Leiner Pak Gelatine Limited

LEINER

ANNUAL REPORT
2013-2014

SYSTEM CERTIFICATION ISO 9001:2008 SGS

SYSTEM CERTIFICATION ISO 14001:2004 SGS

SYSTEM CERTIFICATION HACCP SGS

C O N T E N T S

COMPANY INFORMATION
BOARD OF DIRECTORS

Ijaz Ahmed Khwaja	Chairman
Khwaja Imtiaz Ahmed	Chief Executive & Managing Director
Ibrar Ahmed Khwaja	Executive Director
Khwaja Ahmed Hassan	Executive Director
Mian Zia-Ud-Din	Independent Director
Umer Riaz Khwaja	Non-Executive Director
Mr. Iqbal Dossa	Non-Executive Director

AUDIT COMMITTEE

Mian Zia-Ud-Din (Chairman)
Ijaz Ahmed Khwaja (Member)
Umer Riaz Khwaja (Member)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Khwaja Ahmed Hassan (Chairman)
Mian Zia-Ud-Din (Member)
Umer Riaz Khwaja (Member)

COMPANY SECRETARY

Ibrar Ahmed Khwaja

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/Postmall No. 3529, 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

Bank Al Habib Limited
United Bank Limited
MCB Bank Limited-Islamic Banking
Bank Alfalah Limited-Islamic Banking
Bank Islami Pakistan Limited
National Bank of Pakistan
Summit Bank Limited

NOTICE OF 31st ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting of LEINER PAK GELATINE LTD., will be held on Friday, the 31st October, 2014 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 Qur'aan.
2. To confirm the minutes of the Annual General Meeting held on Thursday , 31st October, 2013.
3. To receive and adopt the Annual Accounts of the Company for the Year ended 30th June, 2014 together with Directors' and Auditors' Report thereon.
4. To appoint the Auditors of the Company for the year ending 30th June, 2015 and to fix their remuneration.
5. To transact or discuss any other business with the permission of the Chair.

BY ORDER OF THE BOARD,

(IBRAR AHMED KHWAJA),
COMPANY SECRETARY.

LAHORE:
DATED: 03rd October, 2014

NOTES:

1. The Share Transfer Books of the Company will remain closed from 24th October, 2014 to 31st October, 2014 (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 Directors are pleased to present the 31st Annual Report along with Company's audited financial statements for the financial year ended 30th June, 2014 together with Auditors' Report thereon.

OPERATIONS

This year (2014) was quite different year than the preceding years in terms of challenges faced by the company. During the year factory premises was badly hit by devastating flood on August 15, 2013 and flood water remained stagnant for 10 days which not only halted the business operations but badly damaged the production facilities, stores & spares and also sizeable stocks of finished product (Gelatin).

Company's assets were comprehensively insured and our insurers M/S IGI Insurance Limited played a positive role in our loss assessments and yielded the benefit of insurance to the company which helped us to bring the production facilities back in to operations. Despite of the receipt of insurance claims, company incurred revenue loss due to certain hair cuts and depreciation rules adopted by the loss adjusters.

Our production cycle (Gelatin manufacturing) completes in almost 65 days from the date of charging the raw materials to the process and to produce the finished goods (Gelatin). Flood water of August 15, 2013 also became the cause to ruin the production process chain of 22 days (process days prior to flood) and 50 days after the happening of the incident, as these days were required for cleaning and maintenance of plant and machinery. Less availability of bones (raw material) due to export of live animals also added to the misery. Due to the limited production days company could produce only 588 M. Ton of Gelatin in this year.

During the year Pak Rupee was strengthened by about 10% against U.S. $, Euro and G.B sterling which also shed the realization of export proceeds in almost same %age. This affect also aggravated the afore said situation. Both factors (low production and less realization on export proceeds) badly affected the total turnover of the year and company posted the sales at Rs.484.921 million as compared to Rs.705.290 million in last corresponding year. Low production amid the high priced alternate fuel (due to power & gas crises) and fixed overheads restricted the company to loss after tax at Rs.52.956 million and as of that date its current liabilities exceeded its current assets by Rupees 40.045 million. The above factors together with another flood incidence in September 2014 as mentioned in note 42 in the annexed financial statements raise significant doubts on the Company's ability to continue as a going concern as the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management of the Company believes that the Company has the history of profits and the incidence of loss for the current year has arisen primarily because of low production activity due to closure of production operations and other related disruptions. Keeping in view the following factors, the management foresees that the Company will continue as a going concern:

- ñ Floods are not a regular phenomena in the vicinity of the factory as per history of about past two decade.

- ñ There is continued demand for the products of the Company within the country and abroad. Demand of "Halal" Gelatine is increasing in foreign and local markets, as "Halal" Gelatine is equally consumed in Muslim and non-Muslim countries.

- ñ Repayments to banks and financial institutions have been made as per agreed terms and they have renewed the credit facilities for future period.

- ñ Continued financial support of its sponsors.

- ñ The affected assets are fully insured.

- ñ The Company's capability to attain the normal production capacity is intact.

- ñ Remedial and preventive measures to guard against the recurrence of such incidences in future.

Based on aforementioned facts, the management of the Company is confident that this temporary phase will soon be over which will enable the management to regain the maximum production capacity levels resulting into optimum absorption of the fixed costs thereby pulling the Company out of losses regime and eventually into profitability. These financial statements, therefore, do not include any adjustment relating to the realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

The auditors' report contains emphasis of matter paragraph to draw attention towards the going concern matter. In this regard management's assessment is detailed in note 2 in the annexed financial statements.

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. The management has explained their views in detail regarding the going concern ability of the Company in note 2 in the annexed financial statements.
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:	2013	2012	2011	2010	2009	2008
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)
Turnover	705,290	579,012	428,796	476,657	430,924	344,930
Profit/(Loss) after Taxation	2,718	3,566	(254)	(3,000)	21,359	(4,362)
Assets	281,317	289,007	203,789	195,290	172,306	172,410
Dividend	-	3,010	-	-	9,000	-
Loans (long term)	-	-	2,500	7,500	-	-

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	Ijaz Ahmed Khwaja	5
2	Khwaja Imtiaz Ahmed	5
3	Ibrar Ahmed Khwaja	5
4	Khwaja Ahmed Hassan	5
5	Mian Zai-Ud-Din	5
6	Umer Riaz Khwaja	5
7	Mr.Iqbal Dossa	5

APPROPRIATIONS

In view of the funds requirement for the future plans and commitments, it has been decided to omit dividend for the current year.

EARNING RATIO:-

The (loss)/earning per share after tax works out to Rs.(7.06) {last year Rs.0.36}.

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:

		Provident Fund
Last audited statements		**June 30, 2014**
Investments at fair value **Rs.(000s)**		89,370
These funds are invested as given below:	Rs.(000s)	
Unit Trust Schemes	40,207	
Mutual Funds	297	
Savings Schemes of Banks	4,229	
Bank Deposits	17,995	
Listed Securities	26,642	
	89,370	

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company is well aware of its responsibilities to contribute in the social, economic, environmental and educational uplift of the society.

We also believe that we are an integral part of the society in which we operate and our continuous support to the community can bring the radical change in life of a common citizen.

Company is closely working with Lahore Businessmen Association for Rehabilitation of the Disabled (LABARD) and providing annual donations to such hospitals and health organization which have achieved milestones in health care projects for general public. Company also provides medical assistance to certain individual patients.

Being the part of the society, company not only committed to compliance with legal requirements but voluntarily go beyond.

Leiner Pak Gelatine Limited always played proactive role in helping the affectees of natural calamities.

Company is also playing its role in educational field and school/college fees are being paid on behalf of deserving students.

OUTSTANDING STATUTORY PAYMENTS

All outstanding payments are of routine nature.

CODE OF CONDUCT

Company had adopted Code of Conduct in accordance with the directives provided by the Code of Corporate Governance. The same has been disseminated through out the entity.

Certain rules and regulations have formally been introduced through the Code of Conduct. This Code of Conduct establishes the required level of responsibility with employees in terms of ethical, moral and disciplinary behaviours.

Code of Conduct adopted by the company also serves to provide the honesty, integrity, professionalism and tolerance among the employees.

BOARD COMMITTEES

AUDIT COMMITTEE

During the year, four meetings of the Audit Committee were held, attendance of the meetings is as follows:

Name of Directors	No. of Meeting Attendance
Umer Riaz Khwaja	4
Ibrar Ahmed Khwaja	2
Mian Zia Ud Din	4
Ijaz Ahmed Khwaja	2

Audit Committee is responsible to implement an effective internal control system, designing the tools of internal audit, compliance of corporate governance with in the organization and to forward recommendations to the Board of Directors in the light of its findings.

The Audit Committee among other things is responsible for recommending to the Board of Directors' the appointment, removal and resignation of the external auditors. Audit Committee's other responsibilities in the light of code of corporate governance also include the following:

a) determination of appropriate measures to safeguard the company's assets;

b) review of quarterly, half yearly and annual financial statements of the company, prior to their approval by the Board of Directors;

c) review of preliminary announcements of results prior to publication;

d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e) review of management letter issued by external auditors and management's response thereto;

f) ensuring coordination between the internal audit and external auditors of the company;

g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;

h) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

i) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sale, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

j) review of the company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;

l) determination of compliance with relevant statutory requirements;

m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

n) consideration of any other issue or matter as may be assigned by the Board of Directors.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

In accordance with clause (XXV) of Code of Corporate Governance, the Board has constituted an independent and fully functional Human Resource and Remuneration (HR & R) Committee. This committee will help the Board in discharging their responsibilities as provided by the Code of Corporate Governance.

These responsibilities 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.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.

Human Resource and Remuneration Committee (HR & R) include the following Directors:-

i)	Khawaja Ahmed Hassan	(Chairman)
ii)	Mian Zia-Ud-Din	(Member)
iii)	Umer Riaz Khwaja	(Member)

TRAINING PROGRAMME OF DIRECTORS

It is mandatory for every member of the Board that he must be subjected to orientation and training to enhance their skills for managing the company in good manner.

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

In accordance with the directives of Code of Corporate Governance, one of our director Mr.Zia-ud-Din got registered himself with the University of Lahore and acquired the certification of training as prescribed by the Code.

TRADE IN SHARES OF THE COMPANY

Directors of your company are pleased to state that during the financial year 2013-2014 no any Directors, Executives, their spouse and minor children entered in to any transaction of sale/purchase of Company's shares.

LABOUR AFFAIRS

Company's management and employees are enjoying cordial relations with each other. This relationship is persistent unabatedly for the last many years. Management is assisting in holding elections of labour union as provided by the labour laws.

Company is offering comfortable working environment to its employees and share the policies relating to employees before their implementations. This process is boosting the sense of belongingness among the employees which ultimately help in strengthening the ethical and moral values as well.

Recent election of CBA union was held on 30-07-2013. The wining CBA union has the right for bargaining with the management on behalf of the employees. Last bargained settlement was arrived on 01-04-2013 which is applicable for next following two years.

POST BALANCE SHEET EVENTS

Management of the company want to bring in the knowledge of all stake holders that factory premises was again hit by the recent unprecedented flood on September 08, 2014. Despite of the various preventive measures, flood water caused the loss to factory building, plant & machinery, stores and spare parts and stock in trade. Due to this flood production process was closed and it is expected that about two months production activities be hampered in bringing back the facilities in operations.

Company's all assets are comprehensively insured. Insurance surveyors are continuously visiting the factory premises but they have not arrived to loss assessments as flood water is not receded completely.

Due to preventive measures adopted at factory premises management believes that extent of the loss in the current year shall be less than the loss incurred in preceding year.

AUDITORS:

The present auditors, M/s M. Almas & Co. Chartered Accountants, Lahore, has completed their assignment for the year ended June 30, 2014 and shall retire on the conclusion of 31st 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 statuary auditors for the year 2014-15.

PATTERN OF SHARE HOLDING:

It appears on page no: 49

ACKNOWLEDGEMENT

The Board of Directors would like to express their appreciation for the efforts and dedication of all employees which enabled the company management to bring factory premises back in to operations in current financial year (2013-14).

We further acknowledge the co-operation and business relation with the Bank Al-Habib Limited, Bank Alfalah Limited, Bank Islami Pakistan Limited, National Bank of Pakistan, MCB Bank Limited - Islamic Banking, United Bank Limited and Summit Bank Limited.

LAHORE
Dated:October 03, 2014

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2014

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
Mian Zia-ud-Din	Independent Director
Khwaja Imtiaz Ahmed	Executive Director
Ibrar Ahmed Khwaja	Executive Director
Khwaja Ahmed Hassan	Executive Director
Ijaz Ahmed Khwaja	Non - Executive Director
Umer Riaz Khwaja	Non - Executive Director
Mr. Iqbal Dossa	Non - Executive Director

The compliance with the requirements of clause i(d) of the CCG regarding number of executive directors will be made in future.

The independent director meets the criteria of independence under clause i(b) of the CCG.

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 arranged a training program for one of its directors during the year, under a training program offered by an institution that meets the criteria specified by SECP. Out of seven (7), three (3) Board members have completed the above mentioned directors' training program as on that date.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

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 who are Non-Executive Directors and the Chairman of the committee is an Independent 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 program 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 number of the executive directors which will be completed in future.

On behalf of the Board

LAHORE
Dated: October 03, 2014

KH. IMTIAZ AHMED
Chief Executive &
Managing Director

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

We have reviewed the enclosed 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, 2014, to comply with the requirements of Listing Regulations No. 35 of the Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. 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 as applicable to the Company for the year ended June 30, 2014.

Further, we highlight below instance of non-compliance with the requirements of the Code as reflected in the paragraph – 1 in the Statement of Compliance.

Paragraph reference	**Description**
1	That the number of the executive directors of the Company exceed by one director than the number prescribed by clause i(d) of the Code.

Lahore
Dated: October 03, 2014

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

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **LEINER PAK GELATINE LIMITED** as at June 30, 2014 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, 2014 and of the loss, total comprehensive loss, 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).

Without qualifying our opinion, we draw attention to note 2 of the financial statements, which indicates that the company incurred a net loss of Rupees 52.956 million during the year ended June 30, 2014 and, as of that date its current liabilities exceeded its current assets by Rupees 40.045 million. These conditions, along with other matters as referred in note 2 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

Lahore
Dated: October 03, 2014

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

BALANCE SHEET
AS AT JUNE 30, 2014

	Note	30 June 2014	30 June 2013
		--------Rupees in thousand--------	
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	5	75,000	75,000
Unappropriated profit		10,882	63,838
		85,882	138,838
Surplus on revaluation of property, plant and equipment	6	164,134	164,134
Non-current liabilities			
Deferred taxation	14	-	9,355
Current liabilities			
Trade and other payables	7	123,732	113,400
Mark-up accrued	8	2,008	1,854
Short term borrowings	9	106,501	131,186
		232,241	246,440
Contingencies and commitments	10	-	-
		482,257	558,767
ASSETS			
Non-current assets			
Property, plant and equipment	11	278,743	281,317
Intangible assets	12	-	8
Long term deposits	13	2,779	2,643
Deferred taxation	14	8,539	-
		290,061	283,968
Current assets			
Stores, spare parts and loose tools	15	20,785	11,240
Stock-in-trade	16	129,367	198,011
Trade debts	17	9,875	34,761
Advances	18	2,276	1,075
Trade deposits and short term prepayments	19	1,177	1,530
Other receivables	20	15,441	14,572
Advance income tax-net	21	12,775	10,028
Cash and bank balances	22	500	3,582
		192,196	274,799
		482,257	558,767

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

LAHORE
Dated: October 03, 2014

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	30 June 2014	30 June 2013
		--------Rupees in thousand--------	
Sales-net	23	484,921	705,290
Cost of sales	24	484,417	626,517
Gross profit		504	78,773
Other income	25	1,638	1,561
		2,142	80,334
Distribution cost	26	4,209	7,308
Administrative expenses	27	50,290	48,930
Other operating expenses	28	1,935	2,331
Finance cost	29	11,021	12,203
(Loss) / profit before taxation		(65,313)	9,562
Taxation	30	(12,357)	6,844
(Loss) / profit after taxation		(52,956)	2,718
(Loss) / earnings per share-basic and diluted (Rupees)	31	(7.06)	0.36

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

LAHORE
Dated: October 03, 2014

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	30 June 2014	30 June 2013
	--------Rupees in thousand--------	
(Loss) / profit after taxation	**(52,956)**	2,718
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year	(52,956)	2,718

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

LAHORE
Dated: October 03, 2014

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	30 June 2014	30 June 2013
		--------Rupees in thousand--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	32	**52,128**	9,408
Finance cost paid		**(10,867)**	(12,879)
Payments to provident fund		**(1,803)**	(1,817)
Taxes paid		**(8,284)**	(7,966)
Sales tax (payments) / refund		**(900)**	420
Workers' Welfare Fund paid		**-**	(269)
Workers' Profit Participation Fund paid		**-**	(616)
Net cash generated from / (used in) operating activities		**30,274**	(13,719)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(9,458)**	(4,819)
Proceeds from disposal of property, plant and equipment		**924**	1,219
Increase in long term deposits		**(136)**	(327)
Net cash used in investing activities		**(8,670)**	(3,927)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term financing		**-**	(3,750)
Repayment of liabilities against assets subject to finance lease		**-**	(355)
Dividend paid		**(1)**	(2,870)
Net (decrease) / increase in short term borrowings		**(24,685)**	25,800
Net cash (used in) / generated from financing activities		**(24,686)**	18,825
Net (decrease) / increase in cash and cash equivalents		**(3,082)**	1,179
Cash and cash equivalents at the beginning of the year		**3,582**	2,403
Cash and cash equivalents at the end of the year	33	**500**	3,582

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

	KH. IMTIAZ AHMED	**IBRAR AHMED KH.**
LAHORE	Chief Executive	Director
Dated: October 03, 2014	& Managing Director	

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Share capital Issued, subscribed and paid up share	Un appropriated profit	Total
	----------Rupees in thousand----------		
Balance at June 30, 2012	75,000	64,130	139,130
Final cash dividend for the year ended June 30, 2012 (Rupees 0.75 per share)	-	(3,010)	(3,010)
Total comprehensive income for the year	-	2,718	2,718
Balance at June 30, 2013	**75,000**	**63,838**	**138,838**
Total comprehensive loss for the year	-	**(52,956)**	**(52,956)**
Balance at June 30, 2014	**75,000**	**10,882**	**85,882**

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

LAHORE
Dated: October 03, 2014

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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 GOING CONCERN ASSUMPTION

During the year flood water hit the factory causing loss to stocks, inventories and property, plant and equipment and resulted into closure of production operations for about two months as detailed in note 24.5. The financial statements of the Company for the year ended June 30, 2014 show loss after taxation amounting to Rupees 52.956 million and as of that date its current liabilities exceeded its current assets by Rupees 40.045 million. The above factors together with another flood incidence in September 2014 as mentioned in note 42 raise significant doubts on the Company's ability to continue as a going concern as the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The management of the Company believes that the Company has the history of profits and the incidence of loss for the current year has arisen primarily because of low production activity due to closure of production operations and other related disruptions. Keeping in view the following factors, the management foresees that the Company will continue as a going concern:

- Floods are not a regular phenomena in the vicinity of the factory as per history of about past two decades.
- There is continued demand for the products of the Company within the country and abroad. Demand of "Halal" Gelatine is increasing in foreign and local markets, as "Halal" Gelatine is equally consumed in Muslim and non-Muslim countries.
- Repayments to banks and financial institutions have been made as per agreed terms and they have renewed the credit facilities for future period.
- Continued financial support of its sponsors.
- The affected assets are fully insured.
- The Company's capability to attain the normal production capacity is intact.
- Remedial and preventive measures to guard against the recurrence of such incidences in future.

Based on aforementioned facts, the management of the Company is confident that this temporary phase will soon be over which will enable the management to regain the maximum production capacity levels resulting into optimum absorption of the fixed costs thereby pulling the Company out of losses regime and eventually into profitability. These financial statements, therefore, do not include any adjustment relating to the realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

3 BASIS OF PREPARATION

3.1 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.

3.2 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.

3.3 Judgments, estimates and assumptions

The preparation of the financial statements in conformity with approved accounting standards requires management to make judgments, 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 judgments 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 judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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

Judgments 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- 34.

3.4 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.

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 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 11.1 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.

4.2 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 12 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

4.3 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 usability.

4.4 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.

4.5 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.

4.6 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.

4.7 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- 11.1.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

4.8 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.

4.9 Employee benefits

A defined contribution plan is a post-employment benefit under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligation for contribution to a defined contribution plan is recognised as an employee service benefit expense in the profit and loss account when it is due.

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.

4.10 Trade and other payables

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

4.11 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.

4.12 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.

4.13 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.

4.14 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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.

4.15 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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.

4.20 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.

4.21 Dividend to shareholders

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

4.22 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment, however, certain information, as required by the approved accounting standards, is presented in note 36 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

4.23 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, 2013 but are considered not to be relevant or did not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

4.24 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 their respective dates.

Standards or interpretation:	**Effective date (accounting periods beginning on or after)**
IAS 32 (Amendment), 'Financial instruments: Presentation' on Offsetting financial assets and financial liabilities	January 01, 2014
IAS 36 (Amendment), ' Impairment of assets'.	January 01, 2014
IAS 39 (Amendment), 'Financial instruments: Recognition and measurement'. on novation of derivatives and hedge accounting	January 01, 2014
Annual improvements 2012; IFRS 2, 'Share-based payment'. IFRS 3, ' Business combinations'. IFRS 8, ' Operating segments'. IFRS 13, 'Fair value measurement'. IAS 16, 'Property, plant and equipment'. IAS 38, 'Intangible assets'	July 01, 2014
Annual improvements 2013; IFRS 1, 'First time adoption'. IFRS 3, ' Business combinations'. IFRS 13, ' Fair value measurement'. IAS 40, ' Investment property'	July 01, 2014
IAS 24 (Amendment), ' Related parties'	July 01, 2014
IFRS 9, 'Financial instruments'	January 01, 2015

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, 2014 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

			30 June 2014	30 June 2013
5	**SHARE CAPITAL**		--------Rupees in thousand--------	
	Authorised share capital			
	10,000,000 (June 30, 2013: 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, 2013: 7,500,000) ordinary shares of Rupees 10 each issued as fully paid in cash	-note- 5.1	**75,000**	75,000
			75,000	75,000

5.1 **Ordinary shares of the Company held by associated undertaking as at year end are as follows:**

	30 June 2014	30 June 2013
	(Number of shares)	
INA Securities (Private) Limited	**370,000**	370,000
	370,000	370,000

			30 June 2014	30 June 2013
6	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**		--------Rupees in thousand--------	
	Revaluation surplus	-note- 6.1	**164,134**	164,134

6.1 **Revaluation surplus**

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	85,936
	164,134	164,134

6.2 The Company had 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

6.3 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.

			30 June 2014	30 June 2013
7	**TRADE AND OTHER PAYABLES**		--------Rupees in thousand-------	
	Creditors		**81,194**	73,596
	Accrued liabilities		**14,786**	15,709
	Advances from customers		**25,056**	21,561
	Payable to provident fund		**621**	640
	Income tax withheld payable		**122**	25
	Workers' Profit Participation Fund	-note- 7.1	**680**	595
	Workers' Welfare Fund		**418**	418
	Unclaimed dividend		**855**	856
			123,732	113,400

7.1 **Workers' Profit Participation Fund (WPPF)**

Balance at beginning of the year		**595**	627
Interest on funds utilized in Company's business	-note- 29	**85**	66
Allocation/ expenses for the year	-note- 28	**-**	529
		680	1,222
Less: paid to the fund during the year		**-**	(627)
		680	595

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

			30 June 2014	30 June 2013
			--------Rupees in thousand------	
8	**MARK-UP ACCRUED**			
	On borrowings from banking companies-secured			
	Short term borrowings		2,008	1,854
			2,008	1,854
9	**SHORT TERM BORROWINGS**			
	From banking companies-secured			
	Finance against packing credit Bank Al-Habib Limited	-note- 9.1, 9.4	24,920	23,180
	Finance against foreign bills Bank Al-Habib Limited	-note- 9.2, 9.4	-	16,571
	Running finance Bank Al-Habib Limited	-note- 9.3, 9.4	62,231	71,586
			87,151	111,337
	Temporary bank overdraft-unsecured	-note- 9.5	6	-
	From related parties-unsecured			
	Loan from director	-note- 9.6	19,344	19,849
			106,501	131,186

9.1 The finance against packing credit (FAPC-1) facility having sanctioned limit of Rupees 25 million (June 30, 2013: Rupees 25 million) has been obtained from Bank Al Habib Limited. The rate of mark- up on this facility is 9.5% (June 30, 2013: 10.40%) per annum payable quarterly or on adjustment of loan. The principal amount is to be adjusted / rolled over within 180 days from the draw down date or through own sources or through realization of export proceeds or on demand while mark up is to be serviced upon adjustment of loan or at the end of each calendar quarter whichever is earlier. The facility is valid till August 07, 2014.

9.2 The finance against foreign bills (FAFB-REF) facility having sanctioned limit of Rupees 40 million (June 30, 2013: Rupees 40 million) has been obtained from Bank Al Habib Limited. The rate of mark- up on this facility is 9.5% (June 30, 2013: 10.40%) per annum payable quarterly or on adjustment of loan. The principal is to be repaid upon realization of export proceeds as per tenor of respective bill but not later than 180 days from the draw down date or on demand while mark up is to be serviced upon adjustment of loan or at the end of each calendar quarter whichever is earlier. The facility is valid till August 07, 2014.

9.3 The running finance facility having sanctioned limit of Rupees 70 million (June 30, 2013: Rupees 70 million) has been obtained from Bank Al-Habib Limited for working capital requirements. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2013: three months average KIBOR -Ask plus 1.75%) per annum payable quarterly. The facility is valid till August 07, 2014.

9.4 The facilities mentioned in 9.1, 9.2 and 9.3 are commonly secured against first charge of Rupees 180 million (2013: Rupees 180 million) over current assets of the Company registered with SECP. First charge on fixed assets of Rupees 174 million (June 30, 2013: Rupees 174 million) comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku, Token Registered Mortgage of Rupees 0.5 million supported by equitable mortgage (in process), Initially ranking charge is registered with SECP for draw down. Lien over export documents under letter of credit and contract, shipping documents, accepted drafts, counter guarantee of the Company and personal guarantees of the Directors namely Kh. Imtiaz Ahmed, Kh. Ahmed Hassan and Ibrar Ahmed Kh. amounting to Rupees 155 million each (June 30, 2013: Rupees 155 million).

9.5 This has arisen due to issuance of cheques for amounts in excess of balance in the bank account.

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

9.7 The net aggregate short term borrowing facilities unavailed at end of June 30, 2014 amount to Rupees 47.849 million (June 30, 2013: Rupees 25.249 million) and for letters of credit and bank guarantees amount to Rupees 8.744 million (June 30, 2013: Rupees 8.744 million).

9.8 A Charge of Rupees 20 million (June 30, 2013: Rupees 20 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 The Pakistan Environmental Protection Agency has filed a complaint against the Company before the Environmental Protection Tribunal on account of Company's failure to properly dispose effluent water discharge during the production. The agency regards this to be a criminal offence. The Company 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 it 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, 2013: Rupees 400,000).

10.1.2 Cases have been filed against the Company for dismissal of certain workers for disciplinary reasons and payment of arrears of bonus. 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 369,000 (June 30, 2013: Rupees 350,000). 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.

10.1.3 Guarantees issued by bank on behalf of Company as at June 30, 2014 amounting to Rupees 11.256 million (June 30, 2013: Rupees 11.256 million).

10.2 Commitments

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

	30 June 2014	30 June 2013
	--------Rupees in thousand------	
Not later than one year	1,272	1,056
Later than one year but not later than five years	1,524	2,796

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

	30 June 2014	30 June 2013
	--------Rupees in thousand------	
Not later than one year	6,557	6,342
Later than one year but not later than five years	1,649	6,216

NOTES TO THE FINANCIAL STATEMENTS
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11 PROPERTY,PLANT AND EQUIPMENT

		30 June 2014	30 June 2013
		---------Rupees in thousand---------	
Operating fixed assets	- note - 11.1	272,792	281,317
Capital work in progress	- note - 11.5	5,951	-
		278,743	281,317

11.1 Operating fixed assets - for the year ended June 30, 2014

PARTICULARS	COST/REVALUED AMOUNT					DEPRECIATION						Net book value as at 30 June 2014
	As at 01 July 2013	Additions / Revaluation	Disposals	Transfers	As at 30 June 2014	Annual rates	As at 01 July 2013	Disposals	Transfers	For the year	As at 30 June 2014	
	------Rupees in thousand------											
Assets owned by the Company												
Tangible Assets												
Free hold land	171,960	-	-	-	171,960	-	-	-	-	-	-	171,960
Factory building- on free hold land	65,731	-	-	-	65,731	10%	43,471	-	-	2,226	45,697	20,034
Office building- on free hold land	817	-	-	-	817	5%	686	-	-	7	693	124
Plant and machinery	216,660	3,141	-	-	219,801	10%	145,489	-	-	7,290	152,779	67,022
Electric installation and equipment	19,948	-	-	-	19,948	10%	13,469	-	-	648	14,117	5,831
Fire fighting equipment	78	-	-	-	78	10%	29	-	-	5	34	44
Service and other equipment	580	-	-	-	580	10%	512	-	-	7	519	61
Office equipment	5,468	149	-	-	5,617	10%	2,817	-	-	277	3,094	2,523
Laboratory equipment	3,548	-	-	-	3,548	10%	3,021	-	-	53	3,074	474
Permanent and special equipment	261	-	-	-	261	10%	237	-	-	2	239	22
Furniture, fixtures and fittings	1,303	217	-	-	1,520	10%	754	-	-	66	820	700
Vehicles	17,352	-	1,879	-	15,473	20%	12,014	1,509	-	1,068	11,573	3,900
Railway siding	417	-	-	-	417	10%	405	-	-	1	406	11
Cycles and scooters	77	-	-	-	77	20%	44	-	-	6	50	27
Arms and ammunition	33	-	-	-	33	10%	21	-	-	1	22	11
Furnace	197	-	-	-	197	10%	144	-	-	5	149	48
30 June 2014	**504,430**	**3,507**	**1,879**	**-**	**506,058**		**223,113**	**1,509**	**-**	**11,662**	**233,266**	**272,792**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

11.2 Operating fixed assets - for the year ended June 30, 2013

PARTICULARS	COST/REVALUED AMOUNT					DEPRECIATION						Net book value as at 30 June 2013
	As at 01 July 2012	Additions / Revaluation	Disposals	Transfers	As at 30 June 2013	Annual rates	As at 01 July 2012	Disposals	Transfers	For the year	As at 30 June 2013	
	---Rupees in thousand---											
Assets owned by the Company												
Tangible Assets												
Free hold land	171,960	-	-	-	171,960	-	-	-	-	-	-	171,960
Factory building- on free hold land	57,659	8,072	-	-	65,731	10%	41,820	-	-	1,651	43,471	22,260
Office building- on free hold land	817	-	-	-	817	5%	679	-	-	7	686	131
Plant and machinery	208,430	8,230	-	-	216,660	10%	138,166	-	-	7,323	145,489	71,171
Electric installation and equipment	19,948	-	-	-	19,948	10%	12,749	-	-	720	13,469	6,479
Fire fighting equipment	78	-	-	-	78	10%	24	-	-	5	29	49
Service and other equipment	580	-	-	-	580	10%	504	-	-	8	512	68
Office equipment	5,435	33	-	-	5,468	10%	2,525	-	-	292	2,817	2,651
Laboratory equipment	3,548	-	-	-	3,548	10%	2,962	-	-	59	3,021	527
Permanent and special equipment	261	-	-	-	261	10%	234	-	-	3	237	24
Furniture, fixtures and fittings	1,217	86	-	-	1,303	10%	694	-	-	60	754	549
Vehicles	16,781	720	2,293	2,144	17,352	20%	10,912	1,473	1,069	1,506	12,014	5,338
Railway siding	417	-	-	-	417	10%	404	-	-	1	405	12
Cycles and scooters	77	-	-	-	77	20%	36	-	-	8	44	33
Arms and ammunition	33	-	-	-	33	10%	20	-	-	1	21	12
Furnace	197	-	-	-	197	10%	138	-	-	6	144	53
	487,438	17,141	2,293	2,144	504,430		211,867	1,473	1,069	11,650	223,113	281,317
Assets subject to finance lease												
vehicles	2,144	-	-	(2,144)	-	20%	1,030	-	(1,069)	39	-	-
30 June 2013	489,582	17,141	2,293	-	504,430		212,897	1,473	-	11,689	223,113	281,317

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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

		30 June 2014	30 June 2013
		--------Rupees in thousand--------	
Cost of sales	-note- 24.3	10,232	9,770
Administrative expenses	-note- 27	1,430	1,919
		11,662	11,689

11.4 The Company has revalued its freehold land on June 30, 1990, June 9, 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 Rupees 164.134 million (June 30, 2013: Rupees 164.134 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, 2014
	--------Rupees in thousand--------		
Freehold land	7,826	-	7,826

11.5 Capital work in progress

	Plant and Machinery	Building and Civil Works	Total 30 June 2014	30 June 2013
			--------Rupees in thousand--------	
As at 01 July	-	-	-	12,322
Additions	1,065	4,886	5,951	1,487
	1,065	4,886	5,951	13,809
Transfer to operating fixed assets	-	-	-	(13,809)
As at 30 June	1,065	4,886	5,951	-

11.6 Disposal of property, plant and equipment

	Cost	Accumulated depreciation	Net book value	Proceeds from disposal	Gain / (loss) on disposal	Mode of disposal	Particulars of Buyers
	---------- Rupees in thousand ----------						
Toyota corolla	1,039	803	236	424	188	Negotiation	Mr. Muhammad Zahid Akbar Manzil, Hakeem Street, Mohalla Hameed Ali Park, Gori Road, Ichhra, Lahore
Honda City	840	706	134	500	366	Negotiation	Mr.Naveed Habib R/O H.NO.2-S-10, Gali Mohallah 10,Mian Saeed Colony Wahdat Road, Rehmanpura, Lahore
30 June 2014	1,879	1,509	370	924	554		
30 June 2013	2,293	1,473	820	1,219	399		

12 INTANGIBLE ASSETS

PARTICULAR	COST As at 01 July 2013	COST Additions / (Deletions)	COST As at 30 June 2014	AMORTISATION As at 01 July 2013	AMORTISATION For the year	AMORTISATION As at 30 June 2014	Net book value as at 30 June 2014	Annual Rate
	---------- Rupees in thousand ----------							
Computer software	70	-	70	62	8	70	-	20%
30 June 2014	70	-	70	62	8	70	-	
30 June 2013	70	-	70	48	14	62	8	

12.1 Amortisation has been charged to administrative expenses.
12.2 The intangible asset has been fully amortized during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

13 LONG TERM DEPOSITS

	30 June 2014	30 June 2013
	--------Rupees in thousand--------	
Security deposits:		
For Ijara	2,778	2,642
Others	1	1
	2,779	2,643

14 DEFERRED TAXATION

Deferred tax on temporary differences comprises of:		
Taxable temporary differences		
Accelerated tax depreciation	13,095	12,380
	13,095	12,380
Deductible temporary differences		
Unused tax losses	13,522	-
Tax credits	8,112	3,025
	8,539	(9,355)

15 STORES, SPARE PARTS AND LOOSE TOOLS

Stores, spare parts and loose tools	19,799	10,236
Packing material	986	1,004
	20,785	11,240

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

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

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

16 STOCK-IN-TRADE

		30 June 2014	30 June 2013
		--------Rupees in thousand--------	
Raw material		78,687	110,861
Work in process		-	17,846
Finished goods:			
Gelatine		50,671	68,913
By- product Di-calcium Phosphate (DCP)	-note- 16.1	9	391
		50,680	69,304
		129,367	198,011

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

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

17 TRADE DEBTS

Considered good:

Unsecured - local		426	6,577
-foreign		9,449	20,365
		9,875	26,942
Secured -foreign	-note- 17.1	-	7,819
		9,875	34,761

17.1 These are secured against letter of credit.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

			30 June 2014	30 June 2013
18	**ADVANCES**		--------Rupees in thousand--------	
	Considered good:			
	Advances:			
	To staff - secured	-note- 18.1	**863**	973
	To suppliers - unsecured		**1,413**	102
			2,276	1,075

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

			30 June 2014	30 June 2013
19	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**		--------Rupees in thousand--------	
	Prepayments		**1,177**	1,530
			1,177	1,530
20	**OTHER RECEIVABLES**			
	Sales tax refundable	-note- 20.1	**15,087**	14,187
	Other receivables - unsecured, considered good		**354**	385
			15,441	14,572

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

21	**ADVANCE INCOME TAX-NET**			
	Advance income tax		**17,862**	12,709
	Less: Adjustment for provision for taxation	-note- 30	**(5,087)**	(2,681)
	Advance income tax at the end of the year		**12,775**	10,028
22	**CASH AND BANK BALANCES**			
	With banks:			
	on current accounts:			
	Local currency		**387**	3,429
	Cash in hand		**113**	153
			500	3,582

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

23 SALES - NET

		30 June 2014	30 June 2013
		------Rupees in thousand------	
Export sales	-note- 23.1	154,699	251,904
Local sales	-note- 23.2	330,222	453,386
		484,921	705,290

23.1 Export sales

Gelatine	158,152	251,904
Less: Commission on exports	3,453	-
	154,699	251,904

23.2 Local sales

Gelatine	209,283	281,379
Di-Calcium Phosphate, by- product	135,518	200,986
Waste	-	3,258
	344,801	485,623
Less: sales tax	13,257	31,717
trade discounts	1,322	519
	14,579	32,236
	330,222	453,387

24 COST OF SALES

Raw material consumed	-note- 24.1	259,141	344,670
Stores, spare parts and loose tools consumed		6,976	17,137
Packing material consumed		4,602	5,488
Salaries, wages and benefits	-note- 24.2	44,590	51,936
Fuel and power		152,792	147,943
Factory overheads	-note- 24.3	67,853	50,380
Insurance claim	-note- 24.6	(88,008)	-
		447,946	617,554
Add: opening work in process		17,846	3,235
Less: closing work in process		-	17,846
		17,846	(14,611)
Cost of goods manufactured		465,792	602,943
Add: opening stock of finished goods		69,305	92,878
Less: closing stock of finished goods		50,680	69,304
		18,625	23,574
		484,417	626,517

24.1 Raw material consumed

Opening stock	110,861	34,188
Purchases	226,967	421,343
	337,828	455,531
Less: closing stock	78,687	110,861
	259,141	344,670

24.2 Salaries, wages and benefits include employer's contribution to recognised provident fund amounting to Rupees 1,047,268 (June 30, 2013: Rupees 1,235,130).

24.3 Factory overheads

		30 June 2014	30 June 2013
		--------Rupees in thousand--------	
Indirect labour wages		4,974	5,237
Medical expenses		248	782
Repair and maintenance		26,161	11,244
Depreciation	-note- 11.3	10,232	9,770
Loading and unloading		1,899	3,947
Ijara lease rentals		5,115	5,904
Apportionment of sales tax -	-note- 24.4	18,397	13,247
Miscellaneous expenses		827	249
		67,853	50,380

24.4 This includes related input tax on supplies exempt under sixth schedule of the Sales Tax Act, 1990 Rupees 16,137,095 (June 30, 2013: Rupees 13,246,615).

24.5 During the year the flood water hit the factory causing loss of the stock in trade, stores, spare parts and loose tools and property, plant and equipment. This has resulted in closure of production operations for about two months. The Company lodged insurance claims for the amount of damages assessed for the aforementioned assets aggregating to Rupees 94.522 million which, after taking into account compulsory deductions and other insurer's covenants, has been settled at Rupees 93.765 million comprising of Rupees 67.835 million for stock in trade, Rupees 20.173 million for repair of property, plant and equipment and Rupees 5.757 million for stores, spare parts and loose tools. Therefore, the Company has recognized a loss of Rupees 0.757 million in other operating expenses as insurance claim written off.

24.6 Represents insurance claims Rupees 67.835 million and Rupees 20.173 million for stock in trade and repair of property, plant and equipment respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

25 OTHER INCOME

		30 June 2014	30 June 2013
		------Rupees in thousand------	
Income from financial assets:			
Foreign exchange gain		1,084	1,132
Income from non-financial assets:			
Gain on disposal of property, plant and equipment		554	399
Sale of scrap		-	30
		554	429
		1,638	1,561

26 DISTRIBUTION COST

		30 June 2014	30 June 2013
Shipping expenses		3,529	6,552
Other expenses		680	756
		4,209	7,308

27 ADMINISTRATIVE EXPENSES

		30 June 2014	30 June 2013
Salaries, wages and benefits	-note- 27.1	24,218	21,636
Insurance		2,978	2,615
Vehicle running and maintenance		11,391	11,289
Rent, rates and taxes		1,739	1,641
Travelling and conveyance		366	284
Legal and professional charges		606	827
Printing and stationery		476	800
Fees and subscription		1,413	1,775
Telephone and postage		959	1,052
Repair and maintenance		347	516
Auditors' remuneration	-note- 27.2	428	412
Entertainment		661	663
Utilities		441	585
Depreciation	-note- 11.3	1,430	1,919
Amortisation	-note- 12	8	14
Security expenses		1,623	1,532
Miscellaneous expenses		1,206	1,370
		50,290	48,930

27.1 Salaries, wages and benefits include employer's contribution to recognised provident fund amounting to Rupees 736,650 (June 30, 2013: Rupees 647,134).

27.2 Auditors' remuneration

		30 June 2014	30 June 2013
		------Rupees in thousand------	
Audit fee		320	320
Half yearly review fee		65	65
Out of packet expenses		43	27
		428	412

28 OTHER OPERATING EXPENSES

		30 June 2014	30 June 2013
Workers' Profit Participation Fund	-note- 7.1	-	529
Workers' Welfare Fund	-note- 28.1	-	418
Donations	-note- 28.2	201	1,384
Penalty from State Bank of Pakistan on export		977	-
Insurance claim written off		757	-
		1,935	2,331

NOTES TO THE FINANCIAL STATEMENTS
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28.1 Provision for Workers' Welfare Fund has been made as per Workers' Welfare Fund Ordinance, 1971 at prescribed rate under this statute.

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

29 FINANCE COST

		30 June 2014	30 June 2013
		------Rupees in thousand------	
Mark-up/ interest on:			
Long term financing		-	140
Short term borrowings		9,222	9,410
Liabilities against assets subject to finance lease		-	4
Workers' Profit Participation Fund	-note- 7.1	85	66
Bank charges and commission		1,714	2,583
		11,021	12,203

30 TAXATION

	30 June 2014	30 June 2013
Current-for the year	5,087	2,681
-for prior years	450	403
	5,537	3,084
Deferred- current year	(17,832)	3,797
- effect of change in tax rate	(62)	(37)
	(17,894)	3,760
	(12,357)	6,844

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

30.2 Assessments for the year 2010, 2011, 2012 and 2013 are deemed assessments in terms of Section 120 (1) of the Income Tax Ordinance, 2001 as per income tax returns of the Company.

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

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

		30 June 2014	30 June 2013
		------Rupees in thousand------	
(Loss) / profit after taxation attributable to ordinary shareholders of the Company		(52,956)	2,718
Weighted average number of ordinary shares outstanding during the year	No. of shares	7,500	7,500
(Loss) / earning per share	Rupees	(7.06)	0.36

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

			30 June 2014	30 June 2013
32	**CASH GENERATED FROM OPERATIONS**		------Rupees in thousand------	
	(Loss) / profit before taxation		(65,313)	9,562
	Adjustments for:			
	Depreciation		11,662	11,689
	Amortisation		8	14
	Provision for employee retirement benefits		1,784	1,882
	Finance cost		11,021	12,203
	Provision for Workers' Profit Participation Fund		-	529
	Provision for Workers' Welfare Fund		-	418
	Gain on disposal of property, plant and equipment		(554)	(399)
			23,921	26,336
	Operating profit before changes in working capital		(41,392)	35,898
	Changes in working capital			
	(Increase)/ decrease in current assets:			
	Stores, spare parts and loose tools		(9,545)	(536)
	Stock-in-trade		68,644	(67,710)
	Trade debts		24,886	8,941
	Advances		(1,201)	867
	Trade deposits and short term prepayments		353	(286)
	Other receivables		31	(35)
	Increase/ (decrease) in current liabilities:			
	Trade and other payables		10,352	32,269
			52,128	9,408
33	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	-note- 22	500	3,582

34 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

34.1 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.

34.2 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.

34.3 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.

34.4 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.

34.5 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

35 FINANCIAL RISK MANAGEMENT

35.1 Financial instruments

The following are financial instruments by category:

	30 June 2014	30 June 2013
	--------Rupees in thousand--------	
Non- derivative financial assets		
Loans and receivables		
Security deposits	2,779	2,643
Trade debts	9,875	34,761
Advances	863	973
Other receivables	354	385
Cash and bank balances	500	3,582
	14,371	42,344
Non- derivative financial liabilities		
Financial liabilities at amortized cost		
Short term borrowings	106,501	131,186
Mark up accrued	2,008	1,854
Trade and other payables	96,957	90,186
	205,466	223,226

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.

35.2 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 2014	30 June 2013
	--------Rupees in thousand--------	
Security deposits	2,779	2,643
Trade debts	9,875	34,761
Advances	863	973
Other receivables	354	385
Bank balances	387	3,429
	14,258	42,191

The maximum exposure to credit risk for trade debts amounting to Rupees 9.875 million (June 30, 2013: Rupees 34.761 million) at the balance sheet date by geographic region is as under:

	30 June 2014	30 June 2013
	--------Rupees in thousand--------	
Domestic	426	6,577
Export	9,449	28,184
	9,875	34,761

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

The maximum exposure to credit risk for trade debts amounting to Rupees 9.875 million (June 30, 2013: Rupees 34.761 million) at the balance sheet date by type of customer is as under:

	30 June 2014	30 June 2013
	--------Rupees in thousand--------	
Whole seller / distributor	-	-
End user customers	9,875	34,761
	9,875	34,761

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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

	30 June 2014	30 June 2013
	--------Rupees in thousand--------	
Not past due	**9,724**	28,967
Past due 1-30 days	**113**	5,794
Past due 31-120 days	**38**	-
Past due 121-365 days	-	-
More than one year	-	-
	9,875	34,761

The Company continuously 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 range from A-1+ to A-3 and long term credit ratings range from AAA to A- as determined by PACRA and JCR-VIS.

35.3 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
Short term borrowings	106,501	107,514	107,514	-	-	-
Mark up accrued	2,008	2,008	2,008	-	-	-
Trade and other payables	96,957	96,957	96,957	-	-	-
Rupees in thousand 2014	205,466	206,479	206,479	-	-	-
Short term borrowings	131,186	132,424	132,424	-	-	-
Mark up accrued	1,854	1,854	1,854	-	-	-
Trade and other payables	90,186	90,186	90,186	-	-	-
Rupees in thousand 2013	223,226	224,464	224,464	-	-	-

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 9.1, 9.2 and 9.3 to these financial statements.

35.4 Market risk

Market risk is the risk that the value of the financial 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 securities, and the liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

35.4.1 Currency risk

The Company is exposed to currency risk on trade debts Rupees 9.449 million (June 30, 2013: Rupees 28.184 million) 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 9.449 million (June 30, 2013: Rupees 28.184 million). The currency in which these transactions primarily are denominated is U.S. Dollar.

	Average rates		Balance sheet date rate	
	2014	2013	2014	2013
Significant exchange rates applied during the year:				
US Dollar	**94.34**	96.73	**98.55**	98.75
Great Britan Pound	-	150.14	-	150.23

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Sensitivity analysis

A 10 percent strengthening of the Rupee against above mentioned currencies at 30 June would have increased / decreased the loss / profit respectively for the year by Rupees 0.945 million (June 30, 2013: Rupees 2.818 million) mainly as a result of net foreign exchange loss on translation of foreign currency trade debts. 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.

35.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or 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 term borrowings from banks. 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, 2014 (June 30, 2013: 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, 2014 aggregated to Rupees 87.151 million (June 30, 2013: 111.337 million). A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased the loss / 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 2013.

	Profit & loss	
	100 bp increase	100 bp decrease
	--------Rupees in thousand--------	
As at June 30, 2014		
Cash flow sensitivity - variable rate instruments	**(84)**	**84**
As at June 30, 2013		
Cash flow sensitivity - variable rate instruments	(102)	102

35.5 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.

35.6 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 term financing and short term borrowings 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 2014	30 June 2013
	--------Rupees in thousand--------	
Total borrowing	**106,501**	131,186
Less: Cash and bank balances	**500**	3,582
Net debt	**106,001**	127,604
Total equity	**85,882**	138,838
Total capital	**191,883**	266,442
Gearing ratio	**55.24%**	47.89%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

36 OPERATING SEGMENTS

36.1 These financial statements have been prepared on the basis of a single reportable segment.

36.2 Sales revenue from gelatine products and di-calcium phosphate (by-product) represent 72.42% and 27.58% (June 30, 2013: 71.91% and 27.69%) of the total revenue of the Company respectively.

36.3 All non-current assets of the Company as at June 30, 2014 are located in Pakistan.

36.4 Sales to Halagel Malaysia is around 21.77 % (2013: 19.42 %) and to Merck Pharmaceutical (Pvt) Limited Pakistan is around 17.36% (2013: Nil) during the year ended June 30, 2014.

36.5 The sales percentage by geographic region is as follows:

	30 June 2014	30 June 2013
	%	%
Pakistan	**68.10**	64.28
United Kingdom	**-**	5.17
Malaysia	**21.77**	19.42
Germany	**3.09**	11.12
South Africa	**7.04**	-
Others	**-**	0.01
	100.00	**100.00**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors				Executives	
	30 June 2014	30 June 2013	30 June 2014		30 June 2013		30 June 2014	30 June 2013
			Executive	Non Executive	Executive	Non Executive		
	-------Rupees in thousand-------		-------Rupees in thousand-------		-------Rupees in thousand-------		-------Rupees in thousand-------	
Managerial remuneration	1,912	1,804	2,117	285	2,254	142	6,861	6,242
Contribution to provident fund	90	85	100	-	93	-	262	238
	2,002	1,889	2,217	285	2,347	142	7,123	6,480
Number of Persons	1	1	2	1	2	1	6	6

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

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

38 TRANSACTION WITH RELATED PARTIES

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

	Nature of relation	Nature of transaction		30 June 2014	30 June 2013
				-------Rupees in thousand-------	
38.1	Associated company	Dividend paid		-	278
38.2	Key management personnel				
		Loan obtained from chief executive		5,187	25,127
		Loan repaid to chief executive		5,692	12,500
		Managerial remuneration	- note 37	4,504	4,378
38.3	Contribution to provident fund	Contribution to provident fund trust		1,784	1,882

38.4 Key management personnel are those persons having authority and responsibility 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

39 PROVIDENT FUND

	30 June 2014	30 June 2013
	-------Rupees in thousand-------	
Size of the fund - total assets	**109,819**	97,168
Percentage of investment made	**81.38%**	77.76%
Fair value of investments	**89,370**	75,560
Cost of investments made	**46,599**	47,491

39.1 Break up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2014		2013	
	Investments Rupees in thousand	Investment as % of size of the fund	Investments Rupees in thousand	Investment as % of size of the fund
Unit Trust Schemes	**40,207**	**36.61%**	28,879	29.72%
Mutual Funds	**297**	**0.27%**	2,237	2.30%
Savings Schemes of Banks	**4,229**	**3.85%**	2,673	2.75%
Bank Deposits	**17,995**	**16.39%**	19,229	19.79%
Listed Securities	**26,642**	**24.26%**	22,542	23.20%
	89,370	**81.38%**	75,560	77.76%

39.2 Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

39.3 The above information is based on audited financial statements of the provident fund.

40 PLANT CAPACITY AND ACTUAL PRODUCTION

	30 June 2014	30 June 2013
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)	**588**	862
Di-calcium Phosphate	**2,921**	3,934

Under utilization is due to loss of production due to floods which caused the closure of production operations for about two months during the year and also energy crisis and export of live animals.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

41 NUMBER OF EMPLOYEES

	2014	2013
Number of employees at June 30,		
Permanent	244	266
Contractual	11	13
Average number of employees during the year		
Permanent	224	264
Contractual	11	14

42 NON- ADJUSTING EVENT AFTER BALANCE SHEET DATE

On September 08, 2014 the flood waters hit the factory causing loss to factory buildings, plant and machinery, stores and spare parts and stock-in-trade. This has resulted in closure of production operations which is expected by the management to continue for about two months. The aforementioned assets are fully insured. Currently the estimate of financial effect of loss due to flood cannot be made. The extent of the loss will be assessed after complete recede of the flood waters and insurance claims will accordingly be filed after estimation of the loss. However, due to remedial and preventive measures the management believes the loss to be lesser than the 2013 flood loss. These events have been considered as non-adjusting events under International Accounting Standard 10 'Events after the Reporting Period' and have not been recognized in these financial statements.

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 03, 2014 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, wherever necessary, for purposes of comparison. There was, however, no material re-classification made in these financial statements.

LAHORE
Dated: October 03, 2014

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

PATTERN OF SHAREHOLDERS AS AT 30TH JUNE, 2014

NO. OF SHAREHOLDERS		SHAREHOLDING			TOTAL SHARES HELD
151	FROM	1	TO	100	7,267
233	FROM	101	TO	500	52,213
27	FROM	501	TO	1000	25,035
125	FROM	1001	TO	5000	395,095
8	FROM	5001	TO	10000	65,500
4	FROM	10001	TO	15000	49,800
2	FROM	15001	TO	20000	35,725
1	FROM	20001	TO	25000	20,800
1	FROM	25001	TO	30000	26,000
3	FROM	35001	TO	40000	113,020
3	FROM	45001	TO	50000	150,000
2	FROM	50001	TO	55000	105,800
1	FROM	70001	TO	75000	74,000
2	FROM	75001	TO	80000	150,960
2	FROM	105001	TO	110000	211,360
1	FROM	145001	TO	150000	145,390
3	FROM	155001	TO	160000	480,000
2	FROM	170001	TO	175000	340,600
1	FROM	175001	TO	180000	176,700
1	FROM	185001	TO	190000	187,400
1	FROM	200001	TO	205000	202,500
2	FROM	210001	TO	215000	429,200
1	FROM	270001	TO	275000	270,300
1	FROM	300001	TO	305000	304,550
1	FROM	330001	TO	335000	330,020
1	FROM	365001	TO	370000	370,000
1	FROM	415001	TO	420000	420,000
1	FROM	655001	TO	660000	657,900
1	FROM	750001	TO	755000	751,765
1	FROM	950001	TO	955000	951,100
584					**7,500,000**

Categories of shareholders	No. of shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor childern	10	4,289,935	57.1991
Associated Company	1	370,000	4.9333
NIT and ICP	1	25	0.0003
Banks	3	18,752	0.2500
General Public	560	2,771,631	36.9551
Joint Stock Companies	6	45,075	0.6010
Pension Funds	1	2,494	0.0333
Other Companies	2	2,088	0.0278
	584	7,500,000	100.0000

LEINER PAK GELATINE LIMITED
Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2014

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	INA SECURITIES (PVT) LIMITED.	370,000	4.9333%
Mutual Funds (Name Wise Detail)		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	KH. IMTIAZ AHMED	751,765	10.0235%
2	KH. AHMED HASSAN	760,020	10.1336%
3	KH. IJAZ AHMED	304,550	4.0607%
4	MR. UMAR RIAZ KHAWAJA	214,600	2.8613%
5	KH. IBRAR AHMED	951,100	12.6813%
6	MR. IQBAL DOSSA (CDC)	176,700	2.3560%
7	MIAN ZIA UDDIN (CDC)	500	0.0067%
8	MRS. NAVIDA IMTIAZ W/O KH. IMTIAZ AHMED	657,900	8.7720%
9	MRS. NEELUM NAZ W/O KH. IJAZ AHMED	202,500	2.7000%
10	MRS. NAUSHEEN IBRAR W/O KH. IBRAR AHMED	270,300	3.6040%
Executives:		657,900	8.7720%
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		21,246	0.2833%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	KH. IBRAR AHMED	951,100	12.6813%
2	KH. IMTIAZ AHMED	751,765	10.0235%
3	KH. AHMED HASSAN	760,020	10.1336%
4	MRS. NAVIDA IMTIAZ W/O KH. IMTIAZ AHMED	657,900	8.7720%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	NAME	SALE	PURCHASE
	NIL		

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 31st day of October, 2014 and at any adjournment thereof.

Signed this __________ day of __________2014

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.

17-G, Gulberg-2, G/Postmall Box-3529, Lahore-54660
Phones #: 92-42-35756953-54 Fax #: 92-42-35710604
Works: 19-Kilometer, Shahrah-e-Pakistan, Kala Shah Kaku,
District Sheikhupura.