



LEINER PAK GELATINE LIMITED

**UN-AUDITED CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED
DECEMBER 31, 2020.**



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COMPANY INFORMATION BOARD OF DIRECTORS

Mr.Ahmed Ali Riaz	Chairman
Khwaja Imtiaz Ahmed	Chief Executive & Managing Director
Ibrar Ahmed Khwaja	Executive Director
Mian Zia-Ud-Din	Independent Director
Ijaz Ahmed Khwaja	Non-Executive Director
Ayesha Ahmed	Non-Executive Director
Rashid Minhas	Independent 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, 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 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 Condensed Interim Financial Statements of the Company for six months periods ended December 31, 2020.

OPERATIONS

During the period under review, Company achieved its turnover at Rs.364.84 million as compared to Rs.231.34 million in last corresponding period. This increase of turnover (57.70 %) is mainly driven by the effective measures taken by the management due to which not only local sales registered (17.58%) increase but exports also followed upward trajectory and registered exports sales at Rs.130.64 million as compared to exports of Rs.32.20 million in corresponding period (305.53% increase). High sales volume of the period under review yielded positive impact on overall profitability of the Company and as a result Company managed to post profit after tax at Rs.3.73 million as compared to profit after tax of Rs.1.30 million in last corresponding period.

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 year Condensed Interim Financial Statements.

FUTURE PROSPECTS

World economies including Pakistan are reviving after devastating effects of Covid-19 last year. Management is expecting significant increase in turnover of the Company in both local and exports market which shall result in better operational performance.

ACKNOWLEDGMENT

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 KHWAJA
DIRECTOR

KHWAJA IMTIAZ AHMED
Chief Executive Officer
& Managing Director

Lahore:
February 26, 2021.

ڈائریکٹر زیو یو

ڈائریکٹر ان کمپنی کے ششماہی مختصر عبوری مالیاتی حسابات جو کہ ۳۱ دسمبر ۲۰۲۰ 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 ۲۳۱.۳۴ ملین روپے کے مقابلے میں مبلغ ۳۶۴.۸۴ ملین روپے رہی ہے۔ فروخت میں اس اضافے (% ۵۷.۷۰) کی بنیادی وجہ انتظامیہ کی طرف سے لیے گئے موثر اقدامات ہیں جس کی وجہ سے نہ صرف اندرون ملک فروخت میں اضافہ (% ۱۶.۵۴) ہوا بلکہ ایکسپورٹ نے بھی بڑھوتری کے عمل کی تقلید کی اور ایکسپورٹ کی مد میں فروخت پچھلے سال اسی دورانیہ میں فروخت مبلغ ۳۲.۲۰ ملین روپے کے مقابلے میں مبلغ ۱۳۰.۶۴ ملین روپے رہی (% ۳۰۵.۵۳ اضافہ)۔ زیر جائزہ دورانیہ میں فروخت کی بڑھوتری نے کمپنی کے مکمل منافع پر مثبت اثر ڈالا اور اس کے نتیجہ میں کمپنی نے بعد از ٹیکس منافع پچھلے سال اسی دورانیہ کے بعد از ٹیکس منافع مبلغ ۱.۳۰ ملین روپے کے مقابلے میں مبلغ ۳.۷۳ ملین روپے حاصل کیا ہے۔

آڈیٹر ان کی ریویو رپورٹ 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

پچھلے سال کو وڈ-۱۹ کے تناہ کن اثرات کے بعد پاکستان سمیت دنیا کی معیشتیں بحالی کی طرف گامزن ہیں۔ انتظامیہ دونوں ملکی فروخت اور ایکسپورٹ مارکیٹ میں فروخت میں قابل ذکر اضافہ کے لیے پرامید ہے جس کی وجہ سے بہتر کاروباری نتائج حاصل ہوں گے۔

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

ڈائریکٹر

لاہور

۲۶ فروری ۲۰۲۱ء

خواجہ امتیاز احمد

چیف ایگزیکٹو ایڈ

میجنگ ڈائریکٹر

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, 2020 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 these 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, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2020.

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 has negative cash flow from operating activities during the six-month period ended December 31, 2020 and as of that date its current liabilities exceeded its current assets by Rupees 73.262 million. As stated in Note 2, these events or conditions, alongwith other matters as set forth in Note 2, indicate that a 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 26, 2021

M.Almas & Co.

Chartered Accountants

LEINER PAK GELATINE LIMITED**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2020**

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- Rupees in thousand -----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	8	75,000	75,000
Revenue Reserve:			
Un appropriated profit / (accumulated loss)		457	(3,272)
Capital Reserve:			
Surplus on revaluation of property, plant and equipment		336,262	336,262
		<u>411,719</u>	<u>407,990</u>
Non-current liabilities			
Long term finance – secured	9	12,100	9,786
Lease liabilities	10	2,098	3,637
		14,198	13,423
Current liabilities			
Trade and other payables		329,295	255,540
Unclaimed dividend		771	771
Mark-up accrued		4,183	5,360
Short term borrowings	11	343,197	306,207
Current portion of long term finance – secured	9	12,100	3,262
Current portion of lease liabilities	10	2,754	2,339
		692,300	573,479
Contingencies and commitments	12	-	-
		<u>1,118,217</u>	<u>994,892</u>
ASSETS			
Non-current assets			
Property, plant and equipment	13	498,924	501,955
Intangible assets	14	-	-
Long term deposits		255	255
Deferred taxation	15	-	-
		<u>499,179</u>	<u>502,210</u>
Current assets			
Stores, spare parts and loose tools		93,269	114,368
Stock-in-trade		419,959	308,556
Trade debts		34,597	7,477
Advances		3,693	1,354
Trade deposits and short term prepayments		470	1,539
Other receivables		24,265	21,443
Advance income tax-net		42,417	37,480
Cash and bank balances		368	465
		619,038	492,682
		<u>1,118,217</u>	<u>994,892</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

LAHORE
DATE: February 26, 2021**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, 2020**

	Six months period ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019
Note	----- Rupees in thousand-----		----- Rupees in thousand-----	
Sales-net	364,839	231,345	273,302	171,044
Cost of sales	312,035	188,075	242,419	136,404
Gross profit	52,804	43,270	30,883	34,640
Other income	1,731	-	1,708	-
	54,535	43,270	32,591	34,640
Distribution cost	5,169	1,604	2,789	419
Administrative expenses	26,358	24,046	15,051	9,065
Other operating expenses	660	570	569	570
Finance cost	13,998	12,267	7,558	4,341
Profit before taxation	8,350	4,783	6,624	20,245
Taxation	4,621	3,478	3,405	2,720
Profit after taxation	3,729	1,305	3,219	17,525
Earning per share-basic and diluted (Rupees)	0.50	0.17	0.43	2.34

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

LAHORE
DATE: February 26, 2021**KH.IMTIAZ AHMED**
Chief Executive
& Managing Director**IBRAR AHMED KH.**
Director**MUHAMMAD JAVAID**
Chief Financial Officer

LEINER PAK GELATINE LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Six months period ended		Quarter ended		
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	
	Note	Rupees in thousand	Rupees in thousand		
Profit after taxation		3,729	1,305	3,219	17,525
Other comprehensive income		-	-	-	-
Total comprehensive profit for the period		3,729	1,305	3,219	17,525

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

LAHORE
DATE: February 26, 2021KH.IMTIAZ AHMED
Chief Executive
& Managing DirectorIBRAR AHMED KH.
DirectorMUHAMMAD JAVOID
Chief Financial Officer

LEINER PAK GELATINE LIMITED**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020**

	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 01 July 2019	75,000	(5,200)	336,262	406,062
Total comprehensive profit for the six months period ended 31 December 2019	-	1,305	-	1,305
Balance as at 31 December 2019	<u>75,000</u>	<u>(3,895)</u>	<u>336,262</u>	<u>407,367</u>
Balance as at 01 July 2020	75,000	(3,272)	336,262	407,990
Total comprehensive profit for the six months period ended 31 December 2020	-	3,729	-	3,729
Balance as at 31 December 2020	<u>75,000</u>	<u>457</u>	<u>336,262</u>	<u>411,719</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

LAHORE
DATE: February 26, 2021

KH.IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

MUHAMMAD JAVOID
Chief Financial Officer

LEINER PAK GELATINE LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Six months period ended December 31, 2020	Six months period ended December 31, 2019
	----- Rupees in thousand-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	8,350	4,783
Adjustments for :		
Depreciation	8,360	7,784
Provision for employee retirement benefits	1,622	1,627
Finance cost	13,998	12,267
Provision for Workers' Profit Participation Fund	455	269
Government grant income	(808)	-
Provision for Workers' Welfare Fund	170	150
	23,797	22,097
Operating profit before changes in working capital	32,147	26,880
Changes in working capital		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	21,099	16,790
Stock-in-trade	(111,403)	(117,933)
Trade debts	(27,120)	13,758
Advances	(2,339)	(178)
Trade deposits and short term prepayments	1,069	1,219
Other receivables	-	13
Increase / (decrease) in current liabilities		
Trade and other payables	73,202	54,461
Cash used in operations	(13,345)	(4,990)
Finance cost paid	(14,251)	(11,201)
Payments to provident fund	(1,596)	(1,572)
Taxes paid	(9,558)	(6,105)
Workers' Welfare Fund paid	(215)	(844)
Sales tax payments	(2,823)	(2,741)
Net cash used in operating activities	(41,788)	(27,452)
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(5,328)	(6,945)
Net cash used in investing activities	(5,328)	(6,945)
CASH FLOW FROM FINANCING ACTIVITIES		
Principal paid on lease liabilities	(1,123)	(883)
Long-term finance from banking companies – obtained / (repaid) - net	11,152	29,082
Short-term Borrowings – obtained / (repaid) - net	36,990	9,400
Net cash generated from financing activities	47,019	37,599
Net (decrease) / increase in cash and cash equivalents	(97)	3,202
Cash and cash equivalents at the beginning of the period	465	321
Cash and cash equivalents at the end of the period	368	3,523

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

LAHORE
DATE: February 26, 2021

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

MUHAMMAD JAVAID
Chief Financial Officer

LEINER PAK GELATINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020 (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.

1.1 Impact of covid-19

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic. The COVID-19 outbreak developed rapidly thereafter with a significant number of COVID-19 cases reported globally. The pandemic has resulted in consequences on health and society and on economy affecting the earnings and cashflows of businesses, after the announcement of lock-downs by the government authorities, resulting in closure of business operations except for specifically exempted industries. The impact of COVID-19 varies from industry to industry in different jurisdictions. Based on management's assessment, due to the pandemic the Company's operations have been impacted only on a temporary basis during lockdown and believes that as normalcy comes about, these impacts have started to reduce. The management has also valued and concluded that there are no material implications of COVID-19 requiring specific disclosures and that there is no significant impact of COVID-19 on the carrying amounts of assets and liabilities or items of income and expenses etc. The pandemic's future impacts, however depend on its future surge(s) and consequent lockdowns, if any, further, the Company availed employee refinance facility for payment of salaries and wages under SBP's infrastructure, Housing & SME Finance Department (IH&SMEFD) Circular No.6 of 2020 dated April 10, 2020.

2 GOING CONCERN BASIS OF ACCOUNTING

The Company has negative cash flow from operating activities during the six months period ended December 31, 2020 and, as of that date, its current liabilities exceeded its current assets by Rupees 73.262 million. Further, as mentioned in note 11.6 in these interim financial statements, the running finance facility amounting to Rupees. 30 million from the Summit Bank Limited expired during the year ended June 30, 2019 has not yet been renewed by the bank for the future periods. 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.

Despite the effects of COVID -19, due to the effective measures taken by the management, the total sales during the six months period ended December 31, 2020 have registered increase of 58% over the corresponding previous period. The exports sales included in total sales are Rs. 130.6 million as compared to exports of 32.2 million in the corresponding previous period. The positive impact on the performance of the Company has further improved resulting into profit after tax amounting to Rs. 3.729 million during the six months period ended December 31, 2020. The approved financial projections also show continued 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. Favourable foreign currency exchange rates have resulted in sharp increase in exports which is expected to continue in future as well.

There is continued financial support of the Company's sponsors. The sponsors' of the Company have inducted Rupees 9.7 million during the six month period ended December 31, 2020 and as of that date their total financing was Rupees 89.971 million (June 30, 2020: Rupees 80.263 million) interest free loans. They are also committed to induct further funds, if the need arises, to address any liquidity issues for smooth operations.

Major financing arrangements with bank as at December 31, 2020 are valid for future periods as well. The Summit Bank running finance account is fully operational and banking transactions are being made therein regularly up to the sanctioned limit. The management of the Company is engaged with the said bank for renewal of the facility.

Apart from the aforementioned factors there are also positive indicators as per these condensed interim financial statements as mentioned below:

- a) The existence of new sales orders along with advance payments received there against; and
- b) Existence of profits after taxation during the years ended June 30, 2019 and 2020 and continuous profits before taxation since past six years to date.

LEINER PAK GELATINE LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020 (UN-AUDITED)**

These 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.

- 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, 2020, 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, 2019.

The figures of the six months ended December 31, 2020 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 2020.

5 Standards, amendments and interpretations to published approved accounting standards

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2020, except for the adoption of new standards effective as of 1 January 2020. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations, as listed below, apply for the first time, but do not have an impact on these condensed interim financial statements of the Company.

-IFRS 3 - Definition of a Business (Amendments)

-IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments)

-IAS 1 / IAS 8 - Definition of Material (Amendments)

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The adoption of the above standards, amendments, interpretations and improvements to the accounting standards did not have any material effect on these condensed interim financial statements.

LEINER PAK GELATINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020 (UN-AUDITED)****6 Judgments, estimates and assumptions**

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

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

Judgements, 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 2020.

7 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 2020.

LEINER PAK GELATINE LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020 (UN-AUDITED)**

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	----- Rupees in thousand-----	
8 Share capital		
Authorised share capital		
10,000,000 (June 30, 2020: 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, 2020: 7,500,000) ordinary shares of Rupees 10 each issued as fully paid in cash	75,000	75,000
	75,000	75,000
	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	----- Rupees in thousand-----	
9 Long term finance – secured		
Bank Al Habib Limited	22,621	11,650
Current portion shown under current liabilities	(10,887)	(2,354)
	11,734	9,296
Deferred Income-Government Grant	1,579	1,398
Current portion shown under current liabilities	(1,213)	(908)
	366	490
	12,100	9,786

The Company obtained approval of term finance facility for Rs. 24.227 million from Bank Al Habib Limited under Refinancing Scheme of the State Bank of Pakistan specifically for paying salaries and wages to Company's employees. The Company has made third drawdown of Rs.6.824 million in July 2020, and forth drawdown of Rs. 4.328 million in September 2020. The tenor of the financing is two and half year inclusive 6-Months grace period and are repayable in 8 equal quarterly instalments commencing from January 2021.

This term loan is secured by way of 1st. Pari Pasu charge of Rs. 180 million over all current assets of the Company already registered with SECP. Equitable mortgage supported by 1st. Pari Pasu charge for Rs. 250 million over land, building and plant & machinery of the Company situated at 19 K.M G.T Road, Kala Shah Kaku. Equitable mortgage for Rs. 50 million over 24 kanal and 6 marla of Company land situated at 19 K.M G.T Road, Kala Shah Kaku. Personal Guarantee of three directors / shareholders for Rs 250 million each. The rate of markup is fixed at 3% per annum.

Government grant aggregating to Rs. 2.464 million has been recorded upto December 31, 2020 (Rs. 1.475 million for the year ended June 30, 2020 and Rs. 0.989 million during the six months ended December 31, 2020). Accordingly, Rs. 0.077 million and Rs. 0.808 million have been amortized from the above aggregate grant during the year ended June 30, 2020 and six months ended December 31, 2020 respectively. In accordance with the terms of the grant, the company is prohibited to lay-off the employees atleast for three months from the period April 2020 to June 2020 of the grant.

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	----- Rupees in thousand-----	
10 Lease liabilities		
Present value of minimum lease payments	4,852	5,976
Less: current portion presented under current liabilities	2,754	2,339
	2,098	3,637
11 Short term borrowings		
	----- Rupees in thousand-----	
From banking companies-secured		
Short Term Finance against payables		
Bank Al-Habib Limited	11.2, 11.7	25,000
Short Term Finance against receivables		
Bank Al-Habib Limited	11.3, 11.7	25,000
Finance against packing credit		
Bank Al-Habib Limited	11.5, 11.7	22,000
Running finance		
Bank Al-Habib Limited	11.4, 9.7	151,245
Summit Bank Limited	11.6, 11.8	29,981
		253,226
From related parties-unsecured		
Loans from director / ex-director / shareholder	11.11	89,971
		343,197
		306,207

11.1 The finance against foreign bills (FAFB-OWN) facility having sanctioned limit of Rupees 25 million (June 30, 2020: Rupees 25 million) has been obtained from Bank Al-Habib Limited for working capital requirements. The rate of mark-up on this facility is three months KIBOR plus 1.75% per annum. The principle is to be repaid upon realization of exports proceeds as per the tenor of respective bill but not later than 180 days from the draw down date or on demand while mark-up is to be served upon adjustment of loan or at the end of each calendar quarter whichever is earlier. The balance of facility utilized at reporting date is nil.

11.2 The short term finance facility having sanctioned limit of Rupees 25 million (June 30, 2020: Rupees 25 million) has been obtained from Bank Al-Habib Limited to meet working capital requirements. The principle amount is to be repaid within 90 days of each and every single disbursement through business cash flows. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2020: three months KIBOR plus 1.75%) per annum payable along with principal on maturity or at the end of each calendar quarter whichever is earlier. The facility is valid till February 07, 2024 with credit review on annual basis.

LEINER PAK GELATINE LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020 (UN-AUDITED)**

- 11.3 The short term finance facility having sanctioned limit of Rupees 25 million (June 30, 2020: Rupees 25 million) has been obtained from Bank Al-Habib Limited to meet working capital requirements. The principle amount is to be repaid within 90 days of each and every single disbursement through business cash flows. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2020: three months KIBOR plus 1.75%) per annum payable along with principal on maturity or at the end of each calendar quarter whichever is earlier. The facility is valid till February 07, 2024 with credit review on annual basis.
- 11.4 The running finance facility having sanctioned limit of Rupees 85 million (June 30, 2020: 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, 2020: 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, 2020. The facility is valid till February 07, 2024 with credit review on annual basis.
- 11.5 The finance against packing credit (FAFC-Own Pre Shipment 120 days One Off Basis) facility having sanctioned limit of Rupees 22 million (June 30, 2020: Rupees nil) has been obtained from Bank Al-Habib Limited to meet export shipment under contracts. The rate of mark-up on this facility is three months KIBOR plus 1.75% per annum. The principal is to be repaid upon realization of exports proceeds as per the tenor of respective bill but not later than 120 days from the 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.
- 11.6 The running finance facility having sanctioned limit of Rupees 30 million (June 30, 2020: Rupees 30 million) has been obtained from Summit Bank Limited for working capital requirements. It carries mark-up at three months KIBOR plus 2.50% (June 30, 2020: three months KIBOR plus 2.50%) per annum payable quarterly. The facility was valid till September 30, 2018 and currently the company is in negotiation with the bank for renewal of this facility.
- 11.7 The facilities mentioned in 11.1, 11.2, 11.3 11.4 and 11.5 are commonly secured against first charge of Rupees 180 million (June 2020: Rupees 180 million) over current assets of the Company registered with SECP. Equitable mortgage supported by first pari passu charge on fixed assets of Rupees 250 million (June 30, 2020: Rupees 250 million) comprising land (90 kanals & 08 marlas), 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 / Shareholders amounting to Rupees 250 million each (June 30, 2020: Rupees 250 million). The running finance facility at note 11.4 in addition to securities aforesaid is also secured against pro note amounting to Rs. 144.5 million (June 2020 : Rupees 144.5 million)
- 11.8 The facility mentioned in 11.6 is commonly secured against ranking charge of Rupees 40 million (June 30, 2020: 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).
- 11.9 As at December 31, 2020 the Company has facilities from Bank Al-Habib Limited relating to import letters of credit (sight/usance) amounting to Rupees 5 million (June 30, 2020: Rupees 5 million). Additionally, Company has letter of guarantee facility amounting to Rupees 15 million (June 30, 2020: Rupees 15 million) from Bank Al-Habib Limited.
- 11.10 The net aggregate short term borrowing facilities unavailed at end of December 31, 2020 amount to Rupees 25 million (June 30, 2020: Rupees 25 million) and for letters of credit and bank guarantees amount to Rupees 8.744 million (December 31, 2020: Rupees 8.744 million).
- 11.11 The loans from Chief Executive / director (Khawaja Imtiaz Ahmed) and his close relative (Khawaja Ahmed Hassan) amounting to Rs. 68.813 million (June 30, 2020: 66.658 million) and Rs. 21.158 million (June 30, 2020: 13.605 million) respectively, are for working capital requirements. These loans are re-payable on demand and non-interest bearing.

LEINER PAK GELATINE LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020 (UN-AUDITED)

12 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, 2020.

Guarantees issued by bank on behalf of Company in favour of Sui Northern Gas Pipelines Limited as at December 31, 2020 amounting to Rupees 11.256 million (June 30, 2020: Rupees 11.256 million).

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
		----- Rupees in thousand -----	
13 Property, plant and equipment			
Operating fixed assets	13.1	482,620	490,558
Capital work in progress		16,304	11,397
		<u>498,924</u>	<u>501,955</u>
13.1 Opening book value		490,558	473,992
Cost of additions during the period / year	13.2	422	33,024
Less:		-	7
Deletion during the period / year (book value)		8,360	16,451
Depreciation charged during the period / year		<u>482,620</u>	<u>490,558</u>
13.2 Cost of addition during the period / year			
Factory building- on freehold land		-	7,175
Plant and machinery		324	19,018
Electric installation and equipment		-	91
Office equipment		98	73
Right-of-use-asset		-	6,667
		<u>422</u>	<u>33,024</u>
13.3 Capital work in progress			
Opening balance		11,397	13,188
Addition during the period / year			
Plant and machinery		4,456	11,919
Building and Civil Works		451	4,992
		<u>16,304</u>	<u>30,099</u>
Transfer to operating fixed assets		-	(18,702)
Closing balance		<u>16,304</u>	<u>11,397</u>
14	The intangible assets represents computer software costing Rupees 70,000 which is fully amortized.		
15 Deferred taxation			
Deferred tax on temporary differences comprises of:			
Taxable temporary differences			
Accelerated tax depreciation		14,047	15,887
Right-of-use assets		901	1,276
		<u>14,948</u>	<u>17,163</u>
Deductible temporary differences			
Tax credits		13,871	15,712
Lease liabilities		1,077	1,451
		<u>-</u>	<u>-</u>
15.1	Deferred tax asset amounting to Rs. 4.904 million (June 2020 : Rs. 5.468 million) due to minimum tax credits have not been recognized as at December 31, 2020 as sufficient future taxable profits may not be available against which the said tax credits can be utilized.		

LEINER PAK GELATINE LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020 (UN-AUDITED)****16 Taxation**

The provision for current taxation has been made on minimum tax under Section 113 and Section 154 for income from export sales under fixed tax regime of Income Tax Ordinance, 2001.

Finance Act 2019 has fixed the corporate tax rate for Companies at 29% for current as well as future tax years. Deferred tax has been measured at the rates that are expected to be applied to the temporary differences when those are expected to reverse based on the rates enacted or substantively enacted by the reporting date.

17 Earning / (Loss) 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, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees in thousand-----		----- Rupees in thousand-----	
Profit after taxation	3,729	1,305	3,219	17,525
Weighted average number of ordinary shares	7,500	7,500	7,500	7,500
Earning per share-basic and diluted (Rupees)	0.50	0.17	0.43	2.34

18 Transactions with related parties

The related parties comprise of associated company, directors of the Company and their close relatives, key management personnel and post employment contribution plan. 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	Six months period ended	
		December 31, 2020	December 31, 2019
		----- Rupees in thousand-----	
18.1 Key management personnel			
	Loan obtained from chief executive - Khwaja Imtiaz Ahmed	5,400	7,445
	Loan repaid to chief executive - Khwaja Imtiaz Ahmed	3,245	4,745
	Loan obtained from close relative - Khwaja Ahmed Hassan	24,680	17,300
	Loan repaid to close relative - Khwaja Ahmed Hassan	17,127	10,660
	Managerial remuneration	10,092	7,960
18.2 Contribution to Provident Fund			
	Contribution to provident fund Trust	1,622	1,627
18.3	The outstanding balances with above related parties are included in Trade and other payables "Payable to Provident fund" as at December 31, 2020 Rs. 762,009 (June 30, 2020: Rs. 735,965 and "Short term borrowings from related parties" (note 11.11) as at December 31, 2020 Rs. 89.971 million (June 30, 2020: Rs. 80.263 million).		

19 Date of authorization for issue

These condensed interim financial statements were authorized for issue by the Board of Directors on February 26, 2021.

20 General

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

LAHORE
DATE: February 26, 2021

KH.IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

MUHAMMAD JAVAID
Chief Financial Officer

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No Such Consignee	اس نام سے کوئی نہیں
House / Office Closed	گھر / دفتر بند ہے
Incomplete Address	پتہ نامکمل ہے
Retired	ریٹائرڈ
Passed Away	انتقال کر گئے
Need Building Name	بلڈنگ کا نام درکار ہے
Need House / Gali / Plot No.	پلاٹ / گھر / گلی نمبر درکار ہے
Out of City / Country	شہر / ملک سے باہر ہیں
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