employee at Leiner Pak Gelatine Limited is expected to utilize his energies in discharging his duties by hard work, integrity and professionalism. These results can only be achieved by defining certain minimum standards.

The Code of Conduct sets the acceptable standards, expected to be adhered by all employees at all times. It will help for sustainable growth of our business and to promote corporate culture in the country.

TRAINING PROGRAMME OF DIRECTORS

Company is regularly arranging the orientation courses for its Directors to make them acquaint with laws and regulations to discharge their duties accordingly.

In compliance of Code of Corporate Governance, this year one of our Director got registered himself with Pakistan Institute of Corporate Governance to acquire the Certification of Corporate Governance Leadership Skills Programme. He has successfully completed his certification with Pakistan Institute of Corporate Governance.

TRADE IN SHARES OF THE COMPANY

Directors of your company are pleased to state that during the financial year 2011-2012 no any Director, Executive , their spouse and minor children entered in to any transaction of sale/purchase of company shares.

LABOUR AFFAIRS

Company holds the regular election of labour union according to prevailing labour laws. The winning CBA union represents the labour class to deal with all labour affairs.

We are pleased to state that relationship between the CBA union and management is based on mutual respect. We feel happy to state that no any unpleasant event occurred in last many years. Except for few cases filed by the labour in previous years, all matters relating to labour affairs are being settled amicably.

AUDITORS:

The present auditors, M/s M. Almas & Co. Chartered Accountants, Lahore, has completed their assignment for the year ended June 30, 2012 and shall retire on the conclusion of 29th Annual General Meeting. The retiring auditors M/s M. Almas & Co. Chartered Accountants are eligible for re-appointment.

In accordance with the Code of Corporate Governance, the audit committee considered and recommended the re-appointment of M/s M. Almas & Co. Chartered Accountants as statutory auditors for the year 2012-13.

PATTERN OF SHARE HOLDING:

It appears on page no: 45

ACKNOWLEDGEMENT

The Directors express their deep appreciation for devotion and dedication of Company's Employees.

We further acknowledge the friendly Co-operation and business relation with The Bank Al-Habib Limited , Bank Alfalah Limited and United Bank Limited .

LAHORE
Dated: October 08, 2012

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2012

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent Non-Executive Directors and Directors representing minority interests on its Board of Directors. At present the Board includes:

Names of the Director	**Status**
Khwaja Imtiaz Ahmed	Executive Director
Khwaja Ijaz Ahmed	Executive Director
Khwaja Ibrar Ahmed	Executive Director
Khwaja Ahmed Hassan	Executive Director
Mr. Iqbal Dossa	Non - Execcutve Director
Khwaja Muhammad Kamran	Non - Execcutve Director
Khwaja Umer Riaz	Non - Execcutve Director

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company.

3. All the resident Directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. There was no casual vacancy on the Board during the year.

5. 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.

6. 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 amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive and Non-Executive Directors, have been taken by the Board / shareholders.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranges the orientation courses for its Directors from time to time to acquaint them with their duites and responsibilites. This year one of the Directors has attended Corporate Governace Leadership Skills (CGLS) programme of Pakistan Institute of Corporate Governance (PICG).

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit and there is no change in above mentioned appointments during the current year.

11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises 3 members, of whom 2 are Non-Executive Directors and the Chairman of the committee is an Non - Executive Director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises 3 members, of whom two are Non-Executive Directors and Chairman of the committee is an Executive Director.

18. The Board has set up an effective internal audit function.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to Directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with except for the changes not effective immediately, which shall be complied with upon the next election of Directors.

On behalf of the Board

LAHORE
Dated: October 08, 2012

KH. IMTIAZ AHMED
Chief Executive &
Managing Director

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Leiner Pak Gelatine Limited ("the Company") for the year ended June 30, 2012, to comply with the Listing Regulations of the Karachi and Lahore Stock Exchanges where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's 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.

Regulation 35(x) of listing regulations require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2012.

Lahore
Dated: October 08, 2012

M. Almas & Co.
Chartered Accountants
Audit Engagement Partner
Mohammad Ijaz

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **LEINER PAK GELATINE LIMITED** as at June 30, 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

(a) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

(b) In our opinion-

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

  (ii) the expenditure incurred during the year was for the purpose of the company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2012 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore
Dated: October 08,2012

M. Almas & Co.
Chartered Accountants
Audit Engagement Partner
Mohammad Ijaz

LEINER PAK GELATINE LIMITED
BALANCE SHEET
AS AT JUNE 30, 2012

	Note	30 June 2012	30 June 2011
		--------Rupees in thousand--------	
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	4	**75,000**	75,000
Unappropriated profit		**64,130**	60,564
		139,130	135,564
Surplus on revaluation of property, plant and equipment	5	**164,134**	78,198
Non-current liabilities			
Long term financing	6	**-**	2,500
Liabilities against assets subject to finance lease	7	**-**	355
Deferred taxation	8	**5,595**	5,127
		5,595	7,982
Current liabilities			
Trade and other payables	9	**80,860**	76,372
Mark-up accrued	10	**2,530**	2,922
Short term borrowings	11	**105,386**	85,341
Current portion of non-current liabilities	12	**4,105**	8,830
		192,881	173,465
Contingencies and commitments	13	**-**	-
		501,740	395,209
ASSETS			
Non-current assets			
Property, plant and equipment	14	**289,007**	203,789
Intangible assets	15	**22**	36
Long term deposits	16	**1,381**	2,316
		290,410	206,141
Current assets			
Stores, spare parts and loose tools	17	**10,704**	12,521
Stock-in-trade	18	**130,301**	130,046
Trade debts	19	**43,702**	25,102
Advances	20	**1,942**	1,845
Trade deposits and short term prepayments	21	**2,179**	1,891
Other receivables	22	**14,953**	11,487
Advance income tax-net	23	**5,146**	4,993
Cash and bank balances	24	**2,403**	1,183
		211,330	189,068
		501,740	395,209

The annexed notes 1 to 44 form an integral part of these financial statements.

LAHORE
Dated: October 08, 2012

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

KH. IBRAR AHMED
Director

LEINER PAK GELATINE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	30 June 2012	30 June 2011
		--------Rupees in thousand--------	
Sales-net	25	579,012	428,796
Cost of sales	26	503,176	376,062
Gross profit		75,836	52,734
Other operating income	27	2,488	3,961
		78,324	56,695
Distribution cost	28	8,460	5,049
Administrative expenses	29	43,923	35,105
Other operating expenses	30	1,578	574
Finance cost	31	14,303	14,963
Profit before taxation		10,060	1,004
Taxation	32	6,494	1,258
Profit / (loss) after taxation		3,566	(254)
Earning / (loss) per share-basic and diluted (Rupees)	33	0.48	(0.03)

The annexed notes 1 to 44 form an integral part of these financial statements.

	KH. IMTIAZ AHMED	**KH. IBRAR AHMED**
LAHORE	Chief Executive	Director
Dated: October 08, 2012	& Managing Director	

LEINER PAK GELATINE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2012

	30 June 2012	30 June 2011
	--------Rupees in thousand--------	
Profit / (loss) after taxation	**3,566**	(254)
Other comprehensive income	**-**	-
Total comprehensive income / (loss) for the year	**3,566**	(254)

The annexed notes 1 to 44 form an integral part of these financial statements.

	KH. IMTIAZ AHMED	**KH. IBRAR AHMED**
LAHORE	Chief Executive	Director
Dated: October 08, 2012	& Managing Director	

LEINER PAK GELATINE LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	30 June 2012	30 June 2011
		--------Rupees in thousand--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	**34**	**25,661**	38,968
Finance cost paid		**(14,685)**	(14,548)
Payments to provident fund		**(1,761)**	(1,502)
Taxes paid		**(6,178)**	(6,302)
Sales tax (payments)/refund		**(3,498)**	851
Workers' Profit Participation Fund paid		**-**	(44)
Net cash (used in) / generated from operating activities		**(461)**	17,423
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property plant and equipment		**(11,740)**	(18,749)
Proceeds from disposal of property, plant and equipment		**21**	235
Decrease /(increase) in long term deposits		**935**	(723)
Net cash used in investing activities		**(10,784)**	(19,237)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term financing		**(4,851)**	(5,149)
Repayment of liabilities against assets subject to finance lease		**(2,729)**	(2,249)
Dividend paid		**-**	(1,423)
Net increase in short term borrowings		**20,045**	10,688
Net cash generated from financing activities		**12,465**	1,867
Net increase in cash and cash equivalents		**1,220**	53
Cash and cash equivalents at the beginning of the year		**1,183**	1,130
Cash and cash equivalents at the end of the year	**35**	**2,403**	1,183

The annexed notes 1 to 44 form an integral part of these financial statements.

LAHORE
Dated: October 08, 2012

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

KH. IBRAR AHMED
Director

LEINER PAK GELATINE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Share capital Issued, subscribed and paid up share capital	Un appropriated profit	Total
	---------------- Rupees in thousand----------------		
Balance at June 30, 2010	75,000	60,818	135,818
Total comprehensive loss for the year	-	(254)	(254)
Balance at June 30, 2011	**75,000**	**60,564**	**135,564**
Total comprehensive income for the year	-	**3,566**	**3,566**
Balance at June 30, 2012	**75,000**	**64,130**	**139,130**

The annexed notes 1 to 44 form an integral part of these financial statements.

LAHORE
Dated: October 08, 2012

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

KH. IBRAR AHMED
Director

1 THE COMPANY AND ITS OPERATIONS

Leiner Pak Gelatine Limited ("the Company") was incorporated in Pakistan on 14 February 1983 as a public limited Company. The registered office of the Company is situated at 17-G, Gulberg II, Lahore. The Company is listed on Karachi and Lahore Stock Exchanges in Pakistan. The Company is engaged in manufacture and sale of gelatine, di-calcium phosphate and glue produced from animal bones.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for freehold land at revalued amount. In these financial statements, except for the cash flow statement, all transactions have been accounted for on accrual basis.

2.3 Judgements, estimates and assumptions

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the subsequent years are discussed in the note- 36.

2.4 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

3.1 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are tangible items that are held for use in production or supply of goods or services, for rentals to others or for administrative purposes and are expected to be used during more than one year. An item of property, plant and equipment is recognised when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. On initial recognition, items of property, plant and equipment are measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the item.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses with the exception of freehold land which is measured at revalued amount.

Parts of an item of property, plant and equipment having different useful lives are recognised as separate items.

Major renewals and improvements to an item of property, plant and equipment are recognised in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day- to- day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

Depreciation

Depreciation is recognised in profit or loss by applying reducing balance method over the useful life of each item of property, plant and equipment using the rates specified in note 14.1 to the financial statements.

Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which the item is disposed or classified as held for disposal.

The depreciation method, useful lives and residual values are reviewed and adjusted if appropriate, at each reporting date.

De-recognition

An item of property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss on disposal of property, plant and equipment is recognised in profit or loss.

3.2 Intangible assets

An intangible asset is an identifiable non-monitory asset without physical substance.

Intangible assets are recognised when it is probable that the expected future benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Cost associated with maintaining computer software are recognised as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged over the estimated useful life of the asset as specified in note 15 on a systematic basis applying the straight line method.

Useful lives of intangible operating assets are reviewed, at each balance sheet date and adjusted if the impact of amortisation is significant.

3.3 Stores, spare parts and loose tools

These are generally held for internal use and, except for items in transit which are valued at invoice price plus related expenses incurred up to the reporting date, are valued at lower of cost and net realizable value. Cost is determined on the basis of weighted average. Provision for obsolete and slow moving items is made based on management's best estimate regarding their future useability.

3.4 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined using the following basis.

Raw material	Weighted average cost
Work-in-process	Average manufacturing cost
Finished goods	Average manufacturing cost
Raw material in transit	Invoice price plus related expenses incurred up to the reporting date.

Average manufacturing cost in relation to work-in-process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

For items which are slow moving, a provision is made for excess of carrying amount over estimated net realizable value.

3.5 Financial instruments

Recognition

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument.

De-recognition

Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognised if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognised in the profit or loss.

Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has legally enforceable right to set-off the recognised amounts and intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

3.6 Borrowings

These are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortisation cost with any difference between cost and redemption value being recognised in the profit or loss over the period of borrowings on an effective interest basis.

3.7 Leased assets

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated over their useful lives by applying reducing balance method using rate specified in note- 14.1.

Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases / Ijara. Payments made under operating leases / Ijara are recognised in profit or loss on a straight line basis over the lease / Ijara term.

3.8 Surplus on revaluation of property, plant and equipment

Surplus arising on revaluation of items of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment after reversing deficit relating to the same item previously recognised in profit or loss, if any. Deficit arising on revaluation is recognised in profit or loss after reversing the surplus relating to the same item previously recognised in surplus on revaluation of property, plant and equipment, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, net of deferred tax is transferred to un-appropriated profit every year.

3.9 Employee benefits

The Company operates a recognised provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Company and employees at the rate of 8.5% of the basic salary. The fund is administrated by the Trustees.

3.10 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortized cost.

3.11 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortized cost less impairment loss, if any.

3.12 Revenue

Revenue is measured at fair value of the consideration received or receivable, net of returns, allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other operating income earned in the normal course of business. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and associated costs incurred or to be incurred can be measured reliably.

Revenue from sale of goods is recognised when risk and rewards incidental to the ownership of goods are transferred, i.e. on dispatch of goods to customers.

3.13 Borrowing costs

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

3.14 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on taxable income at current rates of taxation applicable in Pakistan after taking into account tax credits, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognised as a liability. Any excess paid over what is due in respect of the current or prior periods is recognised as an asset.

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release-27" of The Institute of Chartered Accountants of Pakistan.

Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognised for deductible temporary differences to the extent that future taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.15 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.16 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash and bank balances. Cash and cash equivalents are carried at cost.

3.17 Foreign currency transactions

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate at the date that fair value was determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to the functional currency at exchange rate at the date of transaction. Any gain or loss arising on transaction is recognised in profit or loss.

3.18 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. 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 and amortisation, if any, if no impairment loss had been recognised.

3.19 Related party transactions

Related party transactions are carried out on an arm's length basis. Pricing for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

3.20 Provisions

Provisions are recognised when the Company has a legal and constructive obligation as a result of past events, and it is probable that 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 reviewed at each balance sheet date and adjusted to reflect the correct best estimate.

3.21 Dividend to shareholders

Dividend paid to shareholders is recognised in the year in which it is declared.

3.22 New and amended standards and interpretations that are effective in the current year

There are certain new and amended standards and interpretations that have been published and are mandatory for accounting periods beginning on or after July 01, 2011 but are considered not to be relavent or did not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

3.23 New and amended standards and interpretations that are not yet effective

Following are the new and amended standards and interpretations that have been published and are mandatory for the accounting period beginning on or after July 01, 2012.

IAS 1	Presentation of Financial Statements
IAS 12	Income Taxes
IAS 16	Property, Plant and Equuipment
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 34	Interim Financial Reporting
IFRS 1	First time Adoption of International Financial Reporting Standards
IFRS 7	Financial Instruments Disclosures
IFRS 9	Financial Instruments - Classfication and Measurement
IFRS 11	Joint Arrangements
IFRS 12	Disclosures of Interests in Other Entities
IFRS 13	Fair Value Measurment

The Company expects that the adoption of the above amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements other than increased disclosures in certain cases.

There are other new and amended standards and interpretations that have been published and are mandatory for accounting periods beginning on or after July 01, 2012 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

4 SHARE CAPITAL

		30 June 2012	30 June 2011
		.... Rupees in thousand	
Authorised share capital			
10,000,000 (June 30, 2011: 10,000,000) ordinary shares of Rupees 10 each		**100,000**	100,000
Issued, subscribed and paid up share capital			
7,500,000 (June 30, 2011: 7,500,000) ordinary shares of Rupees 10 each issued as fully paid in cash	-note- 4.1	**75,000**	75,000
		75,000	75,000

4.1 Oridnary shares of the Company held by associated undertaking as at year end are as follows:

	30 June 2012	30 June 2011
	(Number of shares)	
INA Securities (Private) Limited	**370,000**	370,000
	370,000	370,000

5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

		30 June 2012	30 June 2011
		.... Rupees in thousand	
Revaluation surplus	-note- 5.1	**164,134**	78,198

5.1 Revaluation surplus

	30 June 2012	30 June 2011
Revaluation surplus relating to revaluation carried out at June 30, 1990	**8,873**	8,873
Revaluation surplus relating to revaluation carried out at June 09, 2008	**69,325**	69,325
Revaluation surplus relating to revaluation carried out at April 05, 2012	**85,936**	-
	164,134	78,198

5.2 The Company has revalued its freehold land on June 30, 1990, June 09, 2008 and April 05, 2012. The revaluation was carried out by independent valuers Mr Anwar ul Haq, M/S Hamid Mukhtar & Co. and M/S Hamid Mukhtar & Co.in 1990 ,2008 and 2012 respectively to replace the carrying amount of land with local market values. The following aggregated net appraisal surplus arisen on the revaluation on June 30, 1990, June 09, 2008 and April 05, 2012 was credited to surplus on revaluation of property, plant and equipment to comply with the requirements of section 235 of the Companies Ordinance, 1984.

	Book value	Re-valued amount	Surplus on re-valuation
	.... Rupees in thousand		
Freehold land	7,826	171,960	164,134
	7,826	171,960	164,134

5.3 Since the revaluation relate to freehold land which is a non-depreciable asset, no deferred tax liability arises on revaluation. In the absence of depreciable amount no incremental depreciation net off deferred tax transferred to unappropriated profit nor any disclosure regarding these have been made in the above note.

6 LONG TERM FINANCING

		30 June 2012	30 June 2011
		.... Rupees in thousand	
From Banking Companies-secured			
Demand finance	-note- 6.1	**3,750**	8,601
Less: current portion	-note- 12	**3,750**	6,101
		-	2,500

6.1 The demand finance facility was obtained from United Bank Limited for a period of three years. It is repayable in 12 equal quarterly installments commenced from March 31, 2010. It carries markup at three months KIBOR plus 2.5 % (June 30, 2011: three months KIBOR plus 2.5 %) per annum payable quarterly. It is secured against the same common securities as disclosed in the note- 11.3 of these financial statements.

7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

		30 June 2012	30 June 2011
		.... Rupees in thousand	
Present value of minimum lease payments		**355**	3,084
Less: current portion	-note- 12	**355**	2,729
		-	355

7.1 The value of the minimum lease payments has been discounted at an implicit mark up rate ranging from 16.32 % to 19.23 % per annum (June 30, 2011: 14.15 % to 19.23% per annum) to arrive at their present value. The balance rentals due under the lease agreements aggregate to Rupees 0.360 million (June 30, 2011: Rupees 3.307 million) and are payable in 4 installments between July 2012 and October 2012. Late payment charges are to be paid @ Rupees 1 per thousand per day. Taxes, repairs, insurance and other costs are to be borne by the lessee on such terms and conditions as agreed upon. The Company has an option to purchase assets on completion of lease term by adjusting security deposit amounting to Rupees 0.214 million (June 30, 2011: Rupees 0.871 million) and has intention to exercise this option.These are secured against above mentioned security deposits, title of ownership of leased assets and personal guarantees of the dirctors of the Company.

7.2 The reconciliation between the future minimum lease payments and present value of minimun lease payments are as follows:

	30 June 2012	30 June 2011
	.... Rupees in thousand	
Not later than one year	**359**	2,948
Later than one year but not later than five years	**-**	359
Minimum lease payments	**359**	3,307
Less: Finance charges allocated to future periods	**4**	223
Present value of minimum lease payments	**355**	3,084
Less: Not later than one year	**355**	2,729
Later than one year but not later than five years	**-**	355

8 DEFERRED TAXATION

Deferred tax liability on temporary differences comprises of:

	30 June 2012	30 June 2011
Taxable temporary differences		
Accelerated tax depreciation	**12,031**	11,990
Finance lease	**150**	177
	12,181	12,167
Deductible temporary differences		
Tax credits	**6,586**	4,576
Carry forward tax losses	**-**	2,464
	6,586	7,040
	5,595	5,127

9 TRADE AND OTHER PAYABLES

		30 June 2012	30 June 2011
Creditors		**42,824**	59,763
Accrued liabilities		**18,482**	13,279
Advances from customers		**17,290**	1,747
Payable to provident fund		**575**	554
Income tax withheld payable		**81**	71
Special excise duty payable		**-**	170
Workers' Profit Participation Fund	-note- 9.1	**627**	72
Workers' Welfare Fund		**265**	-
Unclaimed dividend		**716**	716
		80,860	76,372

9.1 Workers' Profit Participation Fund (WPPF)

		30 June 2012	30 June 2011
Balance at beginning of the year		**72**	155
Interest on funds utilized in Company's business	-note- 31	**11**	11
Allocation/ expenses for the year	-note- 30	**544**	61
		627	227
Less: paid to the fund during the year		**-**	155
		627	72

Interest is paid at prescribed rate under the Companies profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

10 MARK-UP ACCRUED

	30 June 2012	30 June 2011
	.... Rupees in thousand	
On borrowings from banking companies-secured		
Long term Financing	138	348
Short term borrowings	2,392	2,574
	2,530	2,922

11 SHORT TERM BORROWINGS

		30 June 2012	30 June 2011
From banking companies-secured			
Export re-finance			
United Bank Limited	-note- 11.1,11.3	17,204	5,169
Cash finance			
United Bank Limited	-note- 11.2,11.3	66,541	61,381
Running finance			
Bank Al-Habib Limited	-note- 11.4	14,419	14,411
		98,164	80,961
From related parties-unsecured			
Loan from director	-note- 11.5	7,222	4,380
		105,386	85,341

11.1 The export re-finance facility having sanctioned limit of Rupees 25 million (June 30, 2011: Rupees 25 million) has been obtained from United Bank Limited. The rate of mark- up on this facility is 11% (June 30, 2011: 9% to 11%) per annum payable quarterly. The facility is valid till October 31, 2012. It is secured by first parri passu charge over current assets of the Company for Rupees 89.7 million (June 30, 2011: Rupees 89.7 million) [to be shared with Bank Al-Habib Limited to the extent of Rupees 22.670 million (June 30, 2011: Rupees 22.670 million)] with a lien on export documents and common securities described in note- 11.3 below.

11.2 The cash finance facility having sanctioned limit of Rupees 55 million (June 30, 2011: Rupees 55 million) has been obtained from United Bank Limited for working capital requirements. It carries mark-up at three months KIBOR plus 2.75 % (June 30, 2011: three months KIBOR plus 2.5 %) per annum payable quarterly.The sanctioned limit has temporarily been exceeded due to issuance of cheques which were presented after June 30, 2012. The facility is valid till October 31, 2012. It is secured against the common securities described in note- 11.3 below.

11.3 The facilities in notes 11.1, 11.2 and 6 are commonly secured by first charge of Rupees 155 million (June 30, 2011: Rupees 155 million) based on equitable mortgage of the Company's property, plant and equipment comprising land, building, machinery and personal guarantees of the Directors of the Company.

11.4 The running finance facility having sanctioned limit of Rupees 15 million (June 30, 2011: Rupees 15 million) has been obtained from Bank Al-Habib Limited for working capital requirements and is secured against joint pari passu charge over stocks, stores, spare parts and loose tools for Rupees 22.670 million (June 30, 2011: Rupees 22.670 million). It carries mark-up at three months average KIBOR -Ask plus 2% (June 30, 2011: three months average KIBOR -Ask plus 2%) per annum payable quarterly. The facility is valid till August 07, 2012.

11.5 Loan from director (chief executive) is re-payable on demand and is non- interest bearing.

11.6 The net aggregate short term borrowing facilities unavailed at end of June 30, 2012 amount to Rupees nil million (June 30, 2011: Rupees 14.04 million) and for letters of credit and bank guarantees amount to Rupees 10.744 million (June 30, 2011: Rupees 10.764 million).

11.7 A Charge of Rupees 20 million (June 30, 2011: Rupees 40 million) in favour of Bank Alfalah limited - Islamic banking, has been created on all present and future fixed assets (plant & machinery)of the Company including but not limited to complete de-humidification plant etc. The said charge has been created in respect of ijara facility for de-humidification plant etc. to the Company.

12 CURRENT PORTION OF NON-CURRENT LIABILITIES

		30 June 2012	30 June 2011
		.... Rupees in thousand	
Current portion of:			
Long term financing	-note- 6	3,750	6,101
Liabilities against assets subject to finance lease	-note- 7	355	2,729
		4,105	8,830

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 The Pakistan Environmental Protection Agency has filed a complaint agianst the Company before the Envoirnmental Protection Tribunal on account of Compnay's failure to properly dispose effluent water discharge during the production. The agency regards this to be a criminal offence. The Compnay has filed a writ petition against the Agency's claim before the Honourable Lahore High Court ("LHC"). The Company has not recognized any liability in this regard since its awaits the decision of LHC which is pending. The maximum fine in case of conviction, if any, cannot expected to exceed Rupees 400,000 (June 30, 2011: Rupees 400,000).

13.1.2 Cases have been filed against the Company for dismissal of certain workers for disciplinary reasons. These are pending before Labour Court No. 3, Ferozewala, Lahore . The maximum exposure in these cases is the reinstatement of these workers with back benefits amounting to Rupees 300,000 (June 30, 2011: Rupees 200,000). Provision has not been made in these financial statements for the aforementioned amounts as the management of the Company, based on the advice of its legal counsel handling the subject cases, is of the opinion that the matter shall be decided in the Company's favour.

13.1.3 Guarantees issued by bank on behalf of Company as at June 30, 2012 amounting to Rupees 11.256 million (June 30, 2011: Rupees 11.236 million).

13.2 Commitments

13.2.1 The operating lease arrangement in respect of registered office has been as follows:

	30 June 2012	30 June 2011
	.... Rupees in thousand	
Not later than one year	883	802
Later than one year but not later than five years	-	883

13.2.2

The Company has entered into Ijara arrangements with MCB Bank Limited for vehicles and Bank Alfalah Limited- Islamic Banking for de-humidification plant. Commitments for Ijara rentals payable under the agreements are as follows:

	30 June 2012	30 June 2011
	.... Rupees in thousand	
Not later than one year	4,826	5,734
Later than one year but not later than five years	7,558	12,739

LEINER PAK GELATINE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

14 PROPERTY,PLANT AND EQUIPMENT

		30 June 2012	30 June 2011
		---- Rupees in thousand ----	
Operating fixed assets	- note - 14.1	276,685	196,718
Capital work in progress	- note - 14.6	12,322	7,071
		289,007	203,789

14.1 Operating fixed assets - for the year ended June 30, 2012

PARTICULARS	COST/REVALUED AMOUNT					DEPRECIATION						Net book value as at 30 June 2012
	As at 01 July 2011	Additions / Revaluation	Disposals	Transfers	As at 30 June 2012	Annual rates	As at 01 July 2011	Disposals	Transfers	For the year	As at 30 June 2012	
	---- Rupees in thousand ----											
Assets owned by the Company												
Tangible Assets												
Free hold land	86,024	85,936	-	-	171,960	-	-	-	-	-	-	171,960
Factory building- on free hold land	57,659	-	-	-	57,659	10%	40,080	-	-	1,740	41,820	15,839
Office building- on free hold land	817	-	-	-	817	5%	672	-	-	7	679	138
Plant and machinery	203,800	5,060	430	-	208,430	10%	130,800	143	-	7,509	138,166	70,264
Electric installation and equipment	19,948	-	-	-	19,948	10%	11,950	-	-	799	12,749	7,199
Fire fighting equipment	78	-	-	-	78	10%	18	-	-	6	24	54
Service and other equipment	580	-	-	-	580	10%	495	-	-	9	504	76
Office equipment	5,136	299	-	-	5,435	10%	2,218	-	-	307	2,525	2,910
Laboratory equipment	3,548	-	-	-	3,548	10%	2,897	-	-	65	2,962	586
Permanent and special equipment	261	-	-	-	261	10%	231	-	-	3	234	27
Furniture, fixtures and fittings	1,217	-	-	-	1,217	10%	636	-	-	58	694	523
Vehicles	11,532	1,130	-	4,119	16,781	20%	8,036	-	2,045	831	10,912	5,869
Railway siding	417	-	-	-	417	10%	403	-	-	1	404	13
Cycles and scooters	77	-	-	-	77	20%	26	-	-	10	36	41
Arms and ammunition	33	-	-	-	33	10%	18	-	-	2	20	13
Furnace	197	-	-	-	197	10%	131	-	-	7	138	59
	391,324	92,425	430	4,119	487,438		198,591	143	2,045	11,374	211,867	275,571
Assets subject to finance lease												
vehicles	6,263	-	-	(4,119)	2,144	20%	2,278	-	(2,045)	797	1,030	1,114
30 June 2012	397,587	92,425	430	-	489,582		200,869	143	-	12,171	212,897	276,685

14.2 Operating fixed assets - for the year ended June 30, 2011

PARTICULARS	COST/REVALUED AMOUNT					DEPRECIATION						Net book value as at 30 June 2011
	As at 01 July 2010	Additions	Disposals	Transfers	As at 30 June 2011	Annual rates	As at 01 July 2010	Disposals	Transfers	For the year	As at 30 June 2011	
	Rupees in thousand											
Assets owned by the Company												
Tangible Assets												
Free hold land	86,024	-	-	-	86,024	-	-	-	-	-	-	86,024
Factory building- on free hold land	46,179	11,480	-	-	57,659	10%	38,793	-	-	1,267	40,060	17,599
Office building- on free hold land	817	-	-	-	817	5%	664	-	-	8	672	145
Plant and machinery	177,608	26,192	-	-	203,800	10%	125,234	-	-	5,566	130,800	73,000
Electric installation and equipment	19,948	-	-	-	19,948	10%	11,061	-	-	889	11,950	7,998
Fire fighting equipment	17	61	-	-	78	10%	17	-	-	1	18	60
Service and other equipment	580	-	-	-	580	10%	485	-	-	10	495	85
Office equipment	4,989	147	-	-	5,136	10%	1,903	-	-	315	2,218	2,918
Laboratory equipment	3,548	-	-	-	3,548	10%	2,824	-	-	73	2,897	651
Permanent and special equipment	261	-	-	-	261	10%	228	-	-	3	231	30
Furniture, fixtures and fittings	1,217	-	-	-	1,217	10%	572	-	-	64	636	581
Vehicles	10,188	-	(585)	1,929	11,532	20%	6,820	(468)	929	755	8,036	3,496
Railway siding	417	-	-	-	417	10%	401	-	-	2	403	14
Cycles and scooters	77	-	-	-	77	20%	13	-	-	13	26	51
Arms and ammunition	18	15	-	-	33	10%	16	-	-	2	18	15
Furnace	197	-	-	-	197	10%	124	-	-	7	131	66
	352,085	37,895	(585)	1,929	391,324		189,155	(468)	929	8,975	198,591	192,733
Assets subject to finance lease												
vehicles	8,192	-	-	(1,929)	6,263	20%	2,099	-	(929)	1,107	2,278	3,985
30 June 2011	**360,277**	**37,895**	**(585)**	**-**	**397,587**		**191,254**	**(468)**	**-**	**10,082**	**200,869**	**196,718**

14.3 The depreciation charged for the year has been allocated as follows:

		30 June 2012	30 June 2011
		Rupees in thousand	
Cost of sales	-note- 28.3	10,153	7,816
Administrative expenses	-note- 29	2,018	2,266
		12,171	10,082

14.4 The Company has revalued its freehold land on June 30, 1990, June 09, 2008 and April 05, 2012. The revaluation was carried out by independent valuers Mr. Anwar ul Haq, M/S Hamid Mukhtar & Co. and M/S Hamid Mukhtar & Co.in 1990 ,2008 and 2012 respectively to replace the carrying amount of land with local market values. The following aggregated net appraisal surplus arisen on the revaluation on June 30, 1990, June 09, 2008 and April 05, 2012 was credited to surplus on revaluation of property, plant and equipment to comply with the requirements of section 235 of the Companies Ordinance, 1984. The revaluation has resulted in aggregate increase in value of freehold land by Rs184.134 million (June 30, 2011: Rupees 78.198 million) which is included in book value of freehold land.

Had there been no revaluation, the cost of freehold land would have been as follows:

	Cost	Accumulated depreciation	Net book value as at June 30, 2012
	Rupees in thousand		
Freehold land	7,820	-	7,820

14.5 Transfer to owned assets represent transfers from assets subject to finance lease on expiry of related lease terms.

14.6 Capital work in progress

	Plant and Machinery	Building and Civil Works	30 June 2012 Total	30 June 2011
	Rupees in thousand			
As at 01 July	3,348	3,723	7,071	28,217
Additions	4,853	3,746	8,599	17,234
	8,201	7,469	15,670	45,451
Transfer to operating fixed assets	(3,348)	-	(3,348)	(38,380)
As at 30 June	4,853	7,469	12,322	7,071

14.7 Disposal of property, plant and equipment

	Cost	Accumulated depreciation	Net book value	Proceeds from disposal	(Loss) / gain on disposal	Mode of disposal	Particulars of Buyers
	Rupees in thousand						
Gas generator set	430	143	287	21	(266)	Negotiation	Mr. Muhammad Afzal Gill 553-J-111, Johar Town, Lahore
30 June 2012	430	143	287	21	(266)		
30 June 2011	585	468	117	235	118		

15 INTANGIBLE ASSETS

PARTICULAR	COST As at 01 July	COST Additions / (Deletions)	COST As at 30 June	AMORTISATION As at 01 July	AMORTISATION For the year	AMORTISATION As at 30 June	Net book value as at 30 June	Annual Rate
	Rupees in thousand							
Computer software	70	-	70	34	14	48	22	20%
30 June 2012	70	-	70	34	14	48	22	
30 June 2011	70	-	70	20	14	34	36	

15.1 Amortisation has been charged to administrative expenses.

16 LONG TERM DEPOSITS

		30 June 2012	30 June 2011
		.... Rupees in thousand	
Security deposits:			
For leases and Ijara		**2,315**	2,972
Others		**1**	1
		2,316	2,973
Less:			
Current portion shown under current assets	-note- 21	**935**	657
		1,381	2,316

17 STORES, SPARE PARTS AND LOOSE TOOLS

Stores, spare parts and loose tools	**9,185**	10,920
Packing material	**1,519**	1,601
	10,704	12,521

17.1 It is impracticable to distinguish stores, spare parts and loose tools, each from the other.

17.2 Stores, spare parts and loose tools are generally held for internal use only.

17.3 No item of stores, spare parts and loose tools is pledged as security as at the reporting date.

18 STOCK-IN-TRADE

		30 June 2012	30 June 2011
		.... Rupees in thousand	
Raw material	-note- 18.1	**34,188**	32,357
Work in process		**3,235**	43,917
Finished goods:			
Gelatine		**92,546**	53,772
By- product Di-calcium Phosphate (DCP)	-note- 18.2	**332**	-
		92,878	53,772
		130,301	130,046

18.1 Stock of raw material carried at weighted average cost which is less than net realizable value.

18.2 The entire stock of by- product di-calcium phosphate is carried at net realizable value.

18.3 No item of stock-in-trade is pledged as security as at the reporting date.

19 TRADE DEBTS

		30 June 2012	30 June 2011
		.... Rupees in thousand	
Considered good:			
Unsecured - local		**437**	8
-foreign		**36,467**	25,094
		36,904	25,102
Secured -foreign	-note- 19.1	**6,798**	-
		43,702	25,102

19.1 These are secured against letter of credit.

			30 June 2012	30 June 2011
20	**ADVANCES**		.... Rupees in thousand	
	Considered good:			
	Advances:			
	To staff-secured	-note- 20.1	**1,286**	602
	To suppliers - unsecured		**656**	1,243
			1,942	1,845

20.1 These are amounts advanced to staff against future salaries and retirement benefits and are in accordance with Company policy.

			30 June 2012	30 June 2011
21	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**		.... Rupees in thousand	
	Current portion of long term deposits	-note- 16	**935**	657
	Security deposit		**15**	-
	Prepayments		**1,229**	1,234
			2,179	1,891
22	**OTHER RECEIVABLES**			
	Sales tax refundable	-note- 22.1	**14,607**	11,109
	Other receivables- unsecured, considered good		**346**	378
			14,953	11,487

22.1 This represents excess of input tax on purchases over sales tax payable.

23	**ADVANCE INCOME TAX-NET**			
	Advance income tax		**10,779**	9,463
	Less: Adjustment for provision for taxation	-note- 32	**(5,633)**	(4,470)
	Advance income tax at the end of the year		**5,146**	4,993
24	**CASH AND BANK BALANCES**			
	With banks:			
	on current accounts:			
	Local currency		**215**	403
	Foreign currency	-note- 24.1	**132**	121
			347	524
	Cash in hand		**2,056**	659
			2,403	1,183

24.1 The foreign currency accounts comprise of US $ 1,404.32 (June 30, 2011: US $ 1,404.32).

			30 June 2012	30 June 2011
25	**SALES - NET**		.... Rupees in thousand	
	Export sales	-note- 25.1	265,786	187,744
	Local sales	-note- 25.2	313,226	241,052
			579,012	428,796
25.1	Export sales			
	Gelatine		265,786	187,744
			265,786	187,744
25.2	Local sales			
	Gelatine		188,723	138,588
	Di-Calcium Phosphate, by- product		149,751	127,619
			338,474	266,207
	Less: sales tax and special excise duty		24,430	24,798
	trade discounts		818	357
			25,248	25,155
			313,226	241,052
26	**COST OF SALES**			
	Raw material consumed	-note- 26.1	269,511	228,655
	Stores, spare parts and loose tools consumed		15,565	13,436
	Packing material consumed		5,643	3,711
	Salaries, wages and benefits	-note- 26.2	48,031	40,595
	Fuel and power		120,624	85,411
	Factory overheads	-note- 26.3	42,226	29,931
			501,600	401,738
	Add: Opening work in process		43,917	-
	Less: Closing work in process		3,235	43,917
			40,682	(43,917)
	Cost of goods manufactured		542,282	357,821
	Add: Opening stock of finished goods		53,772	72,013
	Less: Closing stock of finished goods		92,878	53,772
			(39,106)	18,241
			503,176	376,062
26.1	**Raw material consumed**			
	Opening stock		32,357	45,254
	Purchases		271,342	215,758
			303,699	261,012
	Less: closing stock		34,188	32,357
			269,511	228,655

26.2 Salaries, wages and benefits include employer's contribution to recognised provident fund amounting to Rupees 1,223,905 (June 30, 2011: Rupees 1,109,049).

			30 June 2012	30 June 2011
26.3	**Factory overheads**		.... Rupees in thousand	
	Indirect labour wages		2,182	1,263
	Medical expenses		547	517
	Repair and maintenance		10,130	8,646
	Depreciation	-note- 14.3	10,153	7,816
	Loading and unloading		2,831	1,128
	Ijara lease rentals		5,577	2,308
	Apportionment of sales tax	-note- 26.4	10,548	8,012
	Miscellaneous expenses		258	241
			42,226	29,931

26.4 This represents related input tax on supplies exempt under sixth schedule of the Sales Tax Act, 1990.

27 OTHER OPERATING INCOME

		30 June 2012	30 June 2011
		.... Rupees in thousand	
Income from financial assets:			
Foreign exchange gain		**2,459**	3,801
Income from non-financial assets:			
Gain on disposal of property, plant and equipment		**-**	118
Sale of scrap		**20**	42
Miscellaneous income		**9**	-
		29	160
		2,488	3,961

28 DISTRIBUTION COST

		30 June 2012	30 June 2011
Shipping expenses		**7,920**	4,171
Other expenses		**540**	878
		8,460	5,049

29 ADMINISTRATIVE EXPENSES

		30 June 2012	30 June 2011
Salaries, wages and benefits	-note- 29.1	**19,455**	16,894
Insurance		**2,085**	2,225
Vehicle running and maintenance		**8,384**	5,283
Rent, rates and taxes		**1,539**	1,127
Travelling and conveyance		**987**	792
Legal and professional charges		**984**	556
Printing and stationery		**473**	443
Fees and subscription		**2,772**	959
Telephone and postage		**934**	849
Repair and maintenance		**679**	202
Auditors' remuneration	-note- 29.2	**403**	373
Entertainment		**591**	500
Utilities		**550**	500
Depreciation	-note- 14.3	**2,018**	2,266
Amortisation	-note- 15	**14**	14
Security expenses		**1,042**	1,059
Miscellaneous expenses		**1,013**	1,063
		43,923	35,105

29.1 Salaries, wages and benefits include employer's contribution to recognised provident fund amounting to Rupees 558,610 (June 30, 2011: Rupees 440,708).

29.2 Auditors' remuneration

	30 June 2012	30 June 2011
	.... Rupees in thousand	
Audit fee	**320**	300
Half yearly review fee	**60**	55
Out of packet expenses	**23**	18
	403	373

30 OTHER OPERATING EXPENSES

		30 June 2012	30 June 2011
Workers' Profit Participation Fund	-note- 9.1	**544**	61
Workers' Welfare Fund	-note- 30.1	**265**	148
Donations	-note- 30.2	**503**	365
Loss on disposal of property, plant and equipment		**266**	-
		1,578	574

30.1 Provision for Workers' Welfare Fund has been made as per Workers' Welfare Fund Ordinance, 1971 at prescribed rate under this statute.

30.2 None of the directors or their spouses had any interest in the donees in respect of donations made by the Company.

31 FINANCE COST

		30 June 2012	30 June 2011
		.... Rupees in thousand	
Mark-up/ interest on:			
Long term financing		875	1,668
Short term borrowings		10,947	10,856
Liabilities against assets subject to finance lease		235	548
Workers' Profit Participation Fund	-note- 9.1	11	11
Bank charges and commission		2,235	1,880
		14,303	14,963

32 TAXATION

	30 June 2012	30 June 2011
Current-for the year	5,633	4,470
-for prior years	393	261
	6,026	4,731
Deferred	468	(3,473)
	6,494	1,258

32.1 The provision for current taxation has been made under Section 113 and Section 154 of Income Tax Ordinance , 2001. Therefore , a numeric tax rate reconcilation has not been included in these financial satements.

32.2 Assessments for the year 2008 , 2009, 2010 and 2011 are deemed assessments in terms of Section 120 (1) of the Income Tax Ordinance, 2001 as per income tax returns of the Company.

33 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED

There was no dilutive effect on basic earnings per share of the Company which is based on:

		30 June 2012	30 June 2011
		.... Rupees in thousand	
Profit / (loss) after taxation attributable to ordinary shareholders of the Company		3,566	(254)
Weighted average number of ordinary shares outstanding during the year (in thousand)	No. of shares	7,500	7,500
Earning / (loss) per share	Rupees	0.48	(0.03)

			30 June 2012	30 June 2011
34	**CASH GENERATED FROM OPERATIONS**		.... Rupees in thousand	
	Profit before tax		10,060	1,004
	Adjustments for:			
	Depreciation		12,171	10,082
	Amortisation		14	14
	Provision for employee retirement benefits		1,782	1,550
	Finance cost		14,303	14,963
	Provision for Workers' Profit Participation Fund		544	61
	Loss / (gain) on disposal of property, plant and equipment		266	(118)
			29,080	26,552
	Operating profit before changes in working capital		39,140	27,556
	Changes in working capital			
	(Increase)/ decrease in current assets:			
	Stores, spare parts and loose tools		1,817	387
	Stock-in-trade		(255)	(12,779)
	Trade debts		(18,600)	(5,978)
	Advances		(97)	(1,422)
	Trade deposits and short term prepayments		(289)	(394)
	Other receivables		32	572
	Increase/ (decrease) in current liabilities:			
	Trade and other payables		3,913	31,026
			25,661	38,968
35	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	-note- 24	2,403	1,183

36 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

36.1 Depreciation / amortisation methods, rates and useful lives

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment and intangible assets annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

36.2 Recoverable amounts of assets / cash generating units

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amounts if there is any such indication.

36.3 Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

36.4 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

36.5 Revaluation of freehold land

Revaluation of freehold land is carried out by independent professional valuers. Revalued amounts are determined by the reference to local market values.

37 FINANCIAL RISK MANAGEMENT

37.1 Financial instruments

The following are financial instruments by category:

	30 June 2012	30 June 2011
	.... Rupees in thousand	
Non- derivative financial assets		
Loans and receivables		
Security deposits	2,331	2,973
Trade debts	43,702	25,102
Advances	1,286	602
Other receivables	346	378
Cash and bank balances	2,403	1,183
	50,068	30,238
Non- derivative financial liabilities		
Financial liabilities at amortised cost		
Long term financing	3,750	8,601
Finance lease liabilities	355	3,084
Short term borrowings	105,386	85,341
Mark up accrued	2,530	2,922
Trade and other payables	62,103	73,829
	174,124	173,777

The Company's activities expose it to a variety of financial risks including effects of changes in foreign exchange rates, market interest rates, credit and liquidity risks associated with various financial assets and liabilities. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

37.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amounts of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date is as under:

	30 June 2012	30 June 2011
	.... Rupees in thousand	
Security deposits	2,331	2,973
Trade debts	43,702	25,102
Advances	1,286	602
Other receivables	346	378
Bank balances	347	524
	48,012	29,579

The maximum exposure to credit risk for trade debts amounting to Rupees 43.702 million (June 30, 2011: Rupees 25.102 million) at the balance sheet date by geographic region is as under:

	30 June 2012	30 June 2011
	.... Rupees in thousand	
Domestic	437	8
Export	43,265	25,094
	43,702	25,102

The majority of export debtors of the Company are situated in Europe and Asia.

The maximum exposure to credit risk for trade debts amounting to Rupees 43.702 million (June 30, 2011: Rupees 25.102 million) at the balance sheet date by type of customer is as under:

	30 June 2012	30 June 2011
	.... Rupees in thousand	
Whole seller / distributor	-	-
End user customers	43,702	25,102
	43,702	25,102

The aging of trade debts at the balance sheet date is as under:

	30 June 2012	30 June 2011
	.... Rupees in thousand	
Not past due	**43,607**	18,698
Past due 1-30 days	**91**	6,400
Past due 31-120 days	**-**	-
Past due 121-365 days	**-**	-
More than one year	**4**	4
	43,702	25,102

The Company continously monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery. The Company manages credit risk by limiting significant exposure to individual customers and obtaining advances against sales. Based on historic record the Company believes that no impairment allowance is necessary in respect of trade debts past due amounts. Further, bank balances are held only with reputable banks with high quality credit ratings. The short term credit ratings of the banks are A1+ and long term credt rating ranges from AA to AAA.

37.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company closely monitors its liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The following are contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	2 to 5 years	More than 5 years
Long term financing	3,750	4,024	4,024	-	-	-
Finance lease liabilities	355	360	360	-	-	-
Short term borrowings	105,386	109,539	109,539	-	-	-
Mark up accrued	2,530	2,530	2,530	-	-	-
Trade and other payables	62,103	62,103	62,103	-	-	-
Rupees in thousand 2012	174,124	178,556	178,556	-	-	-
Long term financing	8,601	10,001	4,500	2,851	2,650	-
Finance lease liabilities	3,084	3,307	1,146	1,802	359	-
Short term borrowings	85,341	89,080	89,080	-	-	-
Mark up accrued	2,922	2,922	2,922	-	-	-
Trade and other payables	73,829	73,829	73,829	-	-	-
Rupees in thousand 2011	173,777	179,139	171,477	4,653	3,009	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at 30 June. The rates of mark up have been disclosed in notes 6.1, 7.1, 11.1, 11.2 and 11.4 to these financial statements.

37.4 Market risk

Market risk is the risk that the value of the financal instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securites, and the liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

37.4.1 Currency risk

The Company is exposed to currency risk on trade debts and bank balances Rupees 43.266 million (June 30, 2011: Rupees 25.094 million) and Rupees 0.132 million (June 30, 2011: Rupees 0.121 million) respectively that are denominated in a currency other than the functional currency of the Company. The Aggregate balance sheet exposure to currency risk works out to be Rupees 43.398 million (June 30, 2011: Rupees 25.215 million). The currencies in which these transactions primarily are denominated is U.S. Dollar and Euro.

	Average rates		Balance sheet date rate	
	2012	2011	2012	2011
Significant exchange rates applied during the year:				
US Dollars	**89.93**	86.45	**94.00**	85.85
Euro	**121.43**	112.37	**118.25**	124.60

Sensitivity analysis

A 10 percent strengthening of the Rupee against above mentioned currencies at 30 June would have decreased the profit for the year by Rupees 4.340 million (June 30, 2011: Rupees 2.521 million) mainly as a result of net foreign exchange loss on translation of foreign currency trade debts and foreign currency bank accounts. The analysis assumes that all other variables remain constant. A 10 percent weakening of the Rupee against above currencies at 30 June would have had the equal but opposite effect on the profit and loss account, on the basis that all other variables remain constant.

37.4.2 Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and leasing companies. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is given below:

There are no fixed rate financial liabilities as at June 30, 2012 (June 30, 2011: Rupees nil million). The Company does not account for any fixed rate financial liabilities at fair value through profit and loss. Therefore, changes in interest rate at reporting date would not effect profit and loss account.

The variable rate financial liabilities as at June 30, 2012 aggregated to Rupees 102.269 million (June 30, 2011: 92.646 million). A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) profit for the year by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit & loss	
	100 bp increase	**100 bp decrease**
	.... Rupees in thousand	
As at June 30, 2012		
Cash flow sensitivity - variable rate instruments	**(121)**	**121**
As at June 30, 2011		
Cash flow sensitivity - variable rate instruments	(124)	124

37.5 Fair value of financial assets and liabilities

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in arm's length transaction.

37.6 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

Consistent with others in industry, the company monitors capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt represent total of long tern financing and short term borrowing less cash and bank balances. Total capital is calculated as equity shown in balance sheet plus net debt. There were no changes in the Company's management during the year and the Company is not subject to externally imposed capital requirement.

	30 June 2012	30 June 2011
	.... Rupees in thousand	
Total borrowing	**109,136**	93,942
Less: Cash and bank balances	**2,403**	1,183
Net debt	**106,733**	92,759
Total equity	**139,130**	135,564
Total capital	**245,863**	228,323
Gearing ratio	**43.41%**	40.63%

38 OPERATING SEGMENTS

The financial information has been prepared on the basis of a single reportable segment.

38.1 Sales from gelatine products and di-calcuim phosphate (by-products) represent 74.14% and 25.86% (June 30, 2011: 70.24% and 29.76%) of the total revenue of the Company respectively.

38.2 The sales percentage by geographic region is as follows:

	30 June 2012	30 June 2011
	%	%
Pakistan	**54.10**	56.22
United Kingdom	**3.80**	1.96
Malysia	**21.83**	16.36
Germany	**12.75**	15.23
Turkey	**2.63**	6.03
Others	**4.89**	4.18
	100.00	100.00

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	.... Rupees in thousand		.... Rupees in thousand		.... Rupees in thousand	
Managerial remuneration	**1,696**	1,468	**2,392**	2,082	**3,070**	2,842
Contribution to provident fund	**80**	69	**86**	71	**78**	43
	1,776	1,537	**2,478**	2,153	**3,148**	2,885
Number of Persons	**1**	1	**3**	3	**3**	3

39.1 In addition to above the chief executive, and two directors are provided with free use of company maintained cars.

39.2 No fee for attending Board meetings was paid to non executive directors.

40 TRANSCATION WITH RELATED PARTIES

The related parties comprise of key management personnel and post employment contribution plan. Detail of transcations with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows.

Nature of relation	Nature of transcation		30 June 2012	30 June 2011
			.... Rupees in thousand	
40.1 Key management personnel				
	Loan obtained from chief executive		**35,295**	16,604
	Loan repaid to chief executive		**32,453**	12,701
	Managerial remuneration	- note - 39	**4,254**	3,690
40.2 Contribution to Provident Fund	Cotribution to provident fund Trust		**1,782**	1,550

40.3 Key management personnel are those persons having authority and responsibilty for planning, directing and controlling the activities of the entity, directly or indirectly, including any director. The Company's key management personnel comprise of Chief Executive and Directors.

41 PLANT CAPACITY AND ACTUAL PRODUCTION

	30 June 2012	30 June 2011
Estimated plant capacity in metric tons		
Gelatine (Blended / Unblended)	**2,000**	2,000
Di-calcium Phosphate	**9,000**	9,000
Actual production in metric ton		
Gelatine (Blended / Unblended)	**1,002**	724
Di-calcium Phosphate	**4,002**	3,952

Under utilisation is due to present energy crisis and export of live animals.

42 NON- ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on October 08, 2012 has proposed a final cash dividend of Rs. 0.75 per share (other than 3,486,735 shares held by the directors of the company) amounting to Rupees 3.010 million (June 30, 2011: Rupees nil) for the year ended June 30, 2012. The approval of the members of the company for the dividend shall be obtained at the Annual General Meeting to be held on October 31, 2012. The financial statements for the year ended June 30, 2012 do not include the effect of the proposed final cash dividend which will be accounted for in the period in which it is approved by the members.

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 08, 2012 by the Board of Directors of the Company.

44 GENERAL

44.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

44.2 Corresponding figures have been re- classified, whenever necessary, for purposes of comparison. There were, however, no material re- classification made in these financial statements.

LAHORE
Dated: October 08, 2012

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

KH. IBRAR AHMED
Director

PATTERN OF SHAREHOLDERS AS AT 30TH JUNE, 2012.

NO. OF SHAREHOLDERS		SHAREHOLDING			TOTAL SHARES HELD
137	From	1	To	100	7,156
229	From	101	To	500	48,745
33	From	501	To	1,000	30,016
122	From	1,001	To	5,000	397,299
13	From	5,001	To	10,000	103,337
1	From	10,001	To	15,000	13,900
1	From	15,001	To	20,000	16,725
2	From	20,001	To	25,000	41,757
4	From	35,001	To	40,000	150,320
3	From	45,001	To	50,000	150,000
2	From	50,001	To	55,000	105,800
1	From	55,001	To	60,000	59,600
1	From	70,001	To	75,000	74,000
2	From	75,001	To	80,000	150,960
2	From	105,001	To	110,000	211,360
1	From	145,001	To	150,000	145,390
3	From	155,001	To	160,000	480,000
1	From	170,001	To	175,000	170,300
1	From	175,001	To	180,000	176,700
1	From	200,001	To	205,000	202,500
1	From	205,001	To	210,000	205,900
1	From	210,001	To	215,000	214,600
1	From	270,001	To	275,000	270,300
1	From	330,001	To	335,000	330,020
1	From	365,001	To	370,000	370,000
1	From	415,001	To	420,000	420,000
1	From	59,001	To	595,000	592,550
1	From	655,001	To	660,000	657,900
1	From	750,001	To	755,000	751,765
1	From	950,001	To	955,000	951,100
570					**7,500,000**

Category of Shareholders	Number	Shares Held	Percentage
Individuals	557	7,058,383	94.11
NIT & ICP	2	20,982	0.28
Banks	3	22,334	0.30
Associated Companies	1	370,000	4.93
Joint Stock Companies	6	26,301	0.35
Charitable Trust	1	2,000	0.03
	570	7,500,000	100.00

NAMEWISE DETAILS		**No. of Shares**
NIT & ICP		
1.	IDBP (ICP UNIT)	25
2.	NATIONAL BANK OF PAKISTAN, TRUSTEE DEPT (CDC)	20,957
BANKS, DEVELOPMENTS, FINANCIAL INSTITUTIONS NON BANKING FINANCIAL INSTITUTIONS		
1.	NATIONAL BANK OF PAKISTAN. (CDC)	13,900
2.	NATIONAL BANK OF PAKISTAN. (CDC)	2,597
3.	THE BANK OF PUNJAB. (CDC)	5,837
DIRECTORS, CEO, SPOUSE AND MINOR CHILDREN		
1.	Kh. Imtiaz Ahmed (CEO)	751,765
2.	Mst. Navida Imtiaz (Wife)	657,900
3.	Kh. Ijaz Ahmed (Director)	592,550
4.	Mst. Neelum Naz (Wife)	202,500
5.	Kh. Ibrar Ahmed (Director)	951,100
6.	Mst. Nosheen Ibrar (Wife)	270,300
7.	Mr. Iqbal Dossa (Director)	176,700
8.	Mr. Muhammad Kamran Khwaja (Director)	50,000
9.	Mst. Sofia Kamran (Wife)	160,000
10.	Mr. Umer Riaz Khwaja (Director)	214,600
11.	Kh. Ahmed Hassan (Director)	750,020
JOINT STOCK COMPANIES		
1.	M/S RAMADA INVESTORS SERVICES LTD.	500
2.	M/S RAAZIQ INTERNATIONAL LTD.	20,800
3.	M/S H.M. INVESTMENT LTD.	4,625
4.	M/S ALI USMAN STOCK BROKERAGE (PVT) LTD.(CDC)	150
5.	M/S DARSON SECURITIES (PVT) LTD. (CDC)	21
6.	M/S PEARL CAPITAL MANAGEMENT (PVT) LTD. (CDC)	205
ASSOCIATED COMPANIES		
INA SECURITIES (PVT) LIMITED		370,000
CHARITABLE TRUST		
TRUSTEES SAEEDA AMIN WAKF (CDC)		2,000
SHARES HELD BY THE GENERAL PUBLIC		2,280,948
SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL		
1.	KH. IMTIAZ AHMED	751,765
2.	MRS. NAVIDA IMTIAZ W/O KH. IMTIAZ AHMED	657,900
3.	KH. IBRAR AHMED	951,100
4.	KH. AHMED HASSAN	750,020
5.	KH. IJAZ AHMED	592,550

During the financial year the trading in shares of the company by the directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows:-

NIL

October 08, 2012

To: All Shareholders of the Company.

COPY OF COMPUTRIZED NATIONAL IDENTITY CARD (CNIC)

As per directions to all listed companies by Securities and Exchange Commission of Pakistan vide S.R.O. 779(1)/2011 dated August 18, 2011, the **"DIVIDEND WARRANT(S)"** should bear the Computerized National identity Card (CNIC) number of the registered member(s), except in case of minor(s) and corporate members, and dividend warrant can not be issued without inserting the CNIC number of the member(s) or its authorized person(s).

For this purposes, please provide us a copy of your CNIC (if not provided earlier) for compliance of the directions of SECP, failing which your future dividend warrant(s), if any, will be withheld till the compliance of the above referred notification.

You must mention your folio number on the face of your CNIC copy for identification.

Copy of your CNIC may please be sent to our Registrar Office at the following address:

M/s. Corplink (Pvt) Limited
Wings Arcade, 1-K, Commercial, Model Town,
LAHORE.

Ph. Nos.: 0092-42-35916714, 35916719,35839182
Fax No.: 0092-42-35869037
E-mail: corplink786@yahoo.com

Shareholders are requested to immediately notify the change of address, if any.

Yours truly,
For Leiner Pak Gelatine Limited,

(Kh. Ibrar Ahmed)
Company Secretary

October 08, 2012

To: All Shareholders of the Company.

Subject: **DIVIDEND MANDATE FORM**

It is to inform you that under section 250 of the Companies Ordinance, 1984 a share holder may, if so desire directs the company to pay dividend through his/her/its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide **Circular Number 18 of 2012 dated June 05, 2012,** being the registered shareholders of Leiner Pak Gelatine Limited, you are hereby given the opportunity to authorize the Company to directly credit in your bank account cash dividend, if any, declared by the Company in future.

Please note that this dividend mandate is optional and not compulsory, in case you do not wish your dividend to be directly credited into your bank account, then the same shall be paid to you through the dividend warrants.

Do you wish the cash dividend declared by the company, if any, is directly credited in your bank account, instead of issue of dividend warrants. Please tick "✔" any of the following boxes:

YES **NO**

If yes then please provide the following information:

TRANSFEREE DETAIL	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name, Code and Address	
Cell number of Transferee	
Landline number of Transferee, if any	

It is stated that the above-mentioned information is correct, that I will intimate the changes in the above mentioned information to the company and the concerned Share Registrar as soon as these occur.

____

Signature of the member / shareholder

Form of Proxy

The Company Secretary,
Leiner Pak Gelatine Ltd.
17-G, Gulberg2,
Lahore-54660

ANNUAL GENERAL MEETING

I/ We ____
of ____ being a member of LEINER PAK GELATINE LIMITED,
holder of ____________________________________ Ordinary Shares as per Share Register Folio No.
(No. of Shares)

__________________________ and/or CDC Participant I.D. No. _________________________________
and Sub Account No. ___________________ hereby appoint ______________________________________
Of ____
Or failing him ______________________________ of ____
as my/our proxy to vote for me /us and on my / our behalf at the Annual General Meeting of the Company to be held on 31^{st} day of October, 2012 and at any adjournment thereof.

Signed this ____________ day of ____________ 2012

WITNESSES

1. **Signature** ________________

   Name ____________________
   Address __________________
   ____
   NIC or ___________________
   Passport No. ______________

2. **Signature** ________________

   Name ____________________
   Address __________________
   ____
   NIC or ___________________
   Passport No. ______________

Signature on Rs. 5/- Revenue stamp

(Signature should agree with the specimen signature registered with the Company

Note:

1. A member entitled to be present and vote at the Meeting may appoint a proxy to attend and vote for him / her. A proxy need be a member of the Company.
2. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.
3. **CDC Shareholders and there Proxies** must each attach an attested photocopy of there National Identity Card of Passport with this proxy form.