



LEINER PAK GELATINE LIMITED

**UN-AUDITED CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED
SEPTEMBER 30, 2015.**



LEINER PAK GELATINE LIMITED

CONTENTS

Company Information.....	2
Directors' Review.....	3
Balance Sheet.....	4
Profit And Loss Account.....	5
Statement Of Comprehensive Income.....	6
Cash Flow Statement.....	7
Statement Of Changes In Equity.....	8
Notes To The Condensed Interim Financial Information.....	9

COMPANY INFORMATION BOARD OF DIRECTORS

Ijaz Ahmed Khwaja
Khwaja Imtiaz Ahmed
Ibrar Ahmed Khwaja
Khwaja Ahmed Hassan
Mian Zia-Ud-Din
Umer Riaz Khwaja
Mr. Iqbal Dossa

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

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Ibrar Ahmed Khwaja

CHIEF FINANCIAL OFFICER

Mr. Muhammad Javaid

AUDITORS

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

LEGAL ADVISOR

Khwaja Muhammad Akram
Advocate

1-Begum Road, Mozang Adda, Lahore.

REGISTRAR

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

REGISTERED OFFICE

17-G, Gulberg-2, G/Postmall No. 3529, Lahore-54660
Ph. #: 0092-42-35756953-54, Fax #: 0092-42-35710604

PLANT

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

BANKERS

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

DIRECTORS' REVIEW

The Directors are pleased to present the accounts of the company for the three months period ended September 30, 2015

OPERATION

During the period under review Company's facilities operated at normal production level without any interruption. Turnover of the company is registered at 112.201. Major part of this turnover comprises the sale of Di-Calcium Phosphate (by product) from fresh production as carried over stocks of Gelatine from the last financial year were in very small quantity. Gelatine can be derived after 60-65 days from the start of production process of Gelatine manufacturing.

Market forces are not allowing for revision of sale prices of both products Gelatine and Di-Calcium Phosphate in proportion to the inflationary impact borne by raw material, utilities (Power and Gas) and alternate energy sources, which are prerequisite to run the operations unhalting in a continuous process industry (Gelatine manufacturing).

Despite of challenges faced by manufacturing units, company's operation remained in positive figures and profit before tax arrived at Rs. 2.002 millions as compared to loss of Rs. (6.460) millions in last corresponding period.

FUTURE PROSPECTS

Management is exploring new opportunities both in local and export markets to realize best price for company's products. These efforts along with endeavour to attain economy scale of production can yield impressive results in future.

ACKNOWLEDGEMENT

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

Lahore
October 30, 2015

On Behalf of the Board

KH.IMTIAZ AHMED
Chief Executive

LEINER PAK GELATINE LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2015

	Note	(Un-audited) Sept. 30, 2015	(Audited) June 30, 2015
..... Rupees in thousand.....			
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	7	75,000	75,000
Accumulated (Loss)		(2,640)	(3,520)
		<u>72,360</u>	<u>71,480</u>
Surplus on revaluation of property, plant and equipment		164,134	164,134
Current liabilities			
Trade and other payables		151,340	161,775
Mark-up accrued		1,541	1,770
Short term borrowings	8	153,540	119,900
		<u>306,421</u>	<u>283,445</u>
Contingencies and commitments	9	-	-
		<u>542,915</u>	<u>519,059</u>
ASSETS			
Non-current assets			
Property, plant and equipment	10	292,278	290,236
Long term deposits		137	137
		<u>292,415</u>	<u>290,373</u>
Current assets			
Stores, spare parts and loose tools		14,090	30,333
Stock-in-trade		203,015	159,707
Trade debts		1,123	9,071
Advances		2,876	2,300
Trade deposits and short term prepayments		2,250	4,379
Other receivables		12,644	9,478
Advance income tax-net		12,278	12,204
Cash and bank balances		2,224	1,214
		<u>250,500</u>	<u>228,686</u>
		<u>542,915</u>	<u>519,059</u>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

IBRAR AHMED KHWAJA
 Director

KH.IMTIAZ AHMED
 Chief Executive
 & Managing Director
 Lahore: October 30, 2015

LEINER PAK GELATINE LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

	Sept. 30, 2015	Sept. 30, 2014
Rupees in thousand....	
Sales-net	112,201	70,046
Cost of sales	95,581	61,644
Gross profit	16,620	8,402
Other income	16	254
	16,636	8,656
Distribution cost	184	269
Administrative expenses	12,452	12,629
Other operating expenses	108	56
Finance cost	1,890	2,162
Profit / (loss) before taxation	2,002	(6,460)
Taxation	1,122	702
Profit / (loss) after taxation	880	(7,162)
Earning / (loss) per share-basic and diluted (Rupees)	0.12	(0.95)

Note

11

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

IBRAR AHMED KHWAJA
Director

KH.IMTIAZ AHMED
Chief Executive
& Managing Director
Lahore: October 30, 2015

LEINER PAK GELATINE LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

	Sept. 30, 2015	Sept. 30, 2014
Rupees in thousand....	
Profit / (loss) after taxation	880	(7,162)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	880	(7,162)

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

IBRAR AHMED KHWAJA
Director

KH.IMTIAZ AHMED
Chief Executive
& Managing Director
Lahore: October 30, 2015

LEINER PAK GELATINE LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

	Sept. 30, 2015	Sept. 30, 2014
Rupees in thousand.....	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	2,002	(6,460)
Adjustments for :		
Depreciation	2,537	2,617
Provision for employee retirement benefits	547	460
Finance cost	1,890	2,162
Provision for Workers' Profit Participation Fund	105	-
	<u>5,079</u>	<u>5,239</u>
Operating profit / (loss) before changes in working capital	7,081	(1,221)
Changes in working capital		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	16,243	4,370
Stock-in-trade	(43,308)	(34,582)
Trade debts	7,948	9,456
Advances	(576)	(274)
Trade deposits and short term prepayments	220	(404)
Other receivables	(16)	359
Increase / (decrease) in current liabilities:		
Trade and other payables	(10,193)	(4,825)
Cash (used in) / generated from operations	(22,601)	(27,121)
Finance cost paid	(2,119)	(2,182)
Payments to provident fund	(895)	(525)
Taxes paid	(1,196)	(514)
Sales tax refund / (payments)	(3,150)	629
Net cash (used in) / generated from operating activities	(29,961)	(29,713)
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(4,579)	-
Decrease / (increase) in long term deposits	1,910	-
Net cash generated / (used in) investing activities	(2,669)	-
CASH FLOW FROM FINANCING ACTIVITIES		
Net increase / (decrease) in short term borrowings	33,640	32,881
Net cash generated / (used in) financing activities	33,640	32,881
Net increase / (decrease) in cash and cash equivalents	1,010	3,168
Cash and cash equivalents at the beginning of the period	1,214	500
Cash and cash equivalents at the end of the period	2,224	3,668

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

IBRAR AHMED KHWAJA
Director

KH.IMTIAZ AHMED
Chief Executive
& Managing Director
Lahore: October 30, 2015

LEINER PAK GELATINE LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

	Share capital Issued, subscribed and paid up share capital	Un appropriated profit	Total
.....Rupees in thousand.....			
Balance as at 01 July 2014	75,000	10,882	85,882
Total comprehensive loss for the three months period ended 30 September, 2014	-	(7,162)	(7,162)
Balance as at 30 September 2014	<u>75,000</u>	<u>3,720</u>	<u>78,720</u>
Balance as at 01 July 2015	75,000	(3,520)	71,480
Total comprehensive income for the three months period ended 30 September, 2015	-	880	880
Balance as at 30 September 2015	<u>75,000</u>	<u>(2,640)</u>	<u>72,360</u>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

IBRAR AHMED KHWAJA
Director

KH.IMTIAZ AHMED
Chief Executive
& Managing Director
Lahore: October 30, 2015

LEINER PAK GELATINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

1 The Company and its operations

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

2 Going concern assumption

The flood waters hit the factory in August 2013 and September 2014 causing loss to the stocks, inventories and property plant and equipment and resulted in closure of the factory operations for about two months at each occasion as detailed in notes 24.5 and 42 of the annual financial statements for the year ended June 30, 2014 and note 24.5 in these financial statements. Further, due to these reasons the profitability of the Company was adversely affected. The Company incurred a net loss of Rupees 14.402 million during the year ended June 30, 2015 (June 30, 2014 Rs. 52.957 million) and, as of that date, its accumulated loss was Rs. 3.522 million (June 30, 2014 Rs. nil) and its current liabilities exceeded its current assets by Rs. 54.758 million (June 30, 2014 Rs. 40.045 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 the history of profits and the incidence of loss and related disruptions due to floods 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:

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

Apart from the aforementioned factors there are also positive indicators like increase in production, sales and gross profits over the last year, profits before taxation for the year ended June 30, 2015 and profits in current period ended on September 30, 2015 together with the existence of new sales orders. These financial statements, therefore, do not include any adjustments relating to the 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 three months period ended September 30, 2015 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 have been followed.

3.2 This condensed interim financial information is un-audited and is being submitted to the shareholders as required by the listing regulations of Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984.

3.3 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.

LEINER PAK GELATINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

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 2015.

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 2015.

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 2015.

7 Share capital

Authorised share capital

10,000,000 (June 30, 2015: 10,000,000) ordinary shares
of Rupees 10 each

Issued, subscribed and paid up share capital

7,500,000 (June 30, 2015: 7,500,000) ordinary shares
of Rupees 10 each issued as fully paid in cash

	(Un-audited) Sept. 30, 2015	(Audited) June 30, 2015
..... Rupees in thousand.....		
	<u>100,000</u>	<u>100,000</u>
	<u>75,000</u>	<u>75,000</u>

LEINER PAK GELATINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

		(Un-audited) Sept. 30, 2015	(Audited) June 30, 2015
	 Rupees in thousand.....	
8	Short term borrowings		
	<i>From banking companies-secured</i>		
	Finance against packing credit	24,400	25,000
	Bank Al-Habib Limited	8.1, 8.4	
	Finance against foreign bills	-	-
	Bank Al-Habib Limited	8.2, 8.4	
	Running finance	81,283	76,411
	Bank Al-Habib Limited	8.3, 8.4	
	Running finance	29,638	-
	Summit Bank Limited	8.5	
		<u>135,321</u>	<u>101,411</u>
	<i>Temporary bank overdraft-unsecured</i>	-	20
	8.6		
	<i>From related parties-unsecured</i>		
	Loans from directors	18,219	18,469
	8.7	<u>153,540</u>	<u>119,900</u>

- 8.1 The finance against packing credit (FAPC-1) facility having sanctioned limit of Rupees 25 million (June 30, 2015: 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, 2015: 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, 2016.
- 8.2 The finance against foreign bills (FAFB-REF) facility having sanctioned limit of Rupees 40 million (June 30, 2015: 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, 2015: 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, 2016.
- 8.3 The running finance facility having sanctioned limit of Rupees 70 million (June 30, 2015: 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, 2015: 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 September 30, 2015. The facility is valid till August 07, 2016.
- 8.4 The facilities mentioned in 8.1, 8.2 and 8.3 are commonly secured against first charge of Rupees 180 million (2015: Rupees 180 million) over current assets of the Company registered with SECP. First charge on fixed assets of Rupees 174 million (June 30, 2015: 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, 2015: Rupees 155 million). The running finance facility at note 8.3 in addition to securities aforesaid is also secured against pro note amounting to Rs. 84 million.
- 8.5 The running finance facility having sanctioned limit of 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% per annum payable quarterly. This facility is secured against ranking charge of Rupees 40 million over all present and future fixed assets of the company. Ranking charge is to be upgraded to Parl Passu charge. The facility is valid till September 30, 2016.
- 8.6 This has arisen due to issuance of cheques for amounts in excess of balance in the bank account.
- 8.7 Loan from director (chief executive) is re-payable on demand and is non- interest bearing.
- 8.8 The net aggregate short term borrowing facilities unavailed at end of September 30, 2015 amount to Rupees 40.00 million (June 30, 2015: Rupees 40 million) and for letters of credit and bank guarantees amount to Rupees 8.744 million (June 30, 2015: Rupees 8.744 million).

LEINER PAK GELATINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

9 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, 2015.

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

	(Un-audited) Sept. 30, 2015	(Audited) June 30, 2015
 Rupees in thousand.....	
Not later than one year	1,143	1,524
Later than one year but not later than five years	-	-

The Company has entered into Ijara arrangements with Bank Islami Pakistan Limited for vehicles and Bank Alfalah Limited-Islamic banking for de-humidification plant. Ijara facility for de-humidification plant has completed its tenor in the month of July, 2015. Commitments for Ijara monthly rentals payable under the agreements are as follows:

	(Un-audited) Sept. 30, 2015	(Audited) June 30, 2015
 Rupees in thousand.....	
Not later than one year	730	1,532
Later than one year but not later than five years	18	73

10 Property, plant and equipment

Operating fixed assets	10.1	267,780	268,303
Capital work in progress		24,498	21,933
		<u>292,278</u>	<u>290,236</u>
10.1 Opening book value		268,303	272,792
Cost of additions during the period / year	10.2	2,014	6,965
Less:			
Deletion during the period / year (book value)	10.3	-	792
Depreciation charged during the period / year		2,537	10,662
		<u>267,780</u>	<u>268,303</u>
10.2 Cost of addition during the period / year			
Plant and machinery		1,379	5,118
Electric equipment		-	367
Furniture, fixtures and fittings		22	9
Vehicles		531	1,000
Arms and ammunition		-	108
Office equipment		82	363
		<u>2,014</u>	<u>6,965</u>
10.3 Deletion during the period / year			
Owned			
Vehicles:			
Cost		-	2,610
Less: accumulated depreciation		-	1,818
		<u>-</u>	<u>792</u>
11 Earning / (loss) per share-basic and diluted			

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

	Three months period ended	
	Sept. 30, 2015	Sept. 30, 2014
Rupees in thousand...	
Profit / (loss) after taxation	880	(7,162)
	<u>in thousand</u>	<u>in thousand</u>
Weighted average number of ordinary shares	7,500	7,500
Earning / (loss) per share-basic and diluted (Rupees)	<u>0.12</u>	<u>(0.95)</u>

LEINER PAK GELATINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2015

12 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:

	Three months period ended	
	Sept. 30, 2015	Sept. 30, 2014
Rupees in thousand...	
Key management personnel		
Remuneration	1,129	1,078
Loan from Chief Executive- unsecured:		
Loan received	-	5,300
Loan repaid	250	3,500
Recognised provident fund		
Contribution to provident fund trust	547	460

13 Date of authorization for issue

This condensed interim financial information was authorized for issue by the Board of Directors on October 30, 2015.

14 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: October 30, 2015