



LEINER PAK GELATINE LIMITED

**UN-AUDITED CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED
DECEMBER 31, 2022.**



LEINER PAK GELATINE LIMITED

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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
Ijaz Ahmed Khwaja	Non-Executive Director
Ayesha Ahmed	Non-Executive Director
Rashid Minhas	Independent Director
Syed Rizwan Haider	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

Labeeb Zafar Bajwa
Advocate
4-A, Mozang Road, 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

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 the period ended December 31, 2022.

OPERATIONS

During the period under review, company registered its sales at Rs. 767.869 million as compared to Rs. 474.022 million in last corresponding period. This growth in top line (62%) is mainly attributed to upward price revision of our products (Gelatine and Di-calcium phosphate) in export and local market in the wake of unprecedented hike in manufacturing cost of these products which include prices of raw material, energy and other allied chemicals.

Pakistan's economy is experiencing hyperinflation which erode the gains of price revision. Freight and forwarding expenses also remained under the shadow of cost push inflation. Monetary policy measures taken by SBP also resulted in immense increase in finance cost of the period under review as compared to last corresponding period. Any positive impact of realization of export proceeds is mostly neutralized by these factors and profit after tax could only be achieved at Rs. 3.108 million.

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 to the annexed half year condensed Interim Financial Statements.

FUTURE PROSPECTS

Economic stability is imperative for a steady growth in the business. As soon as volatility on the economic front gets over, company will achieve better financial results.

ACKNOWLEDGEMENT

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

On Behalf of the Board

Lahore
February 27, 2023

KH. IMTIAZ AHMED
Chief Executive &
Managing Director

ڈائریکٹر زریویو

ڈائریکٹر ان کمپنی کے ششماہی مختصر عبوری مالیاتی حسابات جو کہ ۳۱ دسمبر ۲۰۲۲ء کو ختم ہوا ہے پیش کرنے پر خوشی محسوس کرتے ہیں۔

کاروباری عمل

زیر جائزہ رپورٹ میں کمپنی کی فروخت پچھلے سال کی فروخت مبلغ ۰۲۲.۰۳۷ بلین روپے کے مقابلے میں مبلغ ۸۶۹.۷۶ بلین روپے رہی ہے۔ فروخت کی مد میں بڑھوتری (۶۲%) کی بڑی وجہ ہماری مصنوعات (جیلٹین اور ڈائکی پلیٹیم فاسفیٹ) کی ایکسپورٹ اور مقامی طور پر قیمت میں ہونے والے اضافہ کی وجہ سے ہے جو کہ خام مال، توانائی اور دوسرے کیمیکلز کی قیمتوں کی وجہ سے غیر معمولی طور پر مینوفیکچرنگ لاگت میں ہونے والے اضافہ کی وجہ سے بڑھائی گئی ہیں۔

پاکستان کی معیشت افراط زر کا شکار ہے جس نے قیمتوں میں اضافہ مندل کر دیا ہے۔ فریٹ اینڈ فارورڈنگ کے اخراجات قیمتوں کی بڑھوتری والے افراط زر کی زد میں رہے۔ سٹیٹ بینک آف پاکستان کی مالی پالیسیوں کی وجہ سے زیر جائزہ رپورٹ میں پچھلے اسی دورانیہ کے مقابلے میں مالی اخراجات میں بہت زیادہ اضافہ دیکھا گیا ہے۔ ایکسپورٹ کی مد میں موصول ہونے والی رقم کا کسی قسم کا مثبت اثر بھی ان عوامل نے زیادہ تر زائل کر دیا ہے اور بعد از ٹیکس منافع صرف مبلغ ۱۰۸.۳ بلین روپے حاصل ہو سکا ہے۔

آڈیٹران کی 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

مستحکم معیشت کاروباری مستحکم ترقی کے لئے ضروری ہے۔ معیشت میں ہونے والا اتار چڑھاؤ جو نئی ختم ہوگا، کمپنی بہتر مالی نتائج حاصل کر سکیگی۔

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

مہنگ ٹاؤن ڈائریکٹر

۲۷ فروری ۲۰۲۳ء

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, 2022 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, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2022.

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, 2022 and as of that date its current liabilities exceeded its current assets by Rupees 5.615 million. As stated in Note 2, 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. 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

M. Almas & Co.

Date: February 27, 2023

Chartered Accountants

UDIN: RR202210145a8Ww6oygh

LEINER PAK GELATINE LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	-----Rupees in thousand-----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	8	75,000	75,000
Revenue Reserve:			
Un appropriated profit		13,116	10,008
Capital Reserve:			
Surplus on revaluation of property, plant and equipment		565,654	565,654
Sponsor's Loan – Related Party		82,500	82,500
		<u>736,270</u>	<u>733,162</u>
Non-current liabilities			
Long term finance – secured	9	-	-
Lease Liabilities	10	16,155	11,729
Deferred taxation	11	8,041	671
		<u>24,196</u>	<u>12,400</u>
Current liabilities			
Trade and other payables		771,383	577,727
Unclaimed dividend		771	771
Mark-up accrued		7,383	4,865
Short term borrowings	12	292,350	264,072
Current portion of long term finance – secured	9	5,672	15,611
Current portion of lease liabilities	10	4,821	2,698
		<u>1,082,380</u>	<u>865,744</u>
Contingencies and commitments	13	-	-
		<u>1,842,846</u>	<u>1,611,306</u>
ASSETS			
Non-current assets			
Property, plant and equipment	14	762,976	749,756
Intangible assets	15	-	-
Long term deposits		3,105	3,105
		<u>766,081</u>	<u>752,861</u>
Current assets			
Stores, spare parts and loose tools		67,289	106,909
Stock-in-trade		897,832	650,226
Trade debts		21,494	22,309
Advances		3,597	2,128
Trade deposits and short term prepayments		1,299	1,408
Other receivables		30,260	28,980
Advance income tax-net		53,696	44,214
Cash and bank balances		1,298	2,271
		<u>1,076,765</u>	<u>858,445</u>
		<u>1,842,846</u>	<u>1,611,306</u>

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

LAHORE
DATE: February 27, 2023

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, 2022

	Six months period ended		Quarter ended		
	December 31,	December 31,	December 31,	December 31,	
	2022	2021	2022	2021	
Note	-----Rupees in thousand-----		-----Rupees in thousand-----		
Sales-net	767,869	474,022	467,803	327,579	
Cost of sales	652,913	412,675	408,920	289,190	
Gross profit	114,956	61,347	58,883	38,389	
Other income	487	1,909	4,229	(2,925)	
	115,443	63,256	63,112	35,464	
Distribution cost	34,594	7,768	16,186	4,982	
Administrative expenses	35,600	33,072	17,702	17,480	
Other operating expenses	9,142	968	8,731	770	
Finance cost	21,490	13,523	11,319	8,068	
Profit before taxation	14,617	7,925	9,174	4,164	
Taxation	16	5,345	8,220	3,410	
Profit after taxation	3,108	2,580	954	754	
Earnings per share-basic and diluted (Rupees)	17	0.41	0.34	0.13	0.10

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

LAHORE
DATE: February 27, 2023**KH.IMTIAZ AHMED**
Chief Executive
& Managing Director**IBRAR AHMED KH.**
Director**MUHAMMAD JAVOID**
Chief Financial Officer

LEINER PAK GELATINE LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Six months period ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2022	2021	2022	2021
	-----Rupees in thousand-----		-----Rupees in thousand-----	
Profit after taxation	3,108	2,580	954	754
Other comprehensive income	-	-	-	-
Total comprehensive profit for the period	3,108	2,580	954	754

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

LAHORE
DATE: February 27, 2023KH.IMTIAZ AHMED
Chief Executive
& Managing DirectorIBRAR AHMED KH.
DirectorMUHAMMAD 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, 2022**

	Share capital Issued, subscribed and paid up share capital	Reserves		Sponsor's Loan	Total
		Revenue Reserve Un appropriated profit	Capital Reserve Surplus on revaluation of property, plant and equipment		
-----Rupees in thousand-----					
Balance as at 01 July 2021	75,000	1,732	336,262	-	412,994
Total comprehensive profit for the six months period ended 31 December 2021	-	2,580	-	-	2,580
Balance as at 31 December 2021	<u>75,000</u>	<u>4,312</u>	<u>336,262</u>		<u>415,574</u>
Balance as at 01 July 2022	75,000	10,008	565,654	82,500	733,162
Total comprehensive profit for the six months period ended 31 December 2022	-	3,108	-	-	3,108
Balance as at 31 December 2022	<u>75,000</u>	<u>13,116</u>	<u>565,654</u>	<u>82,500</u>	<u>736,270</u>

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

LAHORE
DATE: February 27, 2023

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, 2022

	Six months period ended December 31, 2022	Six months period ended December 31, 2021
-----Rupees in thousand-----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	14,617	7,925
Adjustments for :		
Depreciation	10,816	10,488
Provision for employee retirement benefits	1,624	1,688
Finance cost	21,490	13,523
Provision for Workers' Profit Participation Fund	817	447
Government grant income	(56)	(491)
Provision for Workers' Welfare Fund	900	330
Gain on disposal of property, plant and equipment	(431)	(1,419)
	<u>35,160</u>	<u>24,566</u>
Operating profit before changes in working capital	49,777	32,491
Changes in working capital		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	39,620	(5,298)
Stock-in-trade	(247,606)	(111,372)
Trade debts	815	(22,535)
Advances	(1,469)	(3,375)
Trade deposits and short term prepayments	110	(463)
Other receivables	(3,920)	-
Increase / (decrease) in current liabilities		
Trade and other payables	192,791	127,260
Cash generated from / (used in) operations	<u>30,118</u>	<u>16,708</u>
Finance cost paid	(18,915)	(13,012)
Payments to provident fund	(1,642)	(1,749)
Taxes paid	(13,621)	(9,757)
Workers' Profit Participation Fund paid	(835)	(1,018)
Sales tax payments	2,641	(2,622)
Net cash used in operating activities	<u>(2,254)</u>	<u>(11,450)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(15,153)	(4,166)
Proceeds from disposal of property, plant and equipment	500	1,642
Increase in long term deposits	-	(1,559)
Net cash used in investing activities	<u>(14,653)</u>	<u>(4,083)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Principal paid on lease liabilities	(2,404)	(2,183)
Long-term finance from banking companies – (repaid) / obtained - net	(9,939)	(8,661)
Short-term Borrowings – obtained - net	28,277	24,629
Net cash generated from financing activities	<u>15,934</u>	<u>13,785</u>
Net decrease in cash and cash equivalents	<u>(973)</u>	<u>(1,748)</u>
Cash and cash equivalents at the beginning of the period	<u>2,271</u>	<u>4,601</u>
Cash and cash equivalents at the end of the period	<u>1,298</u>	<u>2,853</u>

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

LAHORE
DATE: February 27, 2023**KH.IMTIAZ AHMED**
Chief Executive
& Managing Director**IBRAR AHMED KH.**
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, 2022 (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 Sheikhpura. 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 and hides.

2 GOING CONCERN BASIS OF ACCOUNTING

The Company has negative cash flows from operating activities during the six months period ended December 31, 2022 and, as of that date, its current liabilities exceeded its current assets by Rupees 5.615 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.

Despite the sluggish economic conditions of the country and other geo political situation in the region, the effects of measures taken by the management, of the Company have positive impact whereby the total sales during the six months period ended December 31, 2022 have increased by 62% over the corresponding previous period thereby rendering increase in gross profit and profit after taxation during the six months period ended December 31, 2022. Additionally, 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.
- There is continued financial support of the Company's sponsors. The sponsors' of the Company have inducted interest free loans. They are also committed to induct further funds, if the need arises, to address any liquidity issues for smooth operations.
- The existence of new sales orders (local as well as exports) along with advance payments received there against.

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, 2022, 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 period ended December 31, 2021.

The figures of the six months ended December 31, 2022 are being submitted to the shareholders, and have been subjected to limited scope review in accordance with Section 237 of the Companies Act, 2017.

LEINER PAK GELATINE LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022 (UN-AUDITED)**

- 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 2022.

5 Change in accounting standards, interpretations and amendments to published accounting and reporting standards**a Amendments to published accounting and reporting standards which became effective during the period:**

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the period. However, the amendments did not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements

b Amendments to published accounting and reporting standards that are not yet effective:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2023. 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.

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 2022.

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 2022.

8 Share capital**Authorised share capital**

10,000,000 (June 30, 2022: 10,000,000) ordinary shares
of Rupees 10 each

Issued, subscribed and paid up share capital

7,500,000 (June 30, 2022: 7,500,000) ordinary shares
of Rupees 10 each issued as fully paid in cash

	(Un-audited) December 31, 2022	(Audited) June 30, 2022
	-----Rupees in thousand-----	
	100,000	100,000
	75,000	75,000
	75,000	75,000

LEINER PAK GELATINE LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022 (UN-AUDITED)**

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
		-----Rupees in thousand-----	
9	Long term finance – secured		
	Bank Al Habib Limited	9.1	-
	Summit Bank Limited	12.7	5,994
	Current portion shown under current liabilities	(5,672)	(15,555)
		-	-
	Deferred Income-Government Grant	-	56
	Current portion shown under current liabilities	-	(56)
		-	-
		-	-
9.1	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. These are repayable in 8 equal quarterly installments during the period from January 2021 to December 2022.		
	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. 2.401 million has been recorded up to June 30, 2021. Grant amortized during the period ended December 31, 2022 is Rs.0.056 million (June 30, 2022: Rs. 0.076 million) thereby making the aggregate amortization up to Dec 31, 2022 Rs. 2.401 million. In accordance with the terms of the grant, the company is prohibited to lay-off the employees atleast for three months from the period of the grant.		
		(Un-audited) December 31, 2022	(Audited) June 30, 2022
		-----Rupees in thousand-----	
10	Lease liabilities		
	Present value of minimum lease payments	20,976	14,427
	Less: current portion presented under current liabilities	4,821	2,698
		16,155	11,729
11	Deferred taxation		
	Deferred tax on temporary differences comprises of:		
	Taxable temporary differences		
	Accelerated tax depreciation	10,146	10,964
	Right-of-use assets	3,346	2,426
		13,492	13,390
	Deductible temporary differences		
	Unused tax losses	-	-
	Minimum tax credits	1,847	10,097
	Lease liabilities	3,604	2,622
		8,041	671
12	Short term borrowings		
	From banking companies-secured		
	Export Refinance		
	Bank Al-Habib Limited	12.1, 12.6	150,000
	SBP Export Finance		
	Bank Al-Habib Limited	12.2, 12.6	49,178
	Short Term Finance against IBP receivables		
	Bank Al-Habib Limited	12.3, 12.6	25,000
	Running finance		
	Bank Al-Habib Limited	12.4, 12.6	35,000
		259,178	59,843
	From related parties-unsecured		
	Loans from director / ex-director / shareholder	12.10	33,172
		292,350	264,072

LEINER PAK GELATINE LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022 (UN-AUDITED)**

- 12.1 The finance against packing credit OWN (FAPC OWN) facility obtained from Bank Al-Habib Limited having sanctioned limit of Rupees 200 million (June 30, 2022: Rupees 75 million). 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 tenure 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 loan 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.
- 12.2 The finance against SBP export finance scheme-EFS facility having sanctioned limit of Rupees 75 million (June 30, 2022: 50 million) has been obtained from Bank Al-Habib Limited under SBP IH&SMEFD Circular No. 03 of 2022. The rate of mark-up on this facility is State Bank of Pakistan ("SBP") refinancing rate ("RR") under the scheme, SBP Refinance Rate applicable time to time (as per tenor of the bill) plus bank spread, combinedly called the ("Applicable Rate"). The principle is to be repaid upon realization of exports proceeds within maximum 180 days from the draw down date or on demand. The facility is valid till February 07, 2024 with credit review on annual basis.
- 12.3 The IBP receivable finance facility having sanctioned limit of Rupees 25 million (June 30, 2022: 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, 2022: 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 90 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, 2024 with credit review on annual basis.
- 12.4 The running finance facility having sanctioned limit of Rupees 35 million (June 30, 2021: Rupees 60 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, 2021: three months KIBOR plus 1.75%) per annum payable quarterly. The facility is valid till February 07, 2024 with credit review on annual basis.
- 12.5 The running finance facility having sanctioned limit of Rupees 30 million (June 30, 2021: Rupees 30 million) was obtained from Summit Bank Limited for working capital requirements. The facility was not renewed after September 2018. In terms of settlement with Summit Bank Limited dated March 15, 2021, the outstanding balance on the said date Rs. 29,981,093 was payable as under:
- repayment of 35%, equal to Rs. 10,500,000 in four equal instalment of Rs 2,625,000 each between the period from 15 March 2021 to 30 April 2021.
after a 6 months grace period from May 2021 to October 2021 the remaining 65% loan facility was payable in 15 equal monthly instalment of Rs 1,300,000 each up to 25 January 2023.
- 12.6 The facilities mentioned in 12.1, 12.2, 12.3 and 12.4 are commonly secured against first charge of Rupees 350 million (June 2022: Rupees 280 million) over current assets of the Company registered with SECP. Equitable mortgage supported by first pari passu charge on fixed assets of Rupees 400 million (June 30, 2022: Rupees 250 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 / Shareholders amounting to Rupees 300 million each (June 30, 2022: Rupees 250 million).
- 12.7 The facility mentioned in 12.5 is commonly secured against first pari passu charge of Rupees 40 million (June 30, 2021: 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). It carries mark-up at three months KIBOR plus 5%.
- 12.8 As at December 31, 2022 the Company has facilities from Bank Al-Habib Limited relating to import letters of credit (sight/usance) amounting to Rupees 5 million (June 30, 2022: Rupees 17.5 million). Additionally, Company has letter of guarantee facility amounting to Rupees 15 million (June 30, 2022: Rupees 15 million) from Bank Al-Habib Limited.
- 12.9 The net aggregate short term borrowing facilities unavailed at end of December 31, 2022 amount to Rupees 75.82 million (June 30, 2022: Rupees 25.76 million) and for letters of credit and bank guarantees amount to Rupees 8.744 million (June 30, 2022: Rupees 7.361 million).
- 12.10 The loans from Chief Executive / director (Khwaja Imtiaz Ahmed) and his close relative (Khwaja Ahmed Hassan) as at December, 31 2022 amounting to Rs. 5.414 million (June 30, 2022: 15.750 million) and Rs. 27.758 million (June 30, 2022: 39.078 million) respectively, are for working capital requirements. These loans are re-payable on demand and non-interest bearing.
- 13 **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, 2022.
Guarantees issued by bank on behalf of Company in favour of Sui Northern Gas Pipelines Limited as at December 31, 2022 amounting to Rupees 11.256 million (June 30, 2022: Rupees 11.256 million).

Commitments

There was no commitment as at December 31, 2022 (June 30, 2022 Rupees: 13.883 million).

LEINER PAK GELATINE LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022 (UN-AUDITED)**

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
14 Property, plant and equipment			
		-----Rupees in thousand-----	
Operating fixed assets	14.1	744,554	744,264
Capital work in progress		18,422	5,492
		<u>762,976</u>	<u>749,756</u>
14.1 Opening book value		744,264	518,377
Cost of additions during the period / year	14.2	11,175	248,194
Less:			
Deletion during the period / year (book value)		69	428
Depreciation charged during the period / year		10,816	21,879
		<u>744,554</u>	<u>744,264</u>
14.2 Cost of additions during the period / year			
Factory building- on freehold land		-	2,822
Freehold land		-	229,392
Plant and machinery		998	7,049
Electric installation and equipment		844	-
Vehicles		-	419
Office equipment		381	714
Right-of-use-asset (Vehicles)		-	7,798
Right-of-use-asset (office Building)		8,952	-
		<u>11,175</u>	<u>248,194</u>
14.3 Capital work in progress			
Opening balance		5,492	2,398
Additions during the period / year			
Plant and machinery		3,890	6,831
Building and Civil Works		9,040	1,978
		<u>18,422</u>	<u>11,207</u>
Transfer to operating fixed assets		-	(5,715)
Closing balance		<u>18,422</u>	<u>5,492</u>
15	The intangible assets represents computer software costing Rupees 70,000 which is fully amortized.		

LEINER PAK GELATINE LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022 (UN-AUDITED)****16 Taxation**

The provision for current taxation has been made on taxable income of local sales @29% and under 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 Earnings 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, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	-----Rupees in thousand-----			
Profit after taxation	3,108	2,580	954	754
Weighted average number of ordinary shares	7,500	7,500	7,500	7,500
Earnings per share-basic and diluted (Rupees)	0.41	0.34	0.13	0.10

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	December 31,	December 31,
		2022	2021
		-----Rupees in thousand-----	
18.1 Key management personnel			
	Loan obtained from chief executive - Khwaja Imtiaz Ahmed	4,005	7,660
	Loan repaid to chief executive - Khwaja Imtiaz Ahmed	14,341	10,220
	Loan obtained from close relative - Khwaja Ahmed Hassan	910	14,410
	Loan repaid to close relative - Khwaja Ahmed Hassan	12,230	13,483
	Managerial remuneration	10,541	12,691
18.2 Contribution to Provident Fund			
	Contribution to provident fund Trust	1,624	1,687
18.3	The outstanding balances with above related parties are included in Trade and other payables "Payable to Provident fund" as at December 31, 2022 Rs. 670,982 and Sponsor's loan Rupees 82.5 million (June 30, 2022: Rs. 688,172, Sponsor's loan Rupees 82.5 million and Short term borrowings (note 12) "Short term borrowings from related parties" as at December 31, 2022 Rs. 33,172 million (June 30, 2022: Rs. 54,828 million).		

19 Date of authorization for issue

These condensed interim financial statements were authorized for issue by the Board of Directors on February 27, 2023.

20 General

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

LAHORE
DATE: February 27, 2023

KH.IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

MUHAMMAD JAVAID
Chief Financial Officer

BOOK POST PRINTED MATTER

Reason for Return Mail	ڈاک کی واپسی کی وجہ
Shareholder Shifted	نقل ہو گئے
No Such Consignee	اس نام سے کوئی نہیں
House / Office Closed	گھر/دفتر بند ہے
Incomplete Address	پتہ نامکمل ہے
Retired	ریٹائر
Passed Away	انتقال کر گئے
Need Building Name	بلڈنگ کا نام درکار ہے
Need House / Gali / Plot No.	پلاٹ / گھرا گلی نمبر درکار ہے
Out of City / Country	شہر/ملک سے باہر ہیں
Share Refused to Accept	وصول کرنے سے انکار
Non Service Area	رسائی ممکن نہیں
Any Other Reason, Please Mention Hereunder:	کوئی اور وجہ، مندرجہ ذیل میں لکھیں:

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