



# **LEINER PAK GELATINE LIMITED**

**UN-AUDITED CONDENSED INTERIM  
FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED  
DECEMBER 31, 2018.**



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## **COMPANY INFORMATION BOARD OF DIRECTORS**

Mr. Ahmed Ali Riaz  
Khwaja Imtiaz Ahmed  
Ibrar Ahmed Khwaja  
Mian Zia-Ud-Din  
Rashid Minhas  
Ijaz Ahmed Khwaja  
Ayesha Ahmed

Chairman  
Chief Executive & Managing Director  
Executive Director  
Independent Director  
Independent Director  
Non-Executive Director  
Non-Executive Director

### **AUDIT COMMITTEE**

Rashid Minhas (Chairman)  
Ijaz Ahmed Khwaja (Member)  
Ahmed Ali Riaz (Member)

### **HUMAN RESOURCE AND REMUNERATION COMMITTEE**

Rashid Minhas (Chairman)  
Khwaja Imtiaz Ahmed (Member)  
Ayesha Ahmed (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.

### **PLANT**

19<sup>th</sup> Kilometer,  
Shahrah-e-Pakistan, Kala Shah Kaku,  
District Sheikhupura.  
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 condensed interim financial statements of the Company for the six month period ended December 31, 2018.

### **OPERATIONS**

During the period under reviews company's turnover is registered at Rs.330.964 million as compared to Rs.291.436 million in last corresponding period. This unprecedented sales of six month period is attributed to finalization of new sales contracts and revival of export sales.

During the first quarter of the current financial year manufacturing process was delayed due to overhauling of plant which consumed almost two months time period to bring the facility back in to production. This idle part with respect to production process caused to increase cost of production of the period under review and company could hardly post profit before tax at Rs 0.490 million only.

The auditors' review report contains emphasis paragraph to draw attention towards the going concern basis of accounting. In this regard management's assessment is detailed in note 2 in the annexed half yearly condensed interim financial statements.

### **FUTURE PROSPECTS**

On finalization of sales contracts with our potential customers and with the revival of exports, we assume that company's financials will reflect some more better results in the period to come.

### **ACKNOWLEDGEMENT**

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

On Behalf of the Board

IBRAR AHMED KHAWAJA  
Director

KHAWAJA IMTIAZ AHMED  
Chief Executive &  
Managing Director

Lahore:  
February 28, 2019.



## ڈائریکٹر زریویو

ڈائریکٹر ان کمپنی کے ششماہی مختصر عبوری مالیاتی حسابات جو کہ ۳۱ دسمبر ۲۰۱۸ء کو ختم ہوا ہے پیش کرنے پر خوشی محسوس کرتے ہیں۔

### کاروباری عمل

زیر جائزہ دورانیہ میں کمپنی کی فروخت پچھلے سال اسی دورانیہ میں فروخت مبلغ ۲۹۱.۴۳۶ روپے کے مقابلے میں مبلغ ۳۳۰.۹۶۴ روپے رہی ہے۔ ان چھ ماہ کی بے مثال فروخت کی وجہ فروخت کے ہونے والے نئے معاہدے اور ایکسپورٹ کی احیاء ہے۔

حالیہ مالی سال کی پہلی سہ ماہی میں پیداواری عمل پلانٹ کی اوور ہالنگ کی وجہ سے تاخیر کا شکار ہوا جس کی وجہ سے پلانٹ کو دوبارہ پیداوار میں لانے کے لیے تقریباً دو ماہ کا عرصہ لگا۔ پیداوار کے لحاظ سے غیر پیداواری دورانیہ پیداواری لاگت کو بڑھانے کی وجہ بنا اور زیر جائزہ دورانیہ میں کمپنی بمشکل قبل از ٹیکس منافع مبلغ ۰.۴۹۰ ملین روپے حاصل کر سکی۔

آڈیٹران کی رپورٹ پر پورٹ میں کاروبار کے اکاؤنٹنگ بنیاد پر جاری رہنے کے معاملات کا ذکر توجہ دلانے کے لیے موثر انداز میں موجود ہے۔ اس کے جواب میں انتظامیہ کا نقطہ نظر مختصر عبوری مالیاتی نتائج کے نوٹ نمبر ۲ میں شامل کیا گیا ہے۔ مستقبل کے امکانات

اچھے گاہکوں کے ساتھ طے ہونے والے معاہدوں اور ایکسپورٹ کی احیاء کی وجہ سے ہم یہ خیال کرتے ہیں کہ آنے والے دنوں میں کمپنی بہتر مالی نتائج دکھا سکے گی۔

### اعتراف

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

منجانب بورڈ

ابراہیم احمد خواجہ

خواجہ امتیاز احمد

ڈائریکٹر

چیف ایگزیکٹو آفیسر

لاہور

مینجنگ ڈائریکٹر

۲۸ فروری ۲۰۱۹ء

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Leiner Pak Gelatine Limited

Report on review of Interim Financial Statements

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Leiner Pak Gelatine Limited as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2018.

### **Scope of Review**

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

### **Conclusion**

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

**Emphasis of Matter**

We draw attention to Note 2 in the interim financial statements, which indicates that the Company incurred a net loss of Rupees 3.383 million during the six-month period ended December 31, 2018 and, as of that date, its accumulated loss was Rs. 11.120 million and its current liabilities exceeded its current assets by Rupees 82.049 million. As stated in Note 2, these events or conditions, alongwith other matters as set forth in Note 2, indicate that material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's review report is Mohammad Ijaz.

Lahore

Date: February 28, 2019

**M. Almas & Co.**

**Chartered Accountants**

# LEINER PAK GELATINE LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Note	(Un-audited) December 31, 2018 ..... Rupees in	(Audited) June 30, 2018 thousand.....
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	7	75,000	75,000
Revenue Reserve:			
Accumulated loss		(11,120)	(7,737)
Capital Reserve:			
Surplus on revaluation of property, plant and equipment		278,914	278,914
		<u>342,794</u>	<u>346,177</u>
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease	8	955	1,043
<b>Current liabilities</b>			
Trade and other payables		229,311	143,023
Unclaimed dividend		771	771
Mark-up accrued		3,445	2,906
Short term borrowings	9	238,954	221,160
Current portion of liabilities against assets subject to finance lease	8	503	689
		472,984	368,549
Contingencies and commitments	10	-	-
		<u>816,733</u>	<u>715,769</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	425,543	414,175
Intangible assets	12	-	-
Long term deposits		255	255
Deferred taxation	13	-	-
		<u>425,798</u>	<u>414,430</u>
<b>Current assets</b>			
Stores, spare parts and loose tools		42,265	42,919
Stock-in-trade		247,335	197,264
Trade debts		40,065	14,672
Advances		3,855	1,736
Trade deposits and short term prepayments		4,694	2,182
Other receivables		25,537	19,457
Advance income tax-net		25,236	22,502
Cash and bank balances		1,948	607
		390,935	301,339
		<u>816,733</u>	<u>715,769</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

LAHORE  
DATE: February 28, 2019

**KH.IMTIAZ AHMED**  
Chief Executive  
& Managing Director

**IBRAR AHMED KH.**  
Director

**MUHAMMAD JAVAID**  
Chief Financial Officer

**LEINER PAK GELATINE LIMITED****CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)****FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018**

Note	Six months period ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	..... Rupees in thousand.....	..... Rupees in thousand.....	..... Rupees in thousand.....	..... Rupees in thousand.....
Sales-net	330,965	291,436	229,157	178,795
Cost of sales	291,382	251,045	192,027	160,033
Gross profit	39,583	40,391	37,130	18,762
Other income	205	546	204	521
	39,788	40,937	37,334	19,283
Distribution cost	1,185	2,349	867	265
Administrative expenses	28,835	26,671	15,275	13,706
Other operating expenses	112	1,263	82	1,021
Finance cost	9,166	5,606	5,583	2,708
Profit before taxation	490	5,048	15,527	1,583
Taxation	3,873	7,818	2,599	6,409
(Loss) / profit after taxation	(3,383)	(2,770)	12,928	(4,826)
(Loss) / earning per share-basic and diluted (Rupees)	15 (0.45)	(0.37)	1.72	(0.64)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

LAHORE  
DATE: February 28, 2019**KH.IMTIAZ AHMED**  
Chief Executive  
& Managing Director**IBRAR AHMED KH.**  
Director**MUHAMMAD JAVAID**  
Chief Financial Officer

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**LEINER PAK GELATINE LIMITED**

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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)****FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018**

	Six months period ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Note	..... Rupees in thousand.....	..... Rupees in thousand.....	..... Rupees in thousand.....	..... Rupees in thousand.....
(Loss) / profit after taxation	(3,383)	(2,770)	12,928	(4,826)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(3,383)	(2,770)	12,928	(4,826)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

LAHORE  
DATE: February 28, 2019**KH.IMTIAZ AHMED**  
Chief Executive  
& Managing Director**IBRAR AHMED KH.**  
Director**MUHAMMAD JAVAID**  
Chief Financial Officer

**LEINER PAK GELATINE LIMITED****CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018**

	Share capital	Reserves		Total
		Revenue Reserve	Capital Reserve	
	Issued, subscribed and paid up share capital	Un appropriated profit / accumulated (loss)	Surplus on revaluation of property, plant and equipment	
..... Rupees in thousand.....				
Balance as at July 01, 2017 re-stated	75,000	(3,781)	278,914	350,133
Total comprehensive loss for the six months period ended 31 December 2017	-	(2,770)	-	(2,770)
<b>Balance as at December 31, 2017 re-stated</b>	<b>75,000</b>	<b>(6,551)</b>	<b>278,914</b>	<b>347,363</b>
Balance as at 01 July 2018	75,000	(7,737)	278,914	346,177
Total comprehensive loss for the six months period ended 31 December 2018	-	(3,383)	-	(3,383)
<b>Balance as at 31 December 2018</b>	<b>75,000</b>	<b>(11,120)</b>	<b>278,914</b>	<b>342,794</b>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

LAHORE  
DATE: February 28, 2019

**KH.IMTIAZ AHMED**  
Chief Executive  
& Managing Director

**IBRAR AHMED KH.**  
Director

**MUHAMMAD JAVAID**  
Chief Financial Officer

# LEINER PAK GELATINE LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Six months period ended December 31, 2018	Six months period ended December 31, 2017
	..... Rupees in	thousand.....
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	490	5,048
<b>Adjustments for :</b>		
Depreciation	6,090	5,737
Provision for employee retirement benefits	1,427	1,320
Finance cost	9,166	5,606
Gain on disposal of operating fixed asset	-	(521)
Provision for Workers' Profit Participation Fund	32	289
Provision for Workers' Welfare Fund	50	381
	<b>16,765</b>	<b>12,812</b>
<b>Operating profit before changes in working capital</b>	<b>17,255</b>	<b>17,860</b>
<b>Changes in working capital</b>		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	654	1,790
Stock-in-trade	(50,071)	(63,161)
Trade debts	(25,393)	11,510
Advances	(2,119)	1,349
Trade deposits and short term prepayments	(2,512)	718
Other receivables	91	13
Increase / (decrease) in current liabilities		
Trade and other payables	86,183	26,556
<b>Cash generated from / (used in) operations</b>	<b>24,088</b>	<b>(3,365)</b>
Finance cost paid	(8,555)	(5,774)
Payments to provident fund	(1,476)	(932)
Taxes paid	(6,608)	(5,641)
Workers' Welfare Fund paid		(214)
Sales tax payments	(6,170)	(3,420)
<b>Net cash generated from / (used in) operating activities</b>	<b>1,279</b>	<b>(19,346)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(17,458)	(6,728)
Proceeds from disposal of property, plant and equipment	-	650
<b>Net cash used in investing activities</b>	<b>(17,458)</b>	<b>(6,078)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of liabilities against assets subject to finance lease	(274)	(173)
Dividend paid	-	(68)
Proceeds from short-term financing from banking companies	9,163	16,720
Proceeds from short-term financing from related parties	8,631	10,000
<b>Net cash generated from financing activities</b>	<b>17,520</b>	<b>26,479</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,341</b>	<b>1,055</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>607</b>	<b>1,890</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,948</b>	<b>2,945</b>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

LAHORE  
DATE: February 28, 2019

**KH.IMTIAZ AHMED**  
Chief Executive  
& Managing Director

**IBRAR AHMED KH.**  
Director

**MUHAMMAD JAVAID**  
Chief Financial Officer

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## LEINER PAK GELATINE LIMITED

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### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (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 and manufacturing facility is located at 19 Kilometer, Shahrah-e-Pakistan, Kala Shah Kaku, District Sheikhupura. The Company is listed on the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of gelatine and di-calcium phosphate etc., produced from animal bones.

#### 2 GOING CONCERN BASIS OF ACCOUNTING

During the six months period ended December 31, 2018 the Company incurred a net loss of Rupees 3.383 million and, as of that date, its accumulated loss was Rupees 11,120 million and its current liabilities exceeded its current assets by Rupees 82,049 million. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Due to the proposed use of energy conservation measures and future procurement of raw materials direct from the source by avoiding the middle man role, the approved financial projections, therefore, show improvements and profitability. Further, keeping in view the following factors, the management foresees that the Company will continue to be 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. After renewal of sales contracts with big customers and devaluation of Pakistan Rupee, the local as well as export sales respectively are expected to increase in future.

There is continued financial support of the Company's sponsors. The sponsors' of the Company have inducted Rupees 43.933 million (June 30, 2018: Rupees 35.302 million) interest free loans up to December 31, 2018. 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 as per these condensed interim financial statements as mentioned below:

- a) Increase in production and sales over the last period;
- b) The existence of new sales orders along with advance payments received there against; and
- c) Continuous existence of profits before taxation since July 1, 2014 to date.

These condensed interim financial statements have, therefore, been prepared using going concern basis of accounting and, accordingly, 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

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

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

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

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## LEINER PAK GELATINE LIMITED

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### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)

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- 3.2 The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2018, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the condensed interim financial statements for the six months ended December 31, 2017.

The figures of the six months ended December 31, 2018 are being submitted to the shareholders, and have been subjected to limited scope review in accordance with Section 237 of the Companies Act, 2017.

- 3.3 These condensed interim financial statements have been prepared under the historical cost convention except for freehold land at revalued amount. In these financial statements, except for the statement of cash flows, all transactions have been accounted for on accrual basis.
- 3.4 Items included in condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. The condensed interim financial statements are 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 statements are the same as those applied in preparation of the annual published financial statements for the year ended 30 June 2018 except as detailed in note 4.1 below:

- 4.1 **Following are certain new standards and amendments to approved accounting standards which are effective during the half year ended December 31, 2018.**

IFRS 9 - 'Financial Instruments' and IFRS 15 - 'Revenue from Contracts with Customers' are applicable for the accounting periods beginning on or after July 01, 2018.

Based on the recommendation of the Institute of Chartered Accountants of Pakistan (ICAP), the SECP has, vide its notification 229 (I) / 2019 dated February 14, 2019, deferred the applicability of IFRS 9 for reporting period/year ending on or after June 30, 2019. Early adoption of IFRS-9, however, is permitted.

However, the application of above standards do not have any significant impact on the Company's financial reporting and, therefore, have not been presented in these condensed interim financial statements.

- 4.2 **Standards and amendments to published approved accounting standards that are not yet effective during the half year ended December 31, 2018.**

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

#### 5 Judgments, estimates and assumptions

The preparation of the condensed interim 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.

Judgments, accounting estimates and assumptions made by the management in the preparation of these condensed interim financial statements are the same as those applied in preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2018.

#### 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 2018.

# LEINER PAK GELATINE LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)

		(Un-audited) December 31, 2018	(Audited) June 30, 2018
		Rupees in	thousand.....
<b>7 Share capital</b>			
<b>Authorised share capital</b>			
10,000,000 (June 30, 2018: 10,000,000) ordinary shares of Rupees 10 each		<u>100,000</u>	<u>100,000</u>
<b>Issued, subscribed and paid up share capital</b>			
7,500,000 (June 30, 2018: 7,500,000) ordinary shares of Rupees 10 each issued as fully paid in cash		<u>75,000</u>	<u>75,000</u>
		<u>75,000</u>	<u>75,000</u>
<b>8 Liabilities against assets subject to finance lease</b>			
Present value of minimum lease payments		1,458	1,732
Less: Current portion		<u>503</u>	<u>689</u>
		<u>955</u>	<u>1,043</u>
<b>9 Short term borrowings</b>			
<i>From banking companies-secured</i>			
Short term finance (STF)			
Bank Al-Habib Limited	9.1, 9.5	-	18,054
Short Term Finance against payables			
Bank Al-Habib Limited	9.2, 9.5	25,000	15,000
Short Term Finance against IBP receivables			
Bank Al-Habib Limited	9.3, 9.5	25,000	10,000
Running finance			
Bank Al-Habib Limited	9.4, 9.5	114,387	110,586
Summit Bank Limited	9.5, 9.6	<u>30,635</u>	<u>32,218</u>
		<u>195,022</u>	<u>185,858</u>
<i>From related parties-unsecured</i>			
Loans from director / ex-director / shareholder	9.7	<u>43,932</u>	<u>35,302</u>
		<u>238,954</u>	<u>221,160</u>

- 9.1 The bank granted a one-off Short Term Finance (STF) facility of Rupees 25 million for the adjustment of outstanding balance of FAPC-1. The said STF has been repaid in equal monthly installments. STF carried mark-up at three months KIBOR plus 1.75% per annum payable quarterly. (June 30, 2018 three months KIBOR plus 1.75% per annum).
- 9.2 The short term finance facility having sanctioned limit of Rupees 25 million (June 30, 2018: Rupees 25 million) has been obtained from Bank Al-Habib Limited for purchase of raw material. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2018: three months KIBOR plus 1.75%) per annum. The principal amount is to be repaid upon realization of export proceeds as per tenure of respective bill but not later than 60 days from draw down date or on demand while mark-up is to be serviced upon adjustment of each loan or at the end of each calendar quarter whichever is earlier. The facility is valid till February 07, 2021 with credit review on annual basis.
- 9.3 The IBP receivable finance facility having sanctioned limit of Rupees 25 million (June 30, 2018: Rupees 25 million) has been obtained from Bank Al-Habib Limited for financing of receivables. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2018: three months KIBOR plus 1.75%) per annum. The principal amount is to be repaid upon realization of export proceeds as per tenure of respective bill but not later than 60 days from draw down date or on demand while mark-up is to be serviced upon adjustment of each loan or at the end of each calendar quarter whichever is earlier. The facility is valid till February 07, 2021 with credit review on annual basis.

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**LEINER PAK GELATINE LIMITED**

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)**

- 9.4 The running finance facility having sanctioned limit of Rupees 85 million (June 30, 2018: Rupees 85 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, 2018: three months KIBOR plus 1.75%) per annum payable quarterly. The sanctioned limit has temporarily been exceeded due to issuance of cheques which will be presented after December 31, 2018. The facility is valid till February 07, 2021 with credit review on annual basis.
- 9.5 The running finance facility having sanctioned limit of Rupees 30 million (June 30, 2018: Rupees 30 million) has been obtained from Summit Bank Limited for working capital requirements. It carries mark-up at three months KIBOR plus 5% (June 30, 2018: three months KIBOR plus 2.50%) per annum payable quarterly. The sanctioned limit has temporarily been exceeded due to issuance of cheques which will be presented after December 31, 2018.
- 9.6 The facilities mentioned in 9.1, 9.2, 9.3 and 9.4 are commonly secured against first charge of Rupees 180 million (June 2018: Rupees 180 million) over current assets of the Company registered with SECP. Equitable mortgage supported by first charge on fixed assets of Rupees 174 million (June 30, 2018: 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 three Directors amounting to Rupees 155 million each (June 30, 2018: Rupees 155 million). The running finance facility at note 9.4 in addition to securities as aforesaid is also secured against pro note amounting to Rs. 144.5 million (June 2018 : Rupees 144.5 million).
- 9.7 The facility mentioned in 9.5 is commonly secured against ranking charge of Rupees 40 million (June 30, 2018: 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 three Directors along with Personal Net Worth Statement (PNWS).
- 9.8 As at December 31, 2018 the Company has facilities from Bank Al-Habib Limited relating to import letters of credit (sight/usance) amounting to Rupees 5 million (June 30, 2018: Rupees 5 million). Additionally, Company has letter of guarantee facility amounting to Rupees 15 million (June 30, 2018: Rupees 15 million) from Bank Al-Habib Limited.
- 9.9 The net aggregate short term borrowing facilities unavailed at end of December 31, 2018 amount to Rupees nil (June 30, 2018: Rupees 6.94 million) and for letters of credit and bank guarantees amount to Rupees 8.744 million (June 30, 2018: Rupees 8.744 million).
- 9.10 Loans from Chief Executive and ex-director / shareholder (close family member of Chief Executive) are for working capital requirements and are re-payable on demand and non-interest bearing.
- 10 Contingencies and commitments**

There have been no significant changes in contingencies as disclosed in the notes to the preceding annual published financial statements for the year ended June 30, 2018 except for the following:

Guarantee issued by the insurance Company on behalf of the Company in the normal course of business amounting to Rupees 36.250 million.

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

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
	..... Rupees in thousand.....	
Not later than one year	3,075	2,143
Later than one year but not later than five years	-	-

# LEINER PAK GELATINE LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)

		(Un-audited) December 31, 2018	(Audited) June 30, 2018
		Rupees in thousand.....	
<b>11 Property, plant and equipment</b>			
Operating fixed assets	11.1	398,039	404,129
Capital work in progress		27,504	10,046
		<u>425,543</u>	<u>414,175</u>
<b>11.1 Opening book value</b>		404,129	397,060
Cost of additions during the period / year	11.2	-	19,356
Less:			
Deletion during the period / year (book value)		-	129
Depreciation charged during the period / year		6,090	12,158
		<u>398,039</u>	<u>404,129</u>
<b>11.2 Cost of addition during the period / year</b>			
Plant and machinery		-	17,262
Electric installation and equipment		-	785
Lease asset - vehicles		-	1,309
		<u>-</u>	<u>19,356</u>
<b>11.3 Capital work in progress</b>			
Opening balance		10,046	4,021
Addition during the period / year			
Plant and machinery		10,042	21,092
Building and Civil Works		7,416	-
		<u>27,504</u>	<u>25,113</u>
Transfer to operating fixed assets		-	(15,067)
Closing balance		<u>27,504</u>	<u>10,046</u>
<b>12</b>	The intangible assets represents computer software costing Rupees 70,000 which is fully amortized.		
<b>13 Deferred taxation</b>			
Deferred tax on temporary differences comprises of:			
<b>Taxable temporary differences</b>			
Accelerated tax depreciation		13,315	14,206
Assets held under finance lease		447	510
		<u>13,762</u>	<u>14,716</u>
<b>Deductible temporary differences</b>			
Tax credits		13,405	14,280
Liabilities against assets subject to finance lease		357	436
		<u>-</u>	<u>-</u>

**13.1** Deferred tax asset amounting to Rs. 5.45 million (June 2018 : Rs.1.844 million) due to minimum tax credits have been recognized as at December 31, 2018 as sufficient future taxable profits may not be available against which the said tax credits can be utilized.

### 14 Taxation

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

### 15 (Loss) / 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, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Rupees in thousand.....		Rupees in thousand.....	
(Loss) / profit after taxation	(3,383)	(2,770)	12,928	(4,826)
	..... in thousand .....		..... in thousand .....	
Weighted average number of ordinary shares	7,500	7,500	7,500	7,500
(Loss) / earning per share-basic and diluted (Rupees)	(0.45)	(0.37)	1.72	(0.64)

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**LEINER PAK GELATINE LIMITED**

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)****16 Transactions with related parties**

Related parties include associated Company, directors, the other key management personnel and close family members of directors and other key management personnel. Detail of transactions with related parties with whom the Company had entered into transactions or have arrangements / agreements in place are as follows:

Nature of relation	Nature of transaction	December 31,	December 31,
		2018	2017
		..... Rupees in thousand.....	
16.1	Key management personnel:		
	Loan obtained from chief executive	8,800	20,700
	Loan repaid to chief executive	169	10,070
	Loan obtained from ex-director / shareholder (close family member of Chief Executive)	225	-
	Loan repaid to ex-director / shareholder (close family member of Chief Executive)	225	-
	Managerial remuneration	6,766	6,678
16.2	Provident Fund Trust:		
	Contribution to provident fund Trust	1,427	1,320

**16.3** The outstanding balances with above related parties are included in Trade and other payables "Payable to Provident fund" as at December 31, 2018 Rs. 653,902 (June 30, 2018: Rs.703,668) and Short term borrowings (note 9) "Short term borrowings from related parties" as at December 31, 2018 Rs. 43.933 million (June 30, 2018: Rs. 35.302 million).

**16.4** 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.

**17 Date of authorization for issue**

These condensed interim financial statements were authorized for issue by the Board of Directors on February 28, 2019.

**18 General**

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

LAHORE  
DATE: February 28, 2019

**KH.IMTIAZ AHMED**  
Chief Executive  
& Managing Director

**IBRAR AHMED KH.**  
Director

**MUHAMMAD JAVAID**  
Chief Financial Officer

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	Incomplete Address	پتہ نامکمل ہے
	Retired	ریٹائرڈ
	Passed Away	انتقال کر گئے
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