



# **LEINER PAK GELATINE LIMITED**

**UN-AUDITED CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED  
DECEMBER 31, 2016.**



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## **COMPANY INFORMATION BOARD OF DIRECTORS**

Mr. Iqbal Dossa	Chairman
Khwaja Imtiaz Ahmed	Chief Executive & Managing Director
Ijaz Ahmed Khwaja	Non-Executive Director
Ibrar Ahmed Khwaja	Executive Director
Khwaja Ahmed Hassan	Non-Executive Director
Mian Zia-Ud-Din	Independent Director
Umer Riaz Khwaja	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, 2<sup>nd</sup> 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**

19<sup>th</sup> Kilometer,  
Shahrah-e-Pakistan, Kala Shah Kaku,  
District Sheikhpura.  
Ph. #: 0092-42-37950018 – 37980179

### **BANKERS**

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

## **DIRECTORS' REVIEW**

Directors are pleased to present the accounts of the company for the six month period ended December 31, 2016.

### **OPERATIONS**

During the period under review company registered its turnover at Rs. 316.598 million as compared to Rs. 323.815 million in last corresponding period. This decrease in sales is due to low sales volume of Di-calcium Phosphate (by product), which can be attributed to recent slump in poultry sector of Pakistan. Di-calcium Phosphate is one of the basic ingredients of poultry feed.

In this period company's product (Gelatine) is mainly sold to local customers as export contracts could not be finalized till Dec 31, 2016. Our recent renewal of Halal certification from Malaysia will help a lot in boosting the export of Gelatine, which shall enable the company to reflect better financial performance. Despite of comparatively some low sales in this period, company managed to post profit after tax at Rs.2.447 million.

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

### **FUTURE PROSPECTS**

Management of the company is confident that future export contracts, being finalized with some Muslim countries, will play vital role in selling our product (Gelatine) at favorable prices. It is also expected that overall sales and profitability shall remain up ward.

### **ACKNOWLEDGMENT**

We really acknowledge the efforts of all our employees and friends who are contributing to strengthen the company.

## ڈائریکٹرز ریویو

ڈائریکٹران کمپنی کے ششماہی حسابات جو کہ ۳۱ دسمبر ۲۰۱۶ء کو ختم ہوا ہے پیش کرنے پر خوشی محسوس کرتے ہیں۔

### کاروباری عمل

زیر جائزہ دورانیہ میں کمپنی کی فروخت مبلغ ۳۱۶.۵۹۸ ملین روپے رہی جبکہ پچھلے سال اسی دورانیے میں کمپنی کی فروخت ۳۲۳.۸۱۵ ملین روپے تھی۔ فروخت میں یہ کمی ڈائی کیلشیم فاسفیٹ (ہائی پراڈکٹ) کی فروخت میں کمی کے باعث پیدا ہوئی جس کی وجہ سے پاکستان میں مرغیانی کے شعبہ میں بحران کو قرار دیا جاسکتا ہے۔ ڈائی کیلشیم فاسفیٹ مرغیوں کی خوراک کا ایک بنیادی جزو ہے۔

اس دورانیہ میں کمپنی کی تیار کردہ جیلاٹین زیادہ تر اندرون ملک خریداروں کو فروخت کی گئی ہے کیونکہ ایکسپورٹ کے معاہدوں کو ۳۱ دسمبر ۲۰۱۶ء تک حتمی شکل نہ دی جاسکی۔ ہمارے حلال سرٹیفیکیٹ کی ملائشیا سے حالیہ تجدید جیلاٹین کی بیرون ملک فروخت کے فروغ میں بہت مددگار ثابت ہوگی۔ اس دورانیہ میں نسبتاً کم فروخت کے باوجود کمپنی نے بعد از ٹیکس منافع مبلغ ۲.۴۳۷ ملین روپے کمائے کو ممکن بنایا۔

آڈیٹران کی ریویو رپورٹ میں کاروبار کے جاری رہنے کے معاملات کا ذکر توجہ دلانے کے لیے منوٹر انداز میں موجود ہے۔ اس کے جواب میں انتظامیہ کا نقطہ نظر مالیاتی نتائج کے نوٹ نمبر ۲ میں شامل کیا گیا ہے۔

### مستقبل کے امکانات

کمپنی انتظامیہ پر اعتماد ہے کہ مستقبل میں بیرون ملک فروخت کے معاہدے، جو کہ کچھ مسلم ملک کے ساتھ طے پارہے ہیں، ہماری مصنوعات (جیلاٹین) کی اچھے نرخوں پر فروخت میں اہم کردار ادا کریں گے۔ اس بات کی بھی توقع ہے کہ مجموعی فروخت اور منافع بہتر رہے گا۔

### اعتراف

ہم اپنے تمام ملازمین اور دوستوں کی کاوشوں کا اعتراف کرتے ہیں جو کمپنی کے استحکام کے لئے اپنا کردار ادا کر رہے ہیں۔

منجانب بورڈ

خواجہ امتیاز احمد

چیف ایگزیکٹو آفیسر

مینگل ڈائریکٹرز

لاہور

۲۷ فروری ۲۰۱۷ء

## **Auditors' Report to the Members on Review of Interim Financial Information**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Leiner Pak Gelatine Limited as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan for the interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures for the quarters ended December 31, 2016 and December 31, 2015 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2016.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended December 31, 2016 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

### **Emphasis of Matter**

Without qualifying our conclusion, we draw attention to note 2 of the interim financial information, which indicates that Company had negative cash flows from operating activities during the six months period ended December 31, 2016 and, as of that date, its current liabilities exceeded its current assets by Rupees 47.17 million. These conditions along with other matters as set forth 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: February 27, 2017

**M. ALMAS & CO.**  
Chartered Accountants  
Engagement Partner  
Mohammad Almas

**LEINER PAK GELATINE LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT DECEMBER 31, 2016**

		(Un-audited) December 31, 2016	(Audited) June 30, 2016
	Note	..... Rupees in thousand.....	
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	7	75,000	75,000
Unappropriated profit / accumulated (loss)		1,675	(772)
		<u>76,675</u>	<u>74,228</u>
Surplus on revaluation of property, plant and equipment		278,914	278,914
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease	8	683	856
<b>Current liabilities</b>			
Trade and other payables		119,749	132,280
Mark-up accrued		1,981	2,206
Short term borrowings	9	181,493	164,032
Current portion of liabilities against assets subject to finance lease	8	341	334
		<u>303,564</u>	<u>298,852</u>
Contingencies and commitments	10	-	-
		<u><u>659,836</u></u>	<u><u>652,850</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	403,181	407,654
Intangible assets		-	-
Long term deposits		260	260
Deferred taxation	12	-	-
		<u>403,441</u>	<u>407,914</u>
<b>Current assets</b>			
Stores, spare parts and loose tools		16,719	19,234
Stock-in-trade		200,619	194,638
Trade debts		6,651	3,784
Advances		1,999	1,980
Trade deposits and short term prepayments		736	2,290
Other receivables		12,334	8,965
Advance income tax-net		14,985	12,870
Cash and bank balances		2,352	1,175
		<u>256,395</u>	<u>244,936</u>
		<u><u>659,836</u></u>	<u><u>652,850</u></u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

**IBRAR AHMED KHWAJA**  
**Director**

**KH.IMTIAZ AHMED**  
**Chief Executive**  
**& Managing Director**  
**Lahore: February 27, 2017**

**LEINER PAK GELATINE LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016**

Note	Six months period ended		Quarter ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	....Rupees in thousand....		....Rupees in thousand....	
Sales-net	316,598	323,815	193,484	211,614
Cost of sales	274,458	282,943	171,862	187,362
Gross profit	42,140	40,872	21,622	24,252
Other income	552	151	549	135
	42,692	41,023	22,171	24,387
Distribution cost	1,721	1,907	1,170	1,723
Administrative expenses	28,864	27,713	14,119	15,261
Other operating expenses	1,393	444	1,238	336
Finance cost	5,139	5,098	3,014	3,208
Profit before taxation	5,575	5,861	2,630	3,859
Taxation	3,128	3,329	1,897	2,207
Profit after taxation	2,447	2,532	733	1,652
Earning per share-basic and diluted (Rupees)	0.33	0.34	0.10	0.22

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

**IBRAR AHMED KHWAJA**  
**Director**

**KH.IMTIAZ AHMED**  
**Chief Executive**  
**& Managing Director**  
**Lahore: February 27, 2017**



**LEINER PAK GELATINE LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016**

	<u>Six months period ended</u>		<u>Quarter ended</u>	
	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Note	....Rupees in thousand....	....Rupees in thousand....	....Rupees in thousand....	....Rupees in thousand....
Profit after taxation	2,447	2,532	733	1,652
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>2,447</b>	<b>2,532</b>	<b>733</b>	<b>1,652</b>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

**IBRAR AHMED KHWAJA**  
 Director

**KH.IMTIAZ AHMED**  
 Chief Executive  
 & Managing Director  
 Lahore: February 27, 2017

# LEINER PAK GELATINE LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

	Six months period ended December 31, 2016	Six months period ended December 31, 2015
.....Rupees in thousand.....		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,575	5,861
<b>Adjustments for :</b>		
Depreciation	6,343	5,095
Provision for employee retirement benefits	1,227	1,110
Finance cost	5,139	5,098
Provision for Workers' Profit Participation Fund	294	315
Provision for Workers' Welfare Fund	-	120
Reversal of Workers Welfare Fund payable	(494)	-
	<u>12,509</u>	<u>11,738</u>
<b>Operating profit before changes in working capital</b>	<b>18,084</b>	<b>17,599</b>
<b>Changes in working capital</b>		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	2,515	4,406
Stock-in-trade	(5,981)	(55,414)
Trade debts	(2,867)	8,603
Advances	(19)	(644)
Trade deposits and short term prepayments	1,554	2,868
Other receivables	(46)	(159)
Increase / (decrease) in current liabilities		
Trade and other payables	(12,180)	27,686
<b>Cash generated from operations</b>	<b>1,060</b>	<b>4,945</b>
Finance cost paid	(5,364)	(4,822)
Payments to provident fund	(1,378)	(1,273)
Taxes paid	(5,243)	(4,274)
Sales tax payments	(3,323)	(3,284)
<b>Net cash used in operating activities</b>	<b>(14,248)</b>	<b>(8,708)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(1,870)	(8,397)
Decrease in long term deposits	-	136
<b>Net cash used in investing activities</b>	<b>(1,870)</b>	<b>(8,261)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of liabilities against assets subject to finance lease	(166)	-
Net increase in short term borrowings	17,461	26,185
<b>Net cash generated from financing activities</b>	<b>17,295</b>	<b>26,185</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,177</b>	<b>9,216</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,175</b>	<b>1,214</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2,352</b>	<b>10,430</b>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

IBRAR AHMED KHWAJA  
Director

KH.IMTIAZ AHMED  
Chief Executive  
& Managing Director  
Lahore: February 27, 2017

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**LEINER PAK GELATINE LIMITED**

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016**

	<u>Share capital</u>		
	Issued, subscribed and paid up share capital	Un appropriated profit / accumulated (loss)	Total
.....Rupees in thousand.....			
Balance as at 01 July 2015	75,000	(3,520)	71,480
Total comprehensive income for the six months period ended 31 December 2015	-	2,532	2,532
<b>Balance as at 31 December 2015</b>	<b><u>75,000</u></b>	<b><u>(988)</u></b>	<b><u>74,012</u></b>
Balance as at 01 July 2016	75,000	(772)	74,228
Total comprehensive income for the six months period ended 31 December 2016	-	2,447	2,447
<b>Balance as at 31 December 2016</b>	<b><u>75,000</u></b>	<b><u>1,675</u></b>	<b><u>76,675</u></b>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

**IBRAR AHMED KHWAJA**  
Director

**KH.IMTIAZ AHMED**  
Chief Executive  
& Managing Director  
Lahore: February 27, 2017

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# LEINER PAK GELATINE LIMITED

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## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UN-AUDITED)

### 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 Pakistan Stock Exchange Limited. The Company is engaged in manufacture and sale of gelatine and di-calcium phosphate etc. produced from animal bones.

### 2 Going concern assumption

As described in note 2 of the annual financial statements of the Company for the year ended June 30, 2016 the Company had incurred losses during years ended June 30, 2014 and 2015. The Company has negative cash flows from operating activities during the six months period ended December 31, 2016 and, as of that date, its current liabilities exceeded its current assets by Rupees 47.17 million. These conditions 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 a history of profits and the incidence of losses was a temporary phase which is now over. Keeping in view the following factors, the management foresees that the company will continue as a going concern.

- There is continued demand for the products of the Company. Demand of "Halal" Gelatine exists 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 the future period.
- There is continued financial support of the Company's sponsors. The sponsors' of the Company have inducted Rupees 28.443 million interest free loans up to December 31, 2016. They are also committed to induct further funds, if the need arises, to address any liquidity issues for smooth operations.

Apart from the aforementioned factors there are also positive indicators like continuous profits after taxation since July 1, 2015 to date, together with the existence of new sales orders along with advance payments received there against. These financial statements, therefore, do not include any adjustments relating to realization of its assets and the 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

This condensed interim financial information of the Company for the six months period ended December 31, 2016 has been prepared in accordance with the requirements of the International Accounting Standard-34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The condensed interim financial information should be read in conjunction with the financial statements for the year ended June 30, 2016, which have been prepared in accordance with approved accounting standards as applicable in Pakistan.

- 3.2 This condensed interim financial information is un-audited and is being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and section 245 of the Companies Ordinance, 1984. The figure for the six months ended December 31, 2016 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.
- 3.3 This condensed interim financial information has 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.

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**LEINER PAK GELATINE LIMITED**

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UN-AUDITED)**

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

**4 Significant accounting policies**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual published financial statements for the year ended 30 June 2016.

Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the Company's operations or did not have any impact on the accounting policies of the Company.

**5 Judgments, estimates and assumptions**

The preparation of the condensed interim financial information 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.

Judgments, accounting estimates and assumptions made by the management in the preparation of this condensed interim financial information are the same as those applied in preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2016.

**6 Financial risk management**

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual published financial statements as at and for the year ended 30 June 2016.

	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>December 31,</b>	<b>June 30,</b>
	<b>2016</b>	<b>2016</b>
	<b>..... Rupees in thousand.....</b>	
<b>7 Share capital</b>		
<b>Authorised share capital</b>		
10,000,000 (June 30, 2016: 10,000,000) ordinary shares of Rupees 10 each	<b>100,000</b>	100,000
<b>Issued, subscribed and paid up share capital</b>		
7,500,000 (June 30, 2016: 7,500,000) ordinary shares of Rupees 10 each issued as fully paid in cash	<b>75,000</b>	75,000
	<b>75,000</b>	75,000
<b>8 Liabilities against assets subject to finance lease</b>		
Present value of minimum lease payments	<b>1,024</b>	1,190
Less: Current portion	<b>341</b>	334
	<b>683</b>	856

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**LEINER PAK GELATINE LIMITED**

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UN-AUDITED)**

		(Un-audited) December 31, 2016	(Audited) June 30, 2016
<b>9 Short term borrowings</b>			
		..... Rupees in thousand.....	
<i>From banking companies-secured</i>			
Finance against packing credit			
Bank Al-Habib Limited	9.1, 9.5	25,000	25,000
Finance against foreign bills			
Bank Al-Habib Limited	9.2, 9.5	3,486	-
Running finance			
Bank Al-Habib Limited	9.3, 9.5	90,762	81,243
Summit Bank Limited	9.4, 9.6	33,802	28,346
		<u>153,050</u>	<u>134,589</u>
<i>From related parties-unsecured</i>			
Loans from directors	9.7	28,443	29,443
		<u>181,493</u>	<u>164,032</u>

- 9.1** The finance against packing credit (FAPC-1) facility having sanctioned limit of Rupees 25 million (June 30, 2016: Rupees 25 million) has been obtained from Bank Al Habib Limited. The rate of mark- up on this facility is 1% above State Bank base rate (June 30, 2016: 1% above State Bank base rate) per annum. 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, 2017.
- 9.2** The finance against foreign bills (FAPB-OWN) facility having sanctioned limit of Rupees 40 million (June 30, 2016 Rupees 40 million) has been obtained from Bank Al Habib Limited. The rate of mark- up on this facility is 1.75% above State Bank base rate (June 30, 2016: 1.75% above State Bank base rate) per annum. 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, 2017.
- 9.3** The running finance facility having sanctioned limit of Rupees 70 million (June 30, 2016: 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, 2016: three months KIBOR plus 1.75%) per annum payable quarterly. The sanctioned limit has temporarily been exceeded due to issuance of cheques which were presented after December 31, 2016. The facility is valid till August 07, 2017.
- 9.4** The running finance facility having sanctioned limit of Rupees 30 million (June 30, 2016: Rupees 30 million ) has been obtained from Summit Bank Limited for working capital requirements. It carries mark-up at three months KIBOR plus 2.5% (June 30, 2016: three months KIBOR plus 2.25%) per annum payable quarterly. The sanctioned limit has temporarily been exceeded due to issuance of cheques which were presented after December 31, 2016. The facility is valid till September 30, 2017.
- 9.5** The facilities mentioned in 9.1, 9.2 and 9.3 are commonly secured against first charge of Rupees 180 million (June 2016: Rupees 180 million) over current assets of the Company registered with SECP. First charge on fixed assets of Rupees 174 million (June 30, 2016: Rupees 174 million) comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku. 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, 2016: Rupees 155 million). The running finance facility at note 9.3 in addition to securities aforesaid is also secured against pro note amounting to Rs. 84 million (June 2016 : Rupees 84 million).

## LEINER PAK GELATINE LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UN-AUDITED)

9.6 The facility mentioned in 9.4 is commonly secured against ranking charge of Rupees 40 million (June 30, 2016: Rupees 40 million) over all present & future current assets of the Company with 25% margin, duly insured, with Summit Bank Limited and registered with SECP. Pari passu charge on fixed assets, comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku. Personal guarantees of the Directors namely Kh. Imtiaz Ahmed, Kh. Ahmed Hassan and Ibrar Ahmed Kh along with Personal Networth Statement (PNWS).

9.7 Loans from Chief Executive and director are re-payable on demand and is non- interest bearing.

#### 10 Contingencies and commitments

There have been no significant changes in contingencies and commitments as disclosed in the notes to the preceding annual published financial statements for the year ended June 30, 2016.

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

	(Un-audited) December 31, 2016	(Audited) June 30, 2016
	..... Rupees in thousand.....	
Not later than one year	1,742	1,620
Later than one year but not later than five years	3,075	4,007

The Company entered into Ijara arrangement with Bank Islami Pakistan Limited for vehicles. Commitments for Ijara monthly rentals payable under the agreement was as follows. However Ijara agreement has ended in October 2016.

	(Un-audited) December 31, 2016	(Audited) June 30, 2016
	..... Rupees in thousand.....	
Not later than one year	-	73
Later than one year but not later than five years	-	-

#### 11 Property, plant and equipment

Operating fixed assets	11.1	403,181	407,654
Capital work in progress		-	-
		<u>403,181</u>	<u>407,654</u>
11.1 Opening book value		407,654	268,303
Cost of additions during the period / year	11.2	1,870	150,273
Less:			
Deletion during the period / year (book value)		-	-
Depreciation charged during the period / year		6,343	10,922
		<u>403,181</u>	<u>407,654</u>
11.2 Cost of addition during the period / year			
Freehold land		-	114,780
Factory building- on freehold land		-	24,498
Plant and machinery		1,734	1,730
Electric installation and equipment		-	6,283
Furniture, fixtures and fittings		-	1,263
Office equipment		-	12
Laboratory equipment		-	410
Vehicles		136	-
Lease asset - vehicles		-	1,297
		<u>1,870</u>	<u>150,273</u>

# LEINER PAK GELATINE LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UN-AUDITED)

### 12 Deferred taxation

Deferred tax on temporary differences comprises of:

#### Taxable temporary differences

Accelerated tax depreciation	15,842	15,618
Assets held under finance lease	303	309
	<u>16,145</u>	<u>15,927</u>

#### Deductible temporary differences

Unused tax losses	2,852	5,850
Tax credits	13,003	9,767
Liabilities against assets subject to finance lease	290	310
	<u>-</u>	<u>-</u>

- 12.1 Deferred tax asset amounting to Rs. 9.62 million (June 2016 : Rs. 9.851 million) due to minimum tax credits have not been recognized as at December 31, 2016 as sufficient future taxable profits may not be available against which the said tax credits can be utilized.

### 13 Taxation

The provision for current taxation has been made under Section 113 and Section 154 of Income Tax Ordinance, 2001.

Assessments upto tax year 2016, except for tax year 2014, are deemed assessments in terms of Section 120(1) of Income Tax Ordinance 2001, as per Income tax returns of the Company. The tax return for year 2014 has been selected for total audit under section 214C of the Income Tax Ordinance, 2001. The Company has filed a writ petition in the Honourable Lahore High Court against the alleged selection of total audit of the Company. The petition of the Company has been partially allowed by the Honorable Single Bench of Lahore High Court through its consolidated judgment in WP No. 32597/2015 on January 9, 2017. The Company has filed an Intra-Court Appeal (ICA) against the decision of Lahore High Court Single Bench order which is pending for hearing.

### 14 Earning per share-basic and diluted

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

	Six months period ended		Quarter ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	....Rupees in thousand...	....Rupees in thousand...	....Rupees in thousand...	....Rupees in thousand...
Profit after taxation	<u>2,447</u>	<u>2,532</u>	<u>733</u>	<u>1,652</u>
	<b>in thousand</b>	<b>in thousand</b>	<b>in thousand</b>	<b>in thousand</b>
Weighted average number of ordinary shares	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>
Earning per share-basic and diluted (Rupees)	<u>0.33</u>	<u>0.34</u>	<u>0.10</u>	<u>0.22</u>



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**LEINER PAK GELATINE LIMITED**

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016 (UN-AUDITED)**

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**15 Transactions with related parties**

The related parties comprise of recognised provident fund and key management personnel. Transactions with related parties other than those which have been specifically disclosed in this condensed interim financial information are as follows:

	<b>Six months period ended</b>		<b>Quarter ended</b>	
	<b>December 31, 2016</b>	<b>December 31, 2015</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
	<b>....Rupees in thousand...</b>		<b>....Rupees in thousand...</b>	
<b>Key management personnel</b>				
Remuneration	<b>1,960</b>	2,258	<b>1,073</b>	1,129
Loan from Chief Executive- unsecured:				
Loan received	-	7,500	-	7,500
Loan repaid	<b>1,500</b>	250	<b>500</b>	-
Loan from Director- unsecured:				
Loan received	<b>500</b>	-	<b>500</b>	-
<b>Recognised provident fund</b>				
Contribution to provident fund trust	<b>1,227</b>	1,110	<b>648</b>	563

Included in trade and other payables is payable to provident fund as at December 31, 2016 Rupees 637,538 (Un-audited) and as at June 30, 2016 Rupees 787,777 (Audited)

**16 Date of authorization for issue**

This condensed interim financial information was authorized for issue by the Board of Directors on February 27, 2017.

**17 General**

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

**IBRAR AHMED KHWAJA**  
Director

**KH.IMTIAZ AHMED**  
Chief Executive  
& Managing Director  
Lahore: February 27, 2017

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	Need House / Gali / Plot No.	پلاٹ / گلی / نمبر درکار ہے
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