



Annual Report
2015-2016



LEINERPAK GELATINE LTD.

DON'T ONLY ASK FOR GELATINE !

INSIST ON "HALAL"

GELATINE AND ITS PRODUCTS

Major Fields of Application for Gelatine

Edible/ food grade gelatine is used in the Manufacturing of:

- Confectionery items
- Ice Cream
- Fruit Juice
- Yougurt , Cheese and Butter
- Sour milks drinks
- Instant desserts
- Jam, Jelly and other bread spreads
- Sweets, Toffees and chewing Gum
- Meat Products

Pharmaceutical gelatine is used in production of:

- Hard shell capsules
- Soft shell capsules
- Blood plasma
- Tablets
- Coated tablets
- Gelatine sponge
- Hair care items
- Skin care items
- Beauty items



*Pioneers in Gelatine
Technology in Pakistan*



LEINER PAK GELATINE LTD.

17-G, Gulberg-2, G/Postmall Box-3529, Lahore-54660

Phones #: 92-42-35756953-54 Fax #: 92-42-35710604

Works: 19-Kilometer, Shahrah-e-Pakistan, Kala Shah Kaku,
District Sheikhpura.

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COMPANY INFORMATION BOARD OF DIRECTORS

Ijaz Ahmed Khwaja	Chairman
Khwaja Imtiaz Ahmed	Chief Executive & Managing Director
Ibrar Ahmed Khwaja	Executive Director
Khwaja Ahmed Hassan	Executive Director
Mian Zia-Ud-Din	Independent Director
Umer Riaz Khwaja	Non-Executive Director
Mr. Iqbal Dossa	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

NOTICE OF 33rd ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting of LEINER PAK GELATINE LTD., will be held on Monday, the 31st October, 2016 at 10.00 A.M. at the Registered office of the Company, 17/G, Gulberg-2, Lahore-54660 to transact the following business :-

1. Recitation from the Holy Quran.
2. To confirm the minutes of the Extra Ordinary General Meeting held on Monday, 18th January, 2016.
3. To receive and adopt the Annual Accounts of the Company for the Year ended 30th June, 2016 together with Directors and Auditors Report thereon.
4. To appoint the Auditors of the Company for the year ending 30th June, 2017 and to fix their remuneration.
5. To transact or discuss any other business with the permission of the Chair.

BY ORDER OF THE BOARD,

**(IBRAR AHMED KHWAJA),
COMPANY SECRETARY.**

LAHORE:
DATED: 07th October, 2016

NOTES:

1. The Share Transfer Books of the Company will remain closed from 24th October, 2016 to 31st October, 2016 (both days inclusive). Shares may be lodged for transfer with our Registrar M/s CORPLINK (PVT) LTD., Wings Arcade, 1-K, Commercial, Model Town, Lahore. Phone Nos: 042-35839182, 35887262, 35916719 Fax No: 042-35869037.
2. The Shareholders are advised to notify the Registrar of any change in their address.
3. A member entitled to attend and vote at this meeting may appoint another member as proxy to attend and vote instead of him. The Proxy Form duly signed and stamped must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
4. Any individual beneficial owner of the share in the Central Depository Company (CDC) entitled to vote at this meeting with him/her to prove him/her identity together with his/her Account number in CDC and in case of proxy, must enclose an attested copy of his/her CNIC. Representative of Corporate Members should bring the usual documents required for such purpose.
5. Those shareholders who have not yet received their previous Dividends may please contact the Company or Registrar.
6. The shareholders who have not yet submitted photocopy of their valid CNIC to the Company are once again requested to send the same.

VISION STATEMENT

To continue to lead the domestic industry in Gelatine manufacturing with technology and quality of the product along with persistent recognition in international market.

MISSION

The mission of the management of the company is to focus on the vision and its accomplishment by:-

- › Adoption of advanced technologies in Gelatine manufacturing. Investment in human resources to create and strengthen professional environment.
- › Exploring new international markets with the satisfaction of existing customers.
- › Continuous improvement of quality system, Environmental management system from ISO-9001:2008, ISO 14000 (already obtained) to other achievements of quality management.
- › Fetching and delivering healthy returns to all stakeholders.
- › Contribution towards economic and social uplift of employees and community in general.

CORPORATE STRATEGY

OBJECTIVES

Our corporate strategy is very much in line with vision and mission statement. Strategic objectives are covering the following areas.

- Sustainable growth.
- Promotion for efficient use of energy.
- Innovation in product line.
- Customer satisfaction.
- Adherence to the code of conduct.
- Safeguard the share holders' interest.
- Continuous improvement of human capital.

STRATEGIC PLANNING

It is planned to innovate the product line with scheduled R&D activities. Energy Conservation through calibration, expert advises and induction of efficient machinery and replacing the old production line which shall lead to sustainable growth. Well equipped quality assurance department is maintained to achieve consistency in quality of the products. Optimal utilization of company resources to achieve the economy level. Investment in human capital by participating in workshops, conferences, and different technical courses offered by reputed institutions. Formulation of Code of Conduct for better governance and to bring corporate culture in company.

DIRECTORS' REPORT

The Directors are pleased to present the 33rd Annual Report along with Companys audited financial statements for the financial year ended 30th June, 2016 together with Auditors' Report thereon.

OPERATIONS

In this year company registered ever highest turnover in the history at Rs. 727.66 million. This impressive turnover is indicator of companys recovery both in terms of production and operations. Major portion of this turnover is routed through our local buyers. Some of our foreign buyers which could not be served in last two years due to low production are also being negotiated to realize optimum prices of our products and bring foreign exchange for national exchequer.

This year also our foremost priority remained on improving the performance and sustainability of the companys production facilities as flood affects of last two consecutive years could not be fully addressed. This led to significant investments in major repairs and over hauling.

Countrys accute energy crisis is constantly posing threat to the continuous process industry like Gelatine. Huge amount spent on usage of alternate fuels to run the facility un-interrupted is also raising the cost of production besides the continuous increase in prices of basic raw material (Crushed Bone). Raw material for Gelatine industry (Crushed Bone) is being exported to Japan, China and other neighboring countries without making it available to the value added industry of the country. Export of animal bones is creating shortage in the open market and unpleasant competition is being observed between Exporters of animal bones and local manufacturers of Gelatine. Ultimately prices of raw materials are bearing unprecedented inflationary trend.

Despite of all these challenges faced by manufacturing industry, our company managed to recover and bring steady growth. This year company produced 956 M.Ton Gelatine and posted profit after tax at Rs. 2.74 million [2015 Rs. (14.40) million].

All above narrated factors including the inherited financial problem of last two years have affected the total performance of the company as mentioned in Note No. 2 to the Annexed financial statements. These factors have raised significant doubts on the Company's ability to continue as a going concern as the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management of the Company believes that the Company has a history of profits and the incidence of losses was a temporary phase which is now over. Keeping in view the following factors, the management foresees that the company will continue as a going concern.

There is continued demand for the products of the company within the country and abroad which is evident from the fact that production of Gelatine during the year ended June 30, 2016 has increased. 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 the future period.

There is continued financial support of the Company's sponsors. The sponsors of the Company have inducted Rs. 10.975 million interest free loans during the year ended June 30, 2016. They are also committed to induct further funds, if the need arises, to address any liquidity issues for smooth operations.

Apart from the aforementioned factors there are also positive indicators as per these financial statements like increase in production, sales and gross profits over the last year and profits after taxation for the current year together with the existence of new sales orders along with advance payments received there against. These financial statements, therefore, do not include any adjustments relating to realization of its assets and the liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

The auditors report contains emphasis of matter paragraphs to draw attention towards the going concern matter. In this regard managements assessment is detailed in note 2 in the annexed financial statements.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The Board of Directors is pleased to confirm the Compliance with Corporate and financial reporting framework given in the Code of Corporate Governance and place the following statement on the record:

1. The financial statements prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. The management has explained their views in detail regarding the going concern ability of the Company in note 2 in the annexed financial statements.
7. There has been no material departure from the best practices of Corporate Governance as detailed in listing regulations.

KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

Years ending on June:	2015	2014	2013	2012	2011	2010
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)
Turnover	691,778	488,374	705,290	579,012	428,796	476,657
Profit/(Loss) after Taxation	(14,402)	(52,956)	2,718	3,566	(254)	(3,000)
Assets	290,236	278,743	281,317	289,007	203,789	195,290
Dividend	-	-	-	3,010	-	-
Loans (long term)	-	-	-	-	2,500	7,500

During the year five (5) meetings of the Board of Directors were held. The attendance by the Directors was as follows:

Sr. #	NAME OF DIRECTORS	NUMBER OF MEETINGS ATTENDED
1	Ijaz Ahmed Khwaja	5
2	Khwaja Imtiaz Ahmed	5
3	Ibrar Ahmed Khwaja	5
4	Khawaja Ahmed Hassan	5
5	Mian Zai-Ud-Din	5
6	Umer Riaz Khwaja	5
7	Mr.Iqbal Dossa	5

APPROPRIATIONS

In view of the low profitability for the year and the accumulated loss, it has been decided to omit dividend for the current year.

EARNING RATIO:-

The earnings per share after tax works out to Rs.0.37 {last year Rs.(1.92)}.

VALUE OF INVESTMENT IN PROVIDENT FUND

The Company operates an approved contributory provident fund covering all permanent employees. The value of investment in the respective fund is as follows:

Last audited statements	Provident Fund June 30, 2016
Investments at fair value Rs. (000s)	<u>101,998</u>
These funds are invested as given below:	Rs.(000s)
Unit Trust Schemes	43,499
Mutual Funds	1,565
Savings Schemes of Banks	2,396
Bank Deposits	13,201
Listed Securities	41,337
	<u>101,998</u>

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Company is fully aware about its social and ethical responsibilities towards the communities. Management believes that we are an integral part of the community in which we operate our business. Company has contributed to different social segments of the society for improving quality of life of the people. Corporate social Responsibility is not an obligation rather we feel privileged to be of service to our society.

The company is continuously providing donations to different hospitals, helping disabled persons for their rehabilitations and extending job opportunities to them.

Company is extending financial help to the deserving students for payments of their institutional fees. It also remains on the priority of the management to contribute for the welfare projects undertaken by the Government / Non Government Organizations.

OUTSTANDING STATUTORY PAYMENTS

All outstanding payments are of routine nature.

CODE OF CONDUCT

Company had developed Code of Conduct as provided by the Code of Corporate Governance. This code of conduct is fully disseminated to all levels through out the entity.

Code of Conduct adopted by the Company is the frame of reference by which activities and operations are carried out in compliance with all applicable laws by observing strong ethical and moral standards.

BOARD COMMITTEES**AUDIT COMMITTEE**

During the year, four meetings of the Audit Committee were held; attendance of the meetings is as follows:

<u>Name of Directors</u>	<u>No. of Meeting Attendance</u>
Mian Zia ud Din	4
Ijaz Ahmed Khwaja	4
Umer Riaz Khwaja	4

Audit Committee is constituted to assist the Board of Directors in fulfilling its responsibilities with respect to review and reporting of financial and non financial matters required by regulatory authorities under different legislations. Audit committee is also entrusted to implement an effective internal control system, designing the tools of internal audit, compliance of corporate governance within the organization and to forward recommendations to the Board of Directors in the light of its findings.

The Audit Committee among other things is responsible for recommending to the Board of Directors the appointment, removal and resignation of the external auditors. Audit Committees other responsibilities in the light of code of corporate governance also include the following:

- a) determination of appropriate measures to safeguard the companys assets;
- b) review of quarterly, half yearly and annual financial statements of the listed company, prior to their approval by the Board of Directors;
- c) review of preliminary announcements of results prior to publication;
- d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) review of management letter issued by external auditors and managements response thereto;
- f) ensuring coordination between the internal audit and external auditors of the listed company;
- g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the listed company;

- h) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and managements response thereto;
- i) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sale, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- j) review of the listed companys statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- l) determination of compliance with relevant statutory requirements;
- m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- n) consideration of any other issue or matter as may be assigned by the Board of Directors.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

In accordance with clause (XXV) of Code of Corporate Governance, the board has constituted an independent and fully functional human resource and remuneration (HR & R) committee. This committee will help the Board in discharging their responsibilities as provided by the Code of Corporate Governance.

These responsibilities include:

- i) Recommending human resource management policies to the Board.
- ii) Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of C.E.O.
- iii) Recommending to the Board the selection, evaluation, compensation (including retirement benefits) of C.O.O., C.F.O., Company Secretary and Head of Internal Audit.
- iv) Consideration and approval on recommendations of C.E.O. on the matters relating to the key management position who report directly to C.E.O. or C.O.O.

Human resource and remuneration committee (HR & R) include the following Directors:-

- | | | |
|------|----------------------|--------------|
| i) | Khawaja Ahmed Hassan | (Chairman) |
| ii) | Mian Zia-Ud-Din | (Member) |
| iii) | Umer Riaz Khwaja | (Member) |

TRAINING PROGRAMME OF DIRECTORS

Better performance in this challenging business world can only be achieved by continuous pursue for training and orientation courses for the leadership of an organization. This is very much needed for their capacity building.

Companys Directors are participating in orientation courses, workshops and seminars which are keeping them updated with respect to applicable laws and other business regulations.

Board members of the company qualify the training and orientation requirement as envisaged by the class (xi) of Code of Corporate Governance.

TRADE IN SHARES OF THE COMPANY

During the year following movements have been seen in share holding of one of Director:

	<u>Shares Sold</u>
Khawaja Ahmed Hassan	10,000

There is no any sale / purchase / transfer of the company shares by other Directors, Executives, and their spouse and minor children except above shares transaction.

LABOUR AFFAIRS

It is the matter of great satisfaction that cordial relationship exists between management and employees of the company for the last many years. Steady growth after bearing losses is reflecting the collective efforts put forward both by the management and companys work force.

Election of the bargaining agent (C.B.A) takes place after every two years. Winning C.B.A and management amicably arrives at settlements with respect to demands of the CBA Union.

The last bargaining settlement with C.B.A Union was arrived on May 26, 2015 which was applicable up to October 2016.

AUDITORS:

The present auditors, M/s M. Almas & Co. Chartered Accountants, Lahore, has completed their assignment for the year ended June 30, 2016 and shall retire on the conclusion of 33th Annual General Meeting. The retiring auditors M/s M. Almas & Co. Chartered Accountants are eligible for re-appointment.

In accordance with the Code of Corporate Governance, the audit committee considered and recommended the re-appointment of M/s M. Almas & Co. Chartered Accountants as statutory auditors for the year 2016-17.

PATTERN OF SHARE HOLDING:

It appears on page no: 59

ACKNOWLEDGEMENT

The Board of Directors would like to express their appreciation for the efforts and dedication of all employees which enabled the company management to post better financial results in this year.

LAHORE
Dated: October 07, 2016

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

ڈائریکٹرز رپورٹ

ڈائریکٹرز کو ۳۳ ویں سالانہ رپورٹ جو کہ ۳۰ جون ۲۰۱۶ء کو ختم ہونے والے سال کے لئے کمپنی نے مالیاتی نتائج اور آڈیٹران کی رپورٹ پر مشتمل ہے۔ پیش کرنے پر خوشی محسوس ہو رہی ہے۔

کاروباری عمل :- (Operations)

امسال کمپنی نے ۲۷.۶۶ ملین روپے کا مال فروخت کیا ہے جو کہ کمپنی کی تاریخ میں سب سے زیادہ فروخت کا ریکارڈ ہے۔ یہ متاثر کن فروخت کا ہدف کمپنی کے حالات کی بہتری اور بہتر کاروبار کی طرف اشارہ کرتا ہے۔ امسال کمپنی نے اپنے مال کی زیادہ تر فروخت ملکی خریدار کو ہی کی ہے۔ پچھلے دو سالوں میں چونکہ پیداوار کم ہوئی تھی۔ لہذا ایسے بیرون ملک خریدار جن کو پچھلے دو سالوں میں کمپنی کا تیار کردہ مال فروخت نہ کر سکے تھے۔ ان خریداروں کے ساتھ نئے سودوں کے لئے بات چیت جاری ہے تاکہ مال کی فروخت مزید بہتر ریٹ پر کی جا سکے اور ملکی خزانے کو بھی زرمبادلہ حاصل ہو۔

امسال بھی ہماری زیادہ تر توجہ کمپنی کے پیداواری پلانٹ کی کارکردگی مزید بہتر اور مستحکم کرنے پر مبذول رہی کیونکہ پچھلے دو سالوں کے سیلابی اثرات کو مکمل طور پر نہیں نمٹایا جاسکا تھا۔ فیکٹری پلانٹ کی مزید مرمت اور مکمل اور ہالنگ کے لئے کمپنی سرمائے کا ایک بڑا حصہ خرچ کیا گیا ہے۔

ملکی توانائی کا سخت ترین بحران مسلسل چلنے والی صنعتوں مثلاً جیلائین کی صنعت کے لئے مستقل خطرے کی علامت ہے۔ ہمیں اپنی صنعت کو مسلسل چلانے کے لیے متبادل ایندھن کی خریداری پر بہت زیادہ سرمایہ خرچ کرنا پڑتا ہے جس کی وجہ سے پیداواری لاگت بھی بڑھ رہی ہے جو کہ بنیادی خام مال (Crushed Bone) کی مسلسل بڑھتی ہوئی قیمت کے علاوہ ہے۔ جیلائین کی صنعت کا خام مال (Crushed Bone) اس پیداواری صنعت کو ملنے کی بجائے جاپان، چین اور دیگر ہمسایہ ممالک کو فروخت کیا جا رہا ہے۔ جانوروں کی ہڈی کی بیرون ملک فروخت ایک سپورٹ اور ملکی جیلائین صنعت کے درمیان غیر صحت مندانہ مقابلے کی فضا پیدا کر رہی ہے اس کی وجہ سے خام مال کی قیمت میں بڑھاؤ دیکھا جا رہا ہے جس کی مثال اس سے قبل نہیں ملتی۔

ان تمام مشکلات کے باوجود جو کہ پیداواری صنعت کو درپیش ہیں ہماری کمپنی نے اپنے حالات کو بہتر اور ان حالات کی بہتری میں مسلسل اضافے کو ممکن بنایا۔ امسال کمپنی نے ۹۵۶ میٹرک ٹن جیلائین کی پیداواری اور ۷.۷۲ ملین روپے بعد از ٹیکس منافع کمایا (سال ۲۰۱۵ء میں نقصان (۱۳.۳۰) ملین روپے)۔

مندرجہ بالا تمام حالات اور پچھلے دو سالوں کی مالی مشکلات نے کمپنی کی کارکردگی کو متاثر کیا جس کا ذکر منسلک مالیاتی نتائج کے نوٹ نمبر ۲ میں موجود ہے۔ ان تمام عوامل نے کمپنی کا دوبارہ کے مسلسل چلنے کی صلاحیت کے لئے شکوک و شبہات پیدا کر دیئے ہیں۔ جس کی وجہ سے اس بات کا امکان موجود ہے کہ کمپنی شاید معمول کے کاروباری عمل کے نتیجے میں اپنے اثاثہ جات کی فروخت اور واجبات کی ادائیگی نہ کر سکے۔ کمپنی کی انتظامیہ کمپنی کے منافع کی تاریخ کی بنا پر یہ یقین رکھتی ہے کہ کاروباری نقصانات کا ہونا ایک عارضی مرحلہ تھا جو کہ اب ختم ہو چکا

- ہے۔ درج ذیل عوامل کو مد نظر رکھتے ہوئے، انتظامیہ کا خیال ہے کہ کمپنی اپنے کاروباری عمل کو مسلسل جاری رکھے گی:-
- ہماری کمپنی کی مصنوعات کی مانگ اندرون ملک اور بیرون ملک مسلسل موجود ہے۔ اس بات کا اندازہ ۳۰ جون ۲۰۱۶ء کی جیلائٹین کی پیداوار سے بھی لگایا جاسکتا ہے۔ حلال جیلائٹین کی مانگ میں اندرون ملک اور بیرون ملک اضافہ ہو رہا ہے۔ کیونکہ حلال جیلائٹین مسلم اور غیر مسلم دنیا دونوں میں برابر کی سطح پر استعمال ہو رہی ہے۔
 - بنکوں اور مالیاتی اداروں کو ان سے طے کردہ شرائط کے مطابق ادائیگیاں کردی گئی ہیں اور مستقبل کے لئے قرض کی سہولیات کی تجدید بھی کردی گئی ہے۔
 - کمپنی کے مالکان کی طرف سے مالی امداد کی مسلسل فراہمی۔ کمپنی مالکان نے اس سال ۳۰ جون ۲۰۱۶ء تک بلا سود ۱۰.۹۷ ملین روپے قرضہ جات کی مد میں کمپنی کو فراہم کیے ہیں۔ وہ اس بات کا عزم بھی رکھتے ہیں کہ اگر مستقبل میں (Liquidity) کا مسئلہ درپیش ہو تو بغیر رکاوٹ کے کاروباری عمل کو بڑھاتے ہوئے مزید مالی معاونت بھی کریں گے۔
- تمام مندرجہ بالا عوامل کے علاوہ ان مالیاتی نتائج میں بہت سے مثبت اشارے مثلاً پیداوار میں اضافہ، مصنوعات کی فروخت اور مجموعی منافع کا پچھلے سال سے تناسب، بعد از ٹیکس خالص منافع، نئے آرڈر اور ان آرڈر کے عوض ایڈوانس کی ادائیگی موجود ہیں۔ ان مالیاتی نتائج میں کسی قسم کی (Adjustment) (اگر کمپنی کاروبار جاری رکھنے کی اہلیت نہ رکھتی ہو) جس کا تعلق اثاثہ جات کی قیمت اور واجبات کی مالیت سے ہو۔ نہ ہے۔ آڈیٹران کی رپورٹ میں کاروبار کے جاری رہنے کے معاملات کا ذکر توجہ دلانے کے لئے موثر انداز میں موجود ہے۔ اس کے جواب میں انتظامیہ کا نقطہ نظر مالیاتی نتائج کے نوٹ نمبر ۲ میں شامل کیا گیا ہے۔

کارپوریٹ اور مالیاتی دستاویز کا ضابطہ:

- ڈائریکٹران کارپوریٹ گورننس کے مطابق کارپوریٹ اور مالیاتی دستاویزات کے ضابطے پر مکمل عمل درآمد کی تصدیق کرنے میں خوشی محسوس کرتے ہیں اور مندرجہ ذیل بیان کو قلمبند کرتے ہیں:-
- ۱- مالی بیانات، جو کہ کمپنی انتظامیہ کی جانب سے تیار کی گئی ہے جو منصفانہ امور کی نشاندہی، اپنے آپریشنز، نقدی کا بہاؤ اور ایکویٹی میں تبدیلیوں کا نتیجہ ہے۔
 - ۲- کمپنی کے اکاؤنٹ کی مناسب کتابوں کو برقرار رکھا گیا ہے۔
 - ۳- مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کے ساتھ مالی اکاؤنٹ کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ اندازے سے معقول اور دانشمندانہ فیصلے پڑتی ہیں۔
 - ۴- انٹرنیشنل اکاؤنٹنگ کے معیار جو کہ پاکستان میں قابل عمل ہیں کی مالی بیانات کی تیاری میں پیروی کی گئی ہے۔
 - ۵- اندرونی کنٹرول کے نظام کا ڈیزائن صحیح ہے اور اس پر موثر طریقے سے عمل درآمد اور اس کی نگرانی کی گئی ہے۔
 - ۶- کمپنی کی انتظامیہ نے کمپنی کو جاری رکھنے کی صلاحیت کے بارے میں مالیاتی نتائج کے نوٹ نمبر ۲ میں تفصیل سے ذکر کیا ہے۔

۷۔ کارپوریٹ گورننس کے بہترین طریقوں پر بغیر کسی انحراف کے عمل کیا گیا ہے جو کہ لسٹنگ کے ضابطے میں موجود ہیں۔

گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ

۲۰۱۰ء	۲۰۱۱ء	۲۰۱۲ء	۲۰۱۳ء	۲۰۱۴ء	۲۰۱۵ء	ماہ جون پر ختم ہونے والے سال
روپے (000)	روپے (000)	روپے (000)	روپے (000)	روپے (000)	روپے (000)	
۴۷۶,۶۵۷	۴۲۸,۷۹۶	۵۷۹,۰۱۲	۷۰۵,۲۹۰	۴۸۸,۳۷۴	۶۹۱,۷۷۸	فروخت (Turnover)
(۳۰۰۰)	(۲۵۳)	۳,۵۶۶	۲,۷۱۸	(۵۲,۹۵۶)	(۱۳,۴۰۲)	بعد از ٹیکس خالص منافع / (نقصان)
۱۹۵,۲۹۰	۲۰۳,۷۸۹	۲۸۹,۰۰۷	۲۸۱,۳۱۷	۲۷۸,۷۴۳	۲۹۰,۲۳۶	اثاثہ جات
---	---	۳۰۱۰	---	---	---	تقسیم شدہ منافع
۷,۵۰۰	۲,۵۰۰	---	---	---	---	قرضہ جات (لبے عرصہ کے لئے)

اس سال بورڈ آف ڈائریکٹرز کی پانچ میٹنگز منعقد ہوئیں۔ ڈائریکٹران کی حاضری کی تفصیل درج ذیل ہے:-

سیریل نمبر	ڈائریکٹران کے نام	میٹنگز میں شرکت
۱	اعجاز احمد خواجہ	۵
۲	خواجہ امتیاز احمد	۵
۳	ابرار احمد خواجہ	۵
۴	خواجہ احمد حسن	۵
۵	میاں ضیاء الدین	۵
۶	عمر ریاض خواجہ	۵
۷	مسٹر اقبال دوسہ	۵

منافع کی تقسیم (Appropriations):

کم سالانہ منافع اور مجموعی نقصان کی وجہ سے منافع کی تقسیم نہ کرنے کا فیصلہ کیا گیا ہے۔

منافع کا تناسب:-

ہر حصے کا بعد از ٹیکس سالانہ منافع مبلغ ۰.۳۷ روپے کے برابر ہے۔ (پچھلے سال (۱.۹۲) روپے)

پراویڈنٹ فنڈ کی سرمایہ کاری کی قدر:-

کمپنی اپنے تمام مستقل ملازمین کے لیے ایک منظور شدہ شراکتی پراویڈنٹ فنڈ چلا رہی ہے۔ اس فنڈ کی سرمایہ کاری کی قدر درج ذیل ہے:-

آخری آڈٹ شدہ نتائج پراویڈنٹ فنڈ

۳۰ جون ۲۰۱۶ء

۱۰۱,۹۹۸	سرمایہ کاری کی منصفانہ قدر (000) روپے
(000) روپے	فنڈ کی سرمایہ کاری درج ذیل ہے:-
۴۳,۴۹۹	پونٹ ٹرسٹ سکیمز
۱,۵۶۵	میوچل فنڈز
۲,۳۹۶	بنکوں کی بچت سکیم
۱۳,۲۰۱	بنکوں میں جمع شدہ رقم
۴۱,۳۳۷	لسڈ سیکورٹیز
<u>۱۰۱,۹۹۸</u>	

کارپوریٹ سماجی ذمہ داری:-

کمپنی اپنی سماجی اور اخلاقی ذمہ داریوں سے پوری طرح آگاہ ہے۔ انتظامیہ اس بات پر یقین رکھتی ہے کہ جس معاشرے میں وہ کاروبار چلا رہے ہیں وہ خود بھی اسی معاشرے کا حصہ ہیں۔ کمپنی نے مختلف سماجی طبقات کے معیار زندگی کو بلند کرنے کے لیے اپنا حصہ ڈالا ہے۔ کارپوریٹ سماجی ذمہ داری کو ایک فرض سمجھنے کی بجائے ہم معاشرتی خدمت کو اپنے لئے باعث فخر خیال کرتے ہیں۔

کمپنی مختلف ہسپتالوں کو مستقل عطیات کی فراہمی کر رہی ہے، اپناج لوگوں کی بحالی میں مدد کر رہی ہے اور ان کے لیے ملازمت کے مواقع بھی پیدا کر رہی ہے۔

کمپنی مستحق طلباء کو ان کے اداروں کی فیسوں کی ادائیگی میں ان کی مالی مدد کر رہی ہے۔ کمپنی انتظامیہ گورنمنٹ اور این۔ جی۔ اوز کے فلاجی منصوبوں میں شرکت کو بھی مقدم رکھتی ہے۔

سٹیچوٹری بقایا جات کی ادائیگی:

تمام بقایا جات کی ادائیگی معمول کے مطابق ہے۔

ضابطہ اخلاق:

کوڈ آف کارپوریٹ گورننس کی ہدایات کے مطابق کمپنی نے ضابطہ اخلاق ترتیب دیا ہے۔ اس ضابطہ اخلاق کی ادارہ کی ہر سطح پر آگاہی کر دی گئی ہے۔

کمپنی نے جو ضابطہ اخلاق اپنایا ہے اس کے حوالے سے تمام لاگو شدہ قوانین اور اخلاقی اقدار پر عمل کرتے ہوئے تمام کام سرانجام دیئے جاتے ہیں۔

بورڈ کمیٹیاں:

آڈٹ کمیٹی:

امسال کمپنی کی آڈٹ کمیٹی کی چار ممبرانہ منعقد ہوئی ہیں جس کی حاضری کی تفصیل درج ذیل ہے:-

میٹنگز میں شرکت

ڈائریکٹرز کا نام

۴

میاں ضیاء الدین

۴

اعجاز احمد خواجہ

۴

عمر ریاض خواجہ

آڈٹ کمیٹی کی تشکیل کا مقصد مالیاتی امور کی نگرانی اور اس کی تفصیلات مرتب کرنا اور مختلف قوانین کے تحت غیر مالیاتی امور کی تفصیلات ریگولیٹری اداروں کو فراہم کرنے میں مدد کرنا ہے۔ آڈٹ کمیٹی کو یہ ذمہ داری بھی سونپی گئی ہے کہ وہ ایک مؤثر اندرونی کنٹرول کو نافذ کرے، اندرونی آڈٹ کے طریقوں کو ڈیزائن کرے، کمپنی کے اندر کارپوریٹ گورننس پر عمل پیرا کروائے اور اپنی اخذ کردہ سفارشات سے بورڈ آف ڈائریکٹرز کو آگاہ کرے۔

آڈٹ کمیٹی دوسرے امور کے علاوہ بیرونی آڈیٹران کے تقرر، ان کو ہٹانے اور ان کے استعفیٰ کے متعلق سفارشات بورڈ آف ڈائریکٹرز کو مہیا کرنے کی بھی ذمہ دار ہے۔ آڈٹ کمیٹی کو ڈی آف کارپوریٹ گورننس کی روشنی میں درج ذیل مزید عوامل کی بھی ذمہ دار ہے:-

(الف) کمپنی کے اثاثہ جات کے تحفظ کے لیے مناسب اقدام لینا۔

(ب) بورڈ آف ڈائریکٹرز کی منظوری سے پہلے لسٹڈ کمپنی کی چوتھائی سال، آدھے سال اور سالانہ مالیاتی تفصیلات کا جائزہ لینا۔

(پ) تفصیلات کے نشر ہونے سے پہلے ان کا ابتدائی جائزہ لینا۔

(ت) بیرونی آڈٹ میں سہولت فراہم کرنا اور بیرونی آڈیٹران کے ساتھ عبوری اور مکمل آڈٹ کے دوران اٹھنے والے بڑے نقاط اور ایسے تمام معاملات جو آڈیٹران اپنی مرضی سے بھی اٹھانا چاہتے ہوں ان کے ساتھ ان پر بات چیت کرنا۔

(ث) بیرونی آڈیٹران کی طرف سے جاری کردہ انتظامی خط اور انتظامیہ کے رد عمل کا جائزہ لینا۔

(ث) اندرونی آڈٹ اور بیرونی آڈیٹران کے درمیان تعاون کو یقینی بنانا۔

(ج) اندرونی آڈٹ کے دائرہ کار کا جائزہ لینا اور لسٹڈ کمپنی کے اندر اس بات کو یقینی بنانا کہ اندرونی آڈٹ کے پاس مناسب ذرائع موجود ہوں اور کمپنی میں ہر جگہ اس پر عمل کیا جاسکے۔

(چ) فراڈ، کرپشن اور اختیارات سے تجاوز کرنے کے بڑے معاملات کی اندرونی جانچ پڑتال اور انتظامیہ کے رد عمل کا جائزہ لینا۔

- (ح) اندرونی کنٹرول کے نظام جس میں مالیاتی اور آپریشنل کنٹرول شامل ہیں، اکاؤنٹنگ نظام، خرید و فروخت، وصولیوں اور ادائیگیوں، اثاثہ جات اور واجبات کے صحیح اندراج اور معلومات پہنچانے کے ڈھانچے کا صحیح اور موثر طریقے سے چلنے کو یقینی بنانا۔
- (خ) لسٹڈ کمپنی کی طرف سے اندرونی کنٹرول پر جاری کردہ تفصیلات کا اندرونی آڈٹ کی رپورٹ اور بورڈ آف ڈائریکٹرز کی منظوری سے پہلے جائزہ لینا۔
- (د) چیف ایگزیکٹو کے مشورہ سے بورڈ آف ڈائریکٹرز کے سفارش کردہ معاملات، نئے منصوبوں کے اجراء، روپے کی قدر کا مطالعہ اور دوسرے معاملات کی جانچ پڑتال کا جائزہ لینا اور کسی اور معاملے کو بیرونی آڈیٹران یا بیرونی ادارے کے ساتھ اٹھانا شامل ہے۔
- (ر) متعلقہ سٹیچوٹری ضروریات پر عملدرآمد کو یقینی بنانا۔
- (ڑ) کارپوریٹ گورننس کے بہترین عمل پر عمل درآمد اور اس عمل کی بڑی خلاف ورزیوں کی نشاندہی پر پوری نظر رکھنا۔
- (ث) بورڈ آف ڈائریکٹرز کی طرف سے سوچے گئے کسی اور معاملے کا جائزہ لینا۔

انسانی وسائل اور اجرتی کمیٹی:

کوڈ آف کارپوریٹ گورننس کی شق نمبر (xxv) کے مطابق بورڈ آف ڈائریکٹرز نے ایک خود مختار اور متحرک انسانی وسائل اور اجرتی کمیٹی (HR&R) تشکیل دی ہے۔ یہ کمیٹی کوڈ آف کارپوریٹ گورننس کی طرف سے عائد ذمہ داریوں کو پورا کرنے میں بورڈ آف ڈائریکٹرز کی مدد کرے گی۔

ان ذمہ داریوں میں شامل ہے:-

- (i) بورڈ کو انسانی وسائل کے انتظام کی پالیسیوں کے بارے میں سفارشات پیش کرنا۔
- (ii) بورڈ کو C.E.O کے انتخاب، جانچ، معاوضہ (بشمول ریٹائرمنٹ کے بینیفٹ) اور ان کے جانشین کی پلاننگ کے بارے میں سفارشات پیش کرنا۔
- (iii) بورڈ کو C.F.O، C.O.O کے کمپنی سیکرٹری اور اندرونی آڈٹ کے سربراہ کے انتخاب۔ جانچ اور معاوضہ (بشمول ریٹائرمنٹ بینیفٹ) کے بارے میں سفارشات پیش کرنا۔
- (iv) ایسے تمام معاملات جن کا تعلق کلیدی عہدوں کی انتظامیہ سے ہو اور وہ C.O.O یا C.E.O کو ڈائریکٹ جوابدہ ہوں گا جائزہ لینا اور منظوری دینا۔

انسانی وسائل اور معاوضہ کی کمیٹی (HR&R) میں درج ذیل ڈائریکٹران شامل ہیں۔

(i)	خواجہ احمد حسن	(چیئرمین)
(ii)	میاں ضیاء الدین	(ممبر)
(iii)	عمر ریاض خواجہ	(ممبر)

ڈائریکٹران کا ٹریڈنگ پروگرام:

کھٹن کاروباری دنیا میں بہترین نتائج کا حصول ایک ادارے کی لیڈرشپ کے لیے ٹریڈنگ اور آگاہی کورسز کے مسلسل انعقاد سے ممکن ہے۔ یہ ان کی صلاحیت کو بڑھانے کے لیے نہایت ضروری ہے۔

کمپنی ڈائریکٹران آگاہی کورسز، ورکشاپس اور سمینارز میں شرکت کرتے ہیں جو ان کو لاگو شدہ قوانین اور دوسرے کاروباری ضابطوں کے متعلق اپ ڈیٹ رکھتے ہیں۔

کمپنی کے بورڈ ممبران کو ڈ آف کارپوریٹ گورننس کی تجویز کردہ شق نمبر (xi) کے مطابق ٹریڈنگ اور آگاہی ضروریات پر مکمل طور پر پورا کرتے ہیں۔

کمپنی کے حصص میں خرید و فروخت:

امسال کمپنی کے ایک ڈائریکٹر کے حصص کی ہولڈنگ میں درج ذیل تبدیلی ہوئی ہے۔

حصص کی فروخت

10,000

خواجہ احمد حسن

باقی ڈائریکٹران، ایگزیکٹوز، ان کی بیویوں اور نابالغ بچوں نے کمپنی کے حصص میں کوئی خرید یا ٹرانسفر ماسوائے مندرجہ بالا ٹرانزیکشن کے نہیں کی۔

ملازمین کے معاملات:

یہ بات بہت زیادہ اطمینان بخش ہے کہ پچھلے کئی سالوں سے کمپنی کی انتظامیہ اور ملازمین کے درمیان نہایت خوشگوار تعلقات موجود ہیں۔ نقصانات برداشت کرنے کے بعد مستحکم بڑھوتری کمپنی انتظامیہ اور ورکرز کی مشترکہ کاوشوں کی عکاسی کرتی ہے۔

سودے کاری ایجنٹ (سی۔ بی۔ اے) کا الیکشن ہر دو سال کے بعد منعقد ہوتا ہے۔ جیتنے والی (سی۔ بی۔ اے) اور کمپنی انتظامیہ سی۔ بی۔ اے یونین کے مطالبات کی سیٹلمنٹ (Settlement) احسن طریقے سے کر لیتی ہیں۔

سی۔ بی۔ اے یونین کے ساتھ آخری سودے کاری سیٹلمنٹ (Settlement) ۲۶ مئی ۲۰۱۵ء کو طے پائی جو کہ اکتوبر ۲۰۱۶ء تک نافذ العمل ہے۔

آڈیٹرز:

موجودہ آڈیٹرز، ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور نے ۳۰ جون ۲۰۱۶ء کو ختم ہونے والے سال سے متعلق اپنا کام مکمل کر لیا ہے اور ۳۳ ویں سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے۔ ریٹائر ہونے والے آڈیٹرز، ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس دوبارہ منتخب ہونے کے اہل ہیں۔

کوڈ آف کارپوریٹ گورننس کی رو سے آڈٹ کمیٹی نے ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کا جائزہ لیتے ہوئے ان

کی سال ۱۷-۲۰۱۶ء کے لیے سیچوٹری آڈیٹرز کی حیثیت سے تفرری کی سفارشات پیش کی ہیں۔

حصہ داران کی تفصیل:

حصہ داران کی تفصیل صفحہ نمبر ۵۹ پر موجود ہے۔

اعتراف:

بورڈ آف ڈائریکٹرز اپنے تمام ملازمین کی کاوشوں اور لگن کی تعریف کرتا ہے جس نے کمپنی انتظامیہ کو اس سال کے بہتر نتائج حاصل کرنے میں مدد کی ہے۔

لاہور

۱۷ اکتوبر ۲۰۱۶ء

خواجہ امتیاز احمد

چیف ایگزیکٹو آفیسر

مینجنگ ڈائریکٹر

**STATEMENT OF COMPLIANCE WITH THE CODE OF
CORPORATE GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2016**

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Listing Regulation No. 5.19 of the Pakistan Stock Exchange Limited Regulations for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent Non-Executive Directors and Directors representing minority interests on its Board of Directors. At present the Board includes:

Names of the Director	Status
Mian Zia-ud-Din	Independent Director
Khwaja Imtiaz Ahmed	Executive Director
Ibrar Ahmed Khwaja	Executive Director
* Khwaja Ahmed Hassan	Executive Director
Ijaz Ahmed Khwaja	Non - Executive Director
Umer Riaz Khwaja	Non - Executive Director
Mr. Iqbal Dossa	Non - Executive Director
* Khwaja Ahmed Hassan has become non - executive director with effect from July 01, 2016	

The independent director meets the criteria of independence under clause i(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company.
3. All the resident Directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. There was no casual vacancy on the Board during the year.
5. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive and Non-Executive Directors, have been taken by the Board / shareholders.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged the training of its directors as prescribed by the Code of Corporate Governance (CCG). Out of seven (7), three (3) Board members have completed directors' training program from the institution that meets the criteria specified by SECP. Four (4) directors are meeting the criteria of exemption as laid down in clause (xi) of the Code of Corporate Governance in terms of their education and experience on the board.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises 3 members who are Non-Executive Directors and the Chairman of the committee is an Independent Director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the company as required by the CCG. The terms of reference of the committee have been formed and approved by the Board and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises 3 members, of whom two are Non-Executive Directors and Chairman of the committee is an Executive Director.
18. The Board has set up an effective internal audit function managed by experienced personnel conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The closed period, prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of companys securities, was determined and intimated to Directors, employees and stock exchange(s).
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles contained in the CCG have been complied with except for the number of the executive directors which has been complied with effect from July 01, 2016.

On behalf of the Board

LAHORE
Dated: October 07, 2016

KH. IMTIAZ AHMED
Chief Executive &
Managing Director

**REVIEW REPORT TO THE MEMBERS ON STATEMENT
OF COMPLIANCE WITH THE CODE
OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Leiner Pak Gelatine Limited (the Company) for the year ended June 30, 2016, to comply with the requirements of Regulation No. 5.19 of Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arms length transactions and transactions which are not executed at arms length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arms length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Further, we highlight below instance of non-compliance with the requirements of the Code as reflected in the paragraph 1 in the Statement of Compliance.

Paragraph reference	Description
1	That the number of the executive directors of the Company exceed by one director than the number prescribed by clause i(d) of the Code.

Lahore
Dated: October 07, 2016

M. Almas & Co.
Chartered Accountants
Audit Engagement Partner
Mohammad Almas

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **LEINER PAK GELATINE LIMITED** as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion-
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2016 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Without qualifying our opinion, we draw attention to note 2 of the financial statements, which indicates that the company had negative cash flows from operating activities during the year ended June at that date its accumulated loss was Rupees. 0.772 million and its current liabilities exceeded its current assets by Rs. 53.916 million. These conditions along with other matters as set forth in note 2 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Lahore
Dated: October 07, 2016

M. Almas & Co.
Chartered Accountants
Audit Engagement Partner
Mohammad Almas

**BALANCE SHEET
AS AT JUNE 30, 2016**

	Note	30 June 2016 -----Rupees in thousand-----	30 June 2015
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	5	75,000	75,000
Accumulated Loss		(772)	(3,520)
		<u>74,228</u>	<u>71,480</u>
Surplus on revaluation of property, plant and equipment	6	278,914	164,134
Non-current liabilities			
Liabilities against assets subject to finance lease	7	856	-
Current liabilities			
Trade and other payables	8	132,280	161,775
Mark-up accrued	9	2,206	1,770
Short term borrowings	10	164,032	119,900
Current portion of liabilities against assets subject to finance lease		334	-
		<u>298,852</u>	<u>283,445</u>
Contingencies and commitments	11	-	-
		<u>652,850</u>	<u>519,059</u>
ASSETS			
Non-current assets			
Property, plant and equipment	12	407,654	290,236
Intangible assets	13	-	-
Long term deposits	14	260	137
Deferred taxation	15	-	-
		<u>407,914</u>	<u>290,373</u>
Current assets			
Stores, spare parts and loose tools	16	19,234	30,333
Stock-in-trade	17	194,638	159,707
Trade debts	18	3,784	9,071
Advances	19	1,980	2,300
Trade deposits and short term prepayments	20	2,290	4,379
Other receivables	21	8,965	9,478
Advance income tax-net	22	12,870	12,204
Cash and bank balances	23	1,175	1,214
		<u>244,936</u>	<u>228,686</u>
		<u>652,850</u>	<u>519,059</u>

The annexed notes 1 to 45 form an integral part of these financial statements.

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	30 June 2016 -----Rupees in thousand-----	30 June 2015
Sales-net	24	727,664	691,778
Cost of sales	25	<u>649,181</u>	<u>623,057</u>
Gross profit		78,483	68,721
Other income	26	<u>198</u>	<u>2,484</u>
		78,681	71,205
Distribution cost	27	3,023	3,904
Administrative expenses	28	53,669	54,858
Other operating expenses	29	2,020	653
Finance cost	30	<u>9,343</u>	<u>10,249</u>
Profit before taxation		10,626	1,541
Taxation	31	<u>7,878</u>	<u>15,943</u>
Profit / (loss) after taxation		<u>2,748</u>	<u>(14,402)</u>
Earnings / (loss) per share-basic and diluted (Rupees)	32	<u>0.37</u>	<u>(1.92)</u>

The annexed notes 1 to 45 form an integral part of these financial statements.

LAHORE
Dated: October 07, 2016

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016**

	30 June 2016	30 June 2015
	-----Rupees in thousand-----	
Profit / (loss) after taxation	2,748	(14,402)
Other comprehensive income	-	-
Total comprehensive Profit / (loss) for the year	<u><u>2,748</u></u>	<u><u>(14,402)</u></u>

The annexed notes 1 to 45 form an integral part of these financial statements.

LAHORE
Dated: October 07, 2016

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	30 June 2016 -----Rupees in thousand-----	30 June 2015
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	33	(12,634)	19,803
Finance cost paid		(8,889)	(10,487)
Payments to provident fund		(2,384)	(1,932)
Taxes paid		(8,544)	(6,833)
Sales tax refund		773	6,172
Workers' Welfare Fund paid		-	(223)
Workers' Profit Participation Fund paid		-	(680)
Net cash (used in) / generated from operating activities		<u>(31,678)</u>	<u>5,820</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(13,560)	(22,947)
Proceeds from disposal of property, plant and equipment		-	1,800
(Increase) / decrease in long term deposits		(123)	2,642
Net cash used in investing activities		<u>(13,683)</u>	<u>(18,505)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in liabilities against assets subject to finance lease		1,190	-
Net increase in short term borrowings		44,132	13,399
Net cash generated from financing activities		<u>45,322</u>	<u>13,399</u>
Net (Decrease) / increase in cash and cash equivalents		(39)	714
Cash and cash equivalents at the beginning of the year		<u>1,214</u>	<u>500</u>
Cash and cash equivalents at the end of the year	34	<u><u>1,175</u></u>	<u><u>1,214</u></u>

The annexed notes 1 to 45 form an integral part of these financial statements.

LAHORE
Dated: October 07, 2016

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Share capital</u>		Total
	Issued, subscribed and paid up share capital	Un appropriated profit / (loss)	
	-----Rupees in thousand-----		
Balance at June 30, 2014	75,000	10,882	85,882
Total comprehensive loss for the year	-	(14,402)	(14,402)
Balance at June 30, 2015	75,000	(3,520)	71,480
Total comprehensive Profit for the year		2,748	2,748
Balance at June 30, 2016	75,000	(772)	74,228

The annexed notes 1 to 45 form an integral part of these financial statements.

LAHORE
Dated: October 07, 2016

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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, with effect from January 11, 2016 both merged into Pakistan Stock Exchange Limited. The Company is engaged in manufacture and sale of gelatine and di-calcium phosphate etc. produced from animal bones.

2 GOING CONCERN ASSUMPTION

As described in note 2 of the financial statements of the Company for the year ended June 30, 2015, the Company has incurred losses during years ended June 30, 2014 and 2015. The Company has negative cash flows from operating activities during the year ended June 30, 2016 and, as of that date, its accumulated loss was Rupees 0.772 million and its current liabilities exceeded its current assets by Rs. 53.916 million. These conditions raise significant doubts on the Company's ability to continue as a going concern as the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management of the Company believes that the Company has a history of profits and the incidence of losses was a temporary phase which is now over. Keeping in view the following factors, the management foresees that the company will continue as a going concern.

- There is continued demand for the products of the Company 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.
- There is continued financial support of the Company's sponsors. The sponsors' of the Company have inducted Rs. 10.975 million interest free loans during the year ended June 30, 2016. They are also committed to induct further funds, if the need arises, to address any liquidity issues for smooth operations.

Apart from the aforementioned factors there are also positive indicators as per these financial statements like increase in production, sales and gross profits over the last year and profits after taxation for the current year together with the existence of new sales orders along with advance payments received there against. These financial statements, therefore, do not include any adjustments relating to realization of its assets and the liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for freehold land at revalued amount. In these financial statements, except for the cash flow statement, all transactions have been accounted for on accrual basis.

3.3 Judgments, estimates and assumptions

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the subsequent years are discussed in the note- 35.

3.4 Functional and presentation currency

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

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

4.1 Property, plant and equipment**Recognition and measurement**

Property, plant and equipment are tangible items that are held for use in production or supply of goods or services, for rentals to others or for administrative purposes and are expected to be used during more than one year. An item of property, plant and equipment is recognised when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. On initial recognition, items of property, plant and equipment are measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the item.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses with the exception of freehold land which is measured at revalued amount.

Parts of an item of property, plant and equipment having different useful lives are recognised as separate items.

Major renewals and improvements to an item of property, plant and equipment are recognised in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day- to- day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

Depreciation

Depreciation is recognised in profit or loss by applying reducing balance method over the useful life of each item of property, plant and equipment using the rates specified in note 12.1 to the financial statements.

Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which the item is disposed or classified as held for disposal.

The depreciation method, useful lives and residual values are reviewed and adjusted if appropriate, at each reporting date.

De-recognition

An item of property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss on disposal of property, plant and equipment is recognised in profit or loss.

4.2 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognised when it is probable that the expected future benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Cost associated with maintaining computer software are recognised as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged over the estimated useful life of the asset as specified in note 13 on a systematic basis applying the straight line method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Useful lives of intangible operating assets are reviewed, at each balance sheet date and adjusted if the impact of amortisation is significant.

4.3 Stores, spare parts and loose tools

These are generally held for internal use and, except for items in transit which are valued at invoice price plus related expenses incurred up to the reporting date, are valued at lower of cost and net realizable value. Cost is determined on the basis of weighted average. Provision for obsolete and slow moving items is made based on management's best estimate regarding their future usability.

4.4 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined using the following basis.

Raw material	Weighted average cost
Work-in-process	Average manufacturing cost
Finished goods	Average manufacturing cost
Raw material in transit	Invoice price plus related expenses incurred up to the reporting date.

Average manufacturing cost in relation to work-in-process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

For items which are slow moving, a provision is made for excess of carrying amount over estimated net realizable value.

4.5 Financial instruments

Recognition

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument.

De-recognition

Financial assets are de-recognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognised if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognised in the profit or loss.

Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has legally enforceable right to set-off the recognised amounts and intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

4.6 Borrowings

These are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortisation cost with any difference between cost and redemption value being recognised in the profit or loss over the period of borrowings on an effective interest basis.

4.7 Leased assets

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated over their useful lives by applying reducing balance method using rate specified in note- 12.1.

Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases / Ijara. Payments made under operating leases / Ijara are recognised in profit or loss on a straight line basis over the lease / Ijara term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016****4.8 Surplus on revaluation of property, plant and equipment**

Surplus arising on revaluation of items of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment after reversing deficit relating to the same item previously recognised in profit or loss, if any. Deficit arising on revaluation is recognised in profit or loss after reversing the surplus relating to the same item previously recognised in surplus on revaluation of property, plant and equipment, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, net of deferred tax is transferred to un-appropriated profit every year.

4.9 Employee benefits

A defined contribution plan is a post-employment benefit under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligation for contribution to a defined contribution plan is recognised as an employee service benefit expense in the profit and loss account when it is due.

The Company operates a recognised provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Company and employees at the rate of 8.5% of the basic salary. The fund is administrated by the Trustees.

4.10 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortized cost.

4.11 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortized cost less impairment loss, if any.

4.12 Revenue

Revenue is measured at fair value of the consideration received or receivable, net of returns, allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other operating income earned in the normal course of business. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and associated costs incurred or to be incurred can be measured reliably.

Revenue from sale of goods is recognised when risk and rewards incidental to the ownership of goods are transferred, i.e. on dispatch of goods to customers.

4.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, or added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in the profit or loss as incurred.

4.14 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on taxable income at current rates of taxation applicable in Pakistan after taking into account tax credits, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognised as a liability. Any excess paid over what is due in respect of the current or prior periods is recognised as an asset.

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release-27" of The Institute of Chartered Accountants of Pakistan.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognised for deductible temporary differences to the extent that future taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.15 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.16 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash and bank balances. Cash and cash equivalents are carried at cost.

4.17 Foreign currency transactions

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate at the date that fair value was determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to the functional currency at exchange rate at the date of transaction. Any gain or loss arising on transaction is recognised in profit or loss.

4.18 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if any, if no impairment loss had been recognised.

4.19 Related party transactions

Related party transactions are carried out on an arm's length basis. Pricing for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

4.20 Provisions

Provisions are recognised when the Company has a legal and constructive obligation as a result of past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the correct best estimate.

4.21 Dividend to shareholders

Dividend paid to shareholders is recognised in the year in which it is declared.

4.22 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment, however, certain information, as required by the approved accounting standards, is presented in note 38 to these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

4.23 New and amended standards and interpretations that are effective in the current year

There are certain new and amended standards and interpretations that have been published and are mandatory for accounting periods beginning on or after July 01, 2015 but are considered not to be relevant or did not have any significant effect on the company's operations and are therefore not detailed in these financial statements except certain disclosure requirements about fair value as per IFRS 13 "Fair Value Measurement" which have been disclosed in notes 36.5 and 36.6 of the financial statements.

4.24 New and amended standards and interpretations that are not yet effective

Following are the new and amended standards and interpretations that have been published and are mandatory for the accounting period beginning on or after their respective dates.

Standards or interpretation:	Effective date (accounting periods beginning on or after)
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	January 01, 2016
IFRS 7 Financial Instruments: Disclosures	January 01, 2016
IFRS 10 Consolidated Financial Statements	January 01, 2016
IFRS 11 Joint Arrangements	January 01, 2016
IFRS 12 Disclosure of Interests in Other Entities	January 01, 2016
IAS 16 Property, Plant and Equipment	January 01, 2016
IAS 19 Employee Benefits	January 01, 2016
IAS 27 Consolidated and Separate Financial Statements	January 01, 2016
IAS 28 Investment in Associates and Joint Ventures	January 01, 2016
IAS 34 Interim Financial Reporting	January 01, 2016
IAS 38 Intangibles Assets	January 01, 2016
IAS 41 Agriculture	January 01, 2016
IAS 12 Income Taxes	January 01, 2017

The Company expects that the adoption of the above amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements other than increased disclosures in certain cases.

There are other new and amended standards and interpretations that have been published and are mandatory for accounting periods beginning on or after July 01, 2016 but are considered not be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
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5 SHARE CAPITAL		30 June 2016	30 June 2015
		-----Rupees in thousand-----	
Authorised share capital			
10,000,000 (June 30, 2015: 10,000,000) ordinary shares of Rupees 10 each		<u>100,000</u>	<u>100,000</u>
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	-note- 5.1	<u>75,000</u>	<u>75,000</u>
		<u>75,000</u>	<u>75,000</u>
5.1 Ordinary shares of the Company held by associated undertaking as at year end are as follows:			
		30 June 2016	30 June 2015
		(Number of shares)	
INA Securities (Private) Limited		<u>370,000</u>	<u>370,000</u>
		<u>370,000</u>	<u>370,000</u>
6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		30 June 2016	30 June 2015
		-----Rupees in thousand-----	
Revaluation surplus	-note- 6.1	<u>278,914</u>	<u>164,134</u>
6.1 Revaluation surplus			
Revaluation surplus relating to revaluation carried out at June 30, 1990		8,873	8,873
Revaluation surplus relating to revaluation carried out at June 09, 2008		69,325	69,325
Revaluation surplus relating to revaluation carried out at April 05, 2012		85,936	85,936
Revaluation surplus relating to revaluation carried out at April 26, 2016		114,780	-
		<u>278,914</u>	<u>164,134</u>
6.2	The Company had revalued its freehold land on June 30, 1990, June 09, 2008, April 05, 2012 and April 26, 2016. The revaluation was carried out by independent valuers Mr. Anwar ul Haq in 1990 and M/S Hamid Mukhtar & Co. in 2008, 2012 and 2016 respectively to replace the carrying amount of land with local market values. The following aggregated net appraisal surplus arisen on the revaluation on June 30, 1990, June 09, 2008, April 05, 2012 and April 26, 2016 was credited to surplus on revaluation of property, plant and equipment to comply with the requirements of section 235 of the Companies Ordinance, 1984.		
		Book value	Re-valued amount
			Surplus on re-valuation
		-----Rupees in thousand-----	
Freehold land		<u>7,826</u>	<u>286,740</u>
		<u>7,826</u>	<u>286,740</u>
6.3	Since the revaluation relate to freehold land which is a non-depreciable asset, no deferred tax liability arises on revaluation. In the absence of depreciable amount no incremental depreciation net off deferred tax transferred to unappropriated profit nor any disclosure regarding these have been made in the above note.		
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
		30 June 2016	30 June 2015
		-----Rupees in thousand-----	
Present value of minimum lease payments		1,190	-
Less: current portion	-note- 7.2	<u>334</u>	<u>-</u>
		<u>856</u>	<u>-</u>
7.1	This represents vehicle acquired under finance lease arrangement. The value of the minimum lease payments has been discounted at an implicit mark up rate of 3 months KIBOR plus 1.50 % (June 30, 2015: nil) to arrive at their present value. Lease rentals are payable monthly over tenure of the lease which is three years. Under the terms of the agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company has the option to purchase these assets at the end of the lease term by adjusting the deposits Rupees 0.259 million (June 30, 2015: Rupees nil) and intends to exercise the option. These are secured against the above deposit, title of ownership of leased assets.		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

7.2 Future minimum payments and their present values are regrouped as under.

	----- Rupees in thousand -----			
	2016		2015	
	Over one year	more than one year but less than five years	Over one year	more than one year but less than five years
Total minimum lease payments	390	908	-	-
Less : Finance charges	(56)	(52)	-	-
Present value of minimum lease payments	334	856	-	-

8 TRADE AND OTHER PAYABLES

30 June 2016 30 June 2015
-----Rupees in thousand-----

Creditors		93,926	100,957
Accrued liabilities		10,608	15,243
Advances from customers		24,832	43,419
Payable to provident fund		788	785
Income tax withheld payable		26	78
Workers' Profit Participation Fund	-note- 8.1	751	161
Workers' Welfare Fund		494	277
Unclaimed dividend		855	855
		132,280	161,775

8.1 Workers' Profit Participation Fund (WPPF)

30 June 2016 30 June 2015
-----Rupees in thousand-----

Balance at beginning of the year		161	680
Interest on funds utilized in Company's business	-note- 30	18	72
Allocation/ expenses for the year	-note- 29	572	89
		751	841
Less: paid to the fund during the year		-	680
		751	161

Interest is paid at prescribed rate under the Companies Profits (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

9 MARK-UP ACCRUED

30 June 2016 30 June 2015
-----Rupees in thousand-----

On borrowings from banking companies-secured

Liabilities against assets subject to finance lease		5	-
Short term borrowings		2,201	1,770
		2,206	1,770

10 SHORT TERM BORROWINGS

From banking companies-secured

Finance against packing credit			
Bank Al-Habib Limited	-note- 10.1, 10.5	25,000	25,000
Finance against foreign bills			
Bank Al-Habib Limited	-note- 10.2, 10.5	-	-
Running finance			
Bank Al-Habib Limited	-note- 10.3, 10.5	81,243	76,411
Summit Bank Limited	-note- 10.4, 10.6	28,346	-
		134,589	101,411
Temporary bank overdraft-unsecured	-note- 10.7	-	20
<i>From related parties-unsecured</i>			
Loans from directors	-note- 10.8	29,443	18,469
		164,032	119,900

10.1 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.

**NOTES TO THE FINANCIAL STATEMENTS
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- 10.2** The finance against foreign bills (FAFB-OWN) 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.
- 10.3** 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 June 30, 2016. The facility is valid till August 07, 2016.
- 10.4** The running finance facility having sanctioned limit of Rupees 30 million (June 30, 2015: Rupees nil) has been obtained from Summit Bank Limited for working capital requirements. It carries mark-up at three months KIBOR plus 2.25% (June 30, 2015: nil) per annum payable quarterly. The facility is valid till September 30, 2016.
- 10.5** The facilities mentioned in 10.1, 10.2 and 10.3 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 10.3 in addition to securities aforesaid is also secured against pro note amounting to Rs. 84 million (June 2015 : Rupees 84 million).
- 10.6** The facility mentioned in 10.4 is commonly secured against ranking charge of Rupees 40 million (June 30, 2015: Rupees nil) over all present & future current assets of the Company with 25% margin, duly insured, with Summit Bank Limited and registered with SECP. Pari passu charge on fixed assets, comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku. Personal guarantees of the Directors namely Kh. Imtiaz Ahmed, Kh. Ahmed Hassan and Ibrar Ahmed Kh along with PNWS.
- 10.7** This had arisen due to issuance of cheques for amounts in excess of balance in the bank account.
- 10.8** Loans from Chief Executive and Director are re-payable on demand and is non- interest bearing.
- 10.9** The net aggregate short term borrowing facilities unavailed at end of June 30, 2016 amount to Rupees 41.65 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).
- 11 CONTINGENCIES AND COMMITMENTS**
- 11.1 Contingencies**
- 11.1.1** The Pakistan Environmental Protection Agency has filed a complaint against the Company before the Environmental Protection Tribunal on account of Company's failure to properly dispose effluent water discharge during the production. The agency regards this to be a criminal offence. The Company has filed a writ petition against the Agency's claim before the Honourable Lahore High Court ("LHC"). The Company has not recognized any liability in this regard since it awaits the decision of LHC which is pending. The maximum fine in case of conviction, if any, cannot be expected to exceed Rupees 400,000 (June 30, 2015: Rupees 400,000).
- 11.1.2** One case of employee vs Company for reinstatement of employment is pending before Punjab Labor Court No. 3 Sheikhpura. The management of the Company, based on the advice of its legal counsel handling the above subject case, is of the opinion that the matter shall be decided in the Company's favour. Therefore , no provision has been made for any potential liability in these financial statements.
- 11.1.3** The Deputy Commissioner Inland Revenue has issued five show cause notices under section 11(2) read with section 11(3) of Sales Tax Act, 1990 for the periods covering from July 2011 to November 2015 intending to create an aggregate sales tax demand of Rs. 192,407,988 along with penalty and default surcharge. This demand was intended for alleged non-compliance/ contravention of different provisions of Sales Tax Act, 1990. The Company has filed a writ petition against these notices in the Honorable Lahore High Court. The Honorable Lahore High Court Single Bench has dismissed the above said writ petition. The Company filed an Intra-Court Appeal (ICA) against the decision of Lahore High Court Single Bench order taking the plea that the order has been passed without appreciating the legal propositions raised before the Learned Single Bench. The Company's ICA was listed for hearing on April 28, 2016 before the Learned Division Bench. On the said date The Inland Revenue Department was directed to seek instructions and not to pass final order till the next date of hearing, that is, June 6, 2016. The ICA was not listed for hearing on the said date due to non-availability of the Learned Division Bench and also no further date of hearing has been fixed till date. Based on advice of the tax advisor of the Company, the management believes that matter will ultimately be decided in the Company's favor. Accordingly, no provision has been made in this respect in these financial statements .
- 11.1.4** Guarantees issued by bank on behalf of Company as at June 30, 2016 amounting to Rupees 11.256 million (June 30, 2015: Rupees 11.256 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

11.2 Commitments

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

	2016	2015
	-----Rupees in thousand-----	
Not later than one year	<u>1,620</u>	<u>1,524</u>
Later than one year but not later than five years	<u>4,007</u>	<u>-</u>

11.2.2 The Company has entered into Ijara arrangements with Bank Islami Pakistan Limited for vehicles. Commitments for Ijara monthly rentals payable under the agreements are as follows:

	2016	2015
	-----Rupees in thousand-----	
Not later than one year	<u>73</u>	<u>1,532</u>
Later than one year but not later than five years	<u>-</u>	<u>73</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

12 PROPERTY, PLANT AND EQUIPMENT

30 June 2016 30 June 2015
—Rupees in thousand —

Operating fixed assets	- note - 12.1	407,654	268,303
Capital work in progress	- note - 12.5	-	21,533
		<u>407,654</u>	<u>290,236</u>

12.1 Operating fixed assets - for the year ended June 30, 2016

PARTICULARS	COST/REVALUED AMOUNT				DEPRECIATION				Net book value as at 30 June 2016		
	As at 01 July 2015	Additions / Revaluation	Disposals	Transfers	As at 30 June 2016	Annual rates	As at 01 July 2015	Disposals		Transfers	For the year
Rupees in thousand											
Assets owned by the Company											
Tangible Assets											
Free hold land	171,560	114,780	-	-	286,740	-	-	-	-	-	286,740
Factory building- on free hold land	65,731	24,498	-	-	90,229	10%	47,701	-	-	2,007	48,708
Office building- on free hold land	817	-	-	-	817	5%	689	-	-	6	705
Plant and machinery	224,919	1,730	-	-	226,649	10%	199,893	-	-	6,675	186,368
Electric insulation and equipment	20,315	6,263	-	-	26,598	10%	14,712	-	-	874	15,586
Fire fighting equipment	78	-	-	-	78	10%	38	-	-	4	42
Service and other equipment	580	-	-	-	580	10%	525	-	-	6	531
Office equipment	5,990	12	-	-	5,992	10%	3,357	-	-	264	3,621
Laboratory equipment	3,548	410	-	-	3,958	10%	3,122	-	-	70	3,192
Permanent and special equipment	261	-	-	-	261	10%	241	-	-	2	243
Furniture, fixtures and fittings	1,529	-	-	-	1,529	10%	891	-	-	64	955
Vehicles	13,863	1,263	-	-	15,126	20%	10,458	-	-	822	11,310
Railway siding	417	-	-	-	417	10%	407	-	-	1	408
Cycles and scooters	77	-	-	-	77	20%	55	-	-	4	59
Arms and ammunition	141	-	-	-	141	10%	27	-	-	11	38
Furnace	197	-	-	-	197	10%	154	-	-	4	198
30 June 2016	510,413	148,976	-	-	659,389		242,110	-	-	10,814	252,924
Assets subject to finance lease											
Vehicles	-	1,297	-	-	1,297	20%	-	-	-	108	1,189
30 June 2016	510,413	150,273	-	-	660,666		242,110	-	-	10,922	253,832
											407,654

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

12.2. Operating fixed assets - for the year ended June 30, 2015

PARTICULARS	COST/REVALUED AMOUNT				DEPRECIATION				Net book value as at 30 June 2015			
	As at 01 July 2014	Additions / Revaluation	Disposals	Transfers	As at 30 June 2015	Annual rates	As at 01 July 2014	Disposals		Transfers	For the year	As at 30 June 2015
-----Rupees in thousand-----												
Assets owned by the Company												
<u>Tangible Assets</u>												
Free hold land	171,960	-	-	-	171,960	-	-	-	-	-	-	171,960
Factory building- on free hold land	65,731	-	-	-	65,731	10%	45,697	-	-	2,004	47,701	18,030
Office building- on free hold land	817	-	-	-	817	5%	693	-	-	6	699	118
Plant and machinery	219,801	5,118	-	-	224,919	10%	162,779	-	-	6,914	159,693	65,226
Electric insulation and equipment	19,948	367	-	-	20,315	10%	14,117	-	-	595	14,712	5,603
Fire fighting equipment	78	-	-	-	78	10%	34	-	-	4	38	40
Service and other equipment	560	-	-	-	560	10%	519	-	-	6	525	55
Office equipment	5,617	363	-	-	5,980	10%	3,094	-	-	263	3,357	2,623
Laboratory equipment	3,548	-	-	-	3,548	10%	3,074	-	-	48	3,122	426
Permanent and special equipment	261	-	-	-	261	10%	239	-	-	2	241	20
Furniture, fixtures and fittings	1,520	9	-	-	1,529	10%	820	-	-	71	891	638
Vehicles	15,473	1,000	2,610	-	13,863	20%	11,573	1,818	-	733	10,488	3,375
Railway siding	417	-	-	-	417	10%	406	-	-	1	407	10
Cycles and scooters	77	-	-	-	77	20%	50	-	-	5	55	22
Arms and ammunition	33	108	-	-	141	10%	22	-	-	5	27	114
Furnace	197	-	-	-	197	10%	149	-	-	5	154	43
30 June 2015	506,058	6,965	2,610	-	510,413		233,266	1,818	-	10,662	242,110	268,303

NOTES TO THE FINANCIAL STATEMENTS
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12.3 The depreciation charged for the year has been allocated as follows:

Cost of sales	-note- 25.3	30 June 2016	30 June 2015
Administrative expenses	-note- 26	—Rupees in thousand—	—Rupees in thousand—
		9,639	9,575
		1,283	1,087
		<u>10,922</u>	<u>10,662</u>

12.4 The Company has revalued its freehold land on June 30, 1990, June 9, 2008, April 05, 2012 and April 26, 2016. The revaluation was carried out by independent valuers Mr. Anwar ul Haq in 1990 and M/S Hamid Mukhtar & Co. in 2008, 2012 and 2016 respectively to replace the carrying amount of land with local market values. The following aggregated net appraisal surplus arisen on the revaluation on June 30, 1990, June 09, 2008, April 05, 2012 and April 26, 2016 was credited to surplus on revaluation of property, plant and equipment to comply with the requirements of section 235 of the Companies Ordinance, 1984. The revaluation has resulted in aggregate increase in value of freehold land by Rupees 278,914 million (June 30, 2015: Rupees 164,134 million) which is included in book value of freehold land.

Had there been no revaluation, the cost of freehold land would have been as follows:

Freehold land	Cost	Accumulated depreciation	Net book value as at June 30, 2016
	—Rupees in thousand—		
	7,626	-	<u>7,626</u>

44 12.5 Capital work in progress

As at 01 July	Plant and Machinery	Building and Civil Works	Total
Additions	-	21,503	21,503
Transfer to operating fixed assets	-	2,565	2,565
As at 30 June	-	24,488	24,488
	-	(24,488)	(24,488)
	-	-	<u>21,533</u>

13 INTANGIBLE ASSETS

PARTICULAR	COST			AMORTISATION			Net book value as at 30 June 2016	Annual Rate
	As at 01 July 2015	As at 30 June 2016	Additions / (Deletions)	As at 01 July 2015	For the year	As at 30 June 2016		
Computer software	70	70	-	70	-	70	-	20%
30 June 2016	70	70	-	70	-	70	-	
30 June 2015	70	70	-	70	-	70	-	

13.1 The intangible asset has been fully amortized.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

14	LONG TERM DEPOSITS	30 June 2016	30 June 2015
		-----Rupees in thousand-----	
	Security deposits:		
	For Ijara	136	2,778
	Against asset subject to finance lease	259	-
	Others	1	1
		<u>396</u>	<u>2,779</u>
	Less:		
	Current portion shown under current assets	136	2,642
		<u>260</u>	<u>137</u>
	-note- 20		
15	DEFERRED TAXATION		
	Deferred tax on temporary differences comprises of:		
	Taxable temporary differences		
	Accelerated tax depreciation	15,618	13,018
	Assets held under finance lease	309	-
		<u>15,927</u>	<u>13,018</u>
	Deductible temporary differences		
	Unused tax losses	5,850	9,712
	Tax credits	9,767	3,306
	Liabilities against assets subject to finance lease	310	-
		<u>-</u>	<u>-</u>
	Deferred tax asset amounting to Rs. 9.851 million (June 2015 : Rs. 10.7 million) due to minimum tax credits have not been recognized as at Jun 30, 2016 as sufficient future taxable profits may not be available against which the said tax credits can be utilized.		
16	STORES, SPARE PARTS AND LOOSE TOOLS	30 June 2016	30 June 2015
		-----Rupees in thousand-----	
	Stores, spare parts and loose tools	18,156	29,365
	Packing material	1,078	968
		<u>19,234</u>	<u>30,333</u>
16.1	It is impracticable to distinguish stores, spare parts and loose tools, each from the other.		
16.2	Stores, spare parts and loose tools are generally held for internal use only.		
16.3	No item of stores, spare parts and loose tools is pledged as security as at the reporting date.		
17	STOCK-IN-TRADE	30 June 2016	30 June 2015
		-----Rupees in thousand-----	
	Raw material	52,866	104,280
	Finished goods:		
	Gelatine	141,752	55,291
	By- product Di-calcium Phosphate (DCP)	20	136
	-note- 17.1	<u>141,772</u>	<u>55,427</u>
		<u>194,638</u>	<u>159,707</u>
17.1	The entire stock of by- product di-calcium phosphate is carried at net realizable value.		
17.2	No item of stock-in-trade is pledged as security as at the reporting date.		
18	TRADE DEBTS		
	<i>Considered good:</i>		
	Unsecured - local	3,784	37
	-foreign	-	9,034
		<u>3,784</u>	<u>9,071</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

		30 June 2016	30 June 2015
		-----Rupees in thousand-----	
19	ADVANCES		
	<i>Considered good:</i>		
	Advances:		
	To staff - secured	-note- 19.1	1,586
	To suppliers - unsecured		828
		<u>394</u>	<u>1,472</u>
		<u>1,980</u>	<u>2,300</u>
19.1	These are amounts advanced to staff against future salaries and retirement benefits and are in accordance with Company policy.		
20	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
		30 June 2016	30 June 2015
		-----Rupees in thousand-----	
	Current portion of long term deposits	-note- 14	136
	Prepayments		2,642
		<u>2,154</u>	<u>1,737</u>
		<u>2,290</u>	<u>4,379</u>
21	OTHER RECEIVABLES		
	Sales tax refundable	-note- 21.1	8,142
	Other receivables - unsecured, considered good		8,915
		<u>823</u>	<u>563</u>
		<u>8,965</u>	<u>9,478</u>
21.1	This represents excess of input tax on purchases over sales tax payable.		
22	ADVANCE INCOME TAX-NET		
	Advance income tax		20,748
	Less: Adjustment for provision for taxation	-note- 31	19,608
	Advance income tax at the end of the year		<u>(7,878)</u>
			<u>12,204</u>
23	CASH AND BANK BALANCES		
	With banks:		
	on current accounts:		
	Local currency		962
	Cash in hand		1,034
		<u>213</u>	<u>180</u>
		<u>1,175</u>	<u>1,214</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

24 SALES - NET		30 June 2016	30 June 2015
		-----Rupees in thousand-----	
Export sales	-note- 24.1	49,628	101,715
Local sales	-note- 24.2	678,036	590,063
		<u>727,664</u>	<u>691,778</u>
24.1 Export sales			
Gelatine		49,628	101,715
		<u>49,628</u>	<u>101,715</u>
24.2 Local sales			
Gelatine		528,635	450,576
Di-Calcium Phosphate, by- product		204,236	172,516
		<u>732,871</u>	<u>623,092</u>
Less: sales tax		54,225	32,959
trade discounts		610	70
		<u>54,835</u>	<u>33,029</u>
		<u>678,036</u>	<u>590,063</u>
25 COST OF SALES			
Raw material consumed	-note- 25.1	389,884	343,573
Stores, spare parts and loose tools consumed		21,415	12,706
Packing material consumed		7,387	7,236
Salaries, wages and benefits	-note- 25.2	63,552	55,788
Fuel and power		192,916	200,579
Factory overheads	-note- 25.3	60,372	64,356
Insurance claim		-	(56,434)
		<u>735,526</u>	<u>627,804</u>
Add: opening work in process		-	-
Less: closing work in process		-	-
		<u>735,526</u>	<u>627,804</u>
Cost of goods manufactured		735,526	627,804
Add: opening stock of finished goods		55,427	50,680
Less: closing stock of finished goods		141,772	55,427
		<u>(86,345)</u>	<u>(4,747)</u>
		<u>649,181</u>	<u>623,057</u>
25.1 Raw material consumed			
Opening stock		104,280	78,687
Purchases		338,469	369,166
		<u>442,749</u>	<u>447,853</u>
Less: closing stock		52,865	104,280
		<u>389,884</u>	<u>343,573</u>
25.2 Salaries, wages and benefits include employer's contribution to recognised provident fund amounting to Rupees 1,472,774 (June 30, 2015: Rupees 1,243,076).			
25.3 Factory overheads		30 June 2016	30 June 2015
		-----Rupees in thousand-----	
Indirect labour wages		19,847	11,065
Insurance		2,440	2,173
Medical expenses		550	386
Repair and maintenance		9,473	11,011
Depreciation	-note- 12.3	9,639	9,575
Loading and unloading		3,468	3,854
ijara lease rentals		356	4,170
Apportionment of sales tax	-note- 25.4	14,278	20,937
Miscellaneous expenses		320	1,185
		<u>60,371</u>	<u>64,356</u>
25.4 This includes related input tax on supplies exempt under sixth schedule of the Sales Tax Act, 1990 Rupees 14,278,350 (June 30, 2015: Rupees 20,633,756).			

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

26 OTHER INCOME	30 June 2016	30 June 2015	
	-----Rupees in thousand-----		
Income from financial assets:			
Foreign exchange gain	198	499	
Income from non-financial assets:			
Gain on disposal of property, plant and equipment	-	1,008	
Penalty from State Bank of Pakistan on export recovered	-	977	
	-	1,985	
	<u>198</u>	<u>2,484</u>	
27 DISTRIBUTION COST			
Shipping expenses	2,235	2,296	
Commission on exports	-	1,000	
Other expenses	788	608	
	<u>3,023</u>	<u>3,904</u>	
28 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	-note- 28.1	30,146	26,790
Insurance		1,216	1,594
Vehicle running and maintenance		7,232	9,298
Rent, rates and taxes		2,108	2,035
Travelling and conveyance		840	954
Legal and professional charges		1,167	531
Printing and stationery		574	510
Fees and subscription		1,599	2,117
Telephone and postage		1,091	845
Repair and maintenance		746	532
Auditors' remuneration	-note- 28.2	482	432
Entertainment		873	925
Ijara lease rentals		1,155	2,287
Utilities		458	454
Depreciation	-note- 12.3	1,283	1,087
Amortisation	-note- 13	-	-
Security expenses		1,903	1,750
Miscellaneous expenses		796	2,717
		<u>53,669</u>	<u>54,858</u>
28.1 Salaries, wages and benefits include employer's contribution to recognised provident fund	amounting to Rupees 914,633 (June 30, 2015: Rupees 852,796).		
28.2 Auditors' remuneration	30 June 2016	30 June 2015	
	-----Rupees in thousand-----		
Audit fee	360	320	
Half yearly review fee	75	65	
Out of pocket expenses	47	47	
	<u>482</u>	<u>432</u>	
29 OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund	-note- 8.1	572	89
Workers' Welfare Fund	-note- 29.1	217	82
Donations	-note- 29.2	72	107
Penalty from State Bank of Pakistan on export		1,159	-
Insurance claim written off		-	375
		<u>2,020</u>	<u>653</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

29.1 Provision for Workers' Welfare Fund has been made as per Workers' Welfare Fund Ordinance, 1971 at prescribed rate under this statute.

29.2 None of the directors or their spouses had any interest in the donees in respect of donations made by the Company.

30 FINANCE COST

	30 June 2016	30 June 2015
	-----Rupees in thousand-----	
Mark-up/ interest on:		
Short term borrowings	8,497	9,023
Liabilities against assets subject to finance lease	28	-
Workers' Profit Participation Fund	18	72
Bank charges and commission	800	1,154
	<u>9,343</u>	<u>10,249</u>

-note- 8.1

31 TAXATION

Current-for the year	7,369	6,947
-for prior years	509	457
	<u>7,878</u>	<u>7,404</u>
Deferred- current year	103	8,503
- effect of change in tax rate	(103)	36
	<u>-</u>	<u>8,539</u>
	<u>7,878</u>	<u>15,943</u>

31.1 The provision for current taxation has been made under Section 113 and Section 154 of Income Tax Ordinance, 2001. Therefore, a numeric tax rate reconciliation has not been included in these financial statements.

31.2 Assessments upto tax year 2015, except for tax year 2014, are deemed assessments in terms of Section 120(1) of Income Tax Ordinance 2001, as per Income tax returns of the Company. The tax return for year 2014 has been selected for total audit under section 214C of the Income Tax Ordinance, 2001. The Company has filed a writ petition in the Honourable Lahore High Court against the alleged selection of total audit of the Company. The Honourable Lahore High Court has restrained Income Tax Department to take any further action against the Company under section 122(9) of Income Tax Ordinance, 2001.

32 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

	30 June 2016	30 June 2015
	-----Rupees in thousand-----	
There was no dilutive effect on basic earnings per share of the Company which is based on:		
Profit / (loss) after taxation attributable to ordinary shareholders of the Company	2,748	(14,402)
Weighted average number of ordinary shares outstanding during the year	7,500	7,500
Earning / (loss) per share	0.37	(1.92)

**NOTES TO THE FINANCIAL STATEMENTS
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	30 June 2016	30 June 2015
	-----Rupees in thousand-----	
33 CASH GENERATED FROM OPERATIONS		
Profit before taxation	10,626	1,541
Adjustments for:		
Depreciation	10,922	10,662
Amortisation	-	-
Provision for employee retirement benefits	2,387	2,096
Finance cost	9,343	10,249
Provision for Workers' Profit Participation Fund	572	89
Provision for Workers' Welfare Fund	217	82
Gain on disposal of property, plant and equipment	-	(1,008)
	<u>23,441</u>	<u>22,170</u>
Operating profit before changes in working capital	34,067	23,711
Changes in working capital		
(Increase)/ decrease in current assets:		
Stores, spare parts and loose tools	11,099	(9,548)
Stock-in-trade	(34,931)	(30,340)
Trade debts	5,287	804
Advances	320	(24)
Trade deposits and short term prepayments	2,089	(3,202)
Other receivables	(260)	(209)
Increase/ (decrease) in current liabilities:		
Trade and other payables	(30,305)	38,611
	<u>(12,634)</u>	<u>19,803</u>
34 CASH AND CASH EQUIVALENTS		
Cash and bank balances	-note- 23	<u>1,175</u>
		<u>1,214</u>
35 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS		
35.1 Depreciation / amortisation methods, rates and useful lives		
The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment and intangible assets annually by considering expected pattern of economic benefits that the Company expects to derive from that item.		
35.2 Recoverable amounts of assets / cash generating units		
The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amounts if there is any such indication.		
35.3 Taxation		
The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.		
35.4 Provisions		
Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.		
35.5 Revaluation of freehold land		
Revaluation of freehold land is carried out by independent professional valuers. Revalued amounts are determined by the reference to local market values.		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

36 FINANCIAL RISK MANAGEMENT

36.1 Financial instruments

30 June 2016 30 June 2015
-----Rupees in thousand-----

The following are financial instruments by category:

Non- derivative financial assets

Loans and receivables

Security deposits	137	2,779
Trade debts	3,784	9,071
Advances	1,586	828
Other receivables	823	563
Cash and bank balances	1,175	1,214
	<u>7,505</u>	<u>14,455</u>

Non- derivative financial liabilities

Financial liabilities at amortized cost

Liabilities against assets subject to finance lease	1,190	-
Short term borrowings	164,032	119,900
Mark up accrued	2,206	1,770
Trade and other payables	105,415	117,133
	<u>272,843</u>	<u>238,803</u>

The Company's activities expose it to a variety of financial risks including effects of changes in foreign exchange rates, market interest rates, credit and liquidity risks associated with various financial assets and liabilities. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

36.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amounts of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date is as under:

30 June 2016 30 June 2015
-----Rupees in thousand-----

Security deposits	137	2,779
Trade debts	3,784	9,071
Advances	1,586	828
Other receivables	823	563
Bank balances	962	1,034
	<u>7,292</u>	<u>14,275</u>

The maximum exposure to credit risk for trade debts amounting to Rupees 3.784 million (June 30, 2015: Rupees 9.071 million) at the balance sheet date by geographic region is as under:

30 June 2016 30 June 2015
-----Rupees in thousand-----

Domestic	3,784	37
Export	-	9,034
	<u>3,784</u>	<u>9,071</u>

The export debtors of the Company was situated in Germany.

The maximum exposure to credit risk for trade debts amounting to Rupees 3.784 million (June 30, 2015: Rupees 9.071 million) at the balance sheet date by type of customer is as under:

30 June 2016 30 June 2015
-----Rupees in thousand-----

Whole seller / distributor	-	-
End user customers	3,784	9,071
	<u>3,784</u>	<u>9,071</u>

**NOTES TO THE FINANCIAL STATEMENTS
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The aging of trade debts at the balance sheet date is as under:

	30 June 2016	30 June 2015
	-----Rupees in thousand-----	
Not past due	3,755	9,034
Past due 1-30 days	-	7
Past due 31-120 days	29	30
Past due 121-365 days	-	-
More than one year	-	-
	<u>3,784</u>	<u>9,071</u>

The Company continuously monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery. The Company manages credit risk by limiting significant exposure to individual customers and obtaining advances against sales. Based on historic record the Company believes that no impairment allowance is necessary in respect of trade debts past due amounts. Further, bank balances are held only with reputable banks with high quality credit ratings. The short term credit ratings of the banks range from A-1+ to A-1 and long term credit ratings range from AAA to A as determined by PACRA and JCR-VIS.

36.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company closely monitors its liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The following are contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	2 to 5 years	More than 5 years
Liabilities against assets subject to finance lease	1,190	1,298	195	195	908	-
Short term borrowings	164,032	165,389	165,389	-	-	-
Mark up accrued	2,206	2,206	2,206	-	-	-
Trade and other payables	105,415	105,415	105,415	-	-	-
Rupees in thousand 2016	<u>272,843</u>	<u>274,308</u>	<u>273,205</u>	<u>195</u>	<u>908</u>	<u>-</u>
Short term borrowings	119,900	120,759	120,759	-	-	-
Mark up accrued	1,770	1,770	1,770	-	-	-
Trade and other payables	117,133	117,133	117,133	-	-	-
Rupees in thousand 2015	<u>238,803</u>	<u>239,662</u>	<u>239,662</u>	<u>-</u>	<u>-</u>	<u>-</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at 30 June. The rates of mark up have been disclosed in notes 7.1, 10.1, 10.2, 10.3 and 10.4 to these financial statements.

36.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and the liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

35.4.1 Currency risk

The Company is exposed to currency risk on trade debts Rupees nil (June 30, 2015: Rupees 9.034 million) that are denominated in a currency other than the functional currency of the Company. The Aggregate balance sheet exposure to currency risk works out to be nil (June 30, 2015: Rupees 9.034 million). The currency in which these transactions primarily are denominated is U.S. Dollar.

Average rates	
2016	2015

Balance sheet date rate	
2016	2015

Significant exchange rates applied during the year:

US Dollar	104.30	100.77	104.50	101.79
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**NOTES TO THE FINANCIAL STATEMENTS
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Sensitivity analysis

A 10 percent strengthening of the Rupee against above mentioned currencies at 30 June would have increased / decreased the loss / profit respectively for the year by Rupees nil (June 30, 2015: Rupees 0.903 million) mainly as a result of net foreign exchange loss on translation of foreign currency trade debts. The analysis assumes that all other variables remain constant. A 10 percent weakening of the Rupee against above currencies at 30 June would have had the equal but opposite effect on the profit and loss account, on the basis that all other variables remain constant.

35.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings from banks. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is given below:

There are no fixed rate financial liabilities as at June 30, 2016 (June 30, 2015: Rupees nil million). The Company does not account for any fixed rate financial liabilities at fair value through profit and loss. Therefore, changes in interest rate at reporting date would not effect profit and loss account.

The variable rate financial liabilities as at June 30, 2016 aggregated to Rupees 135.779 million (June 30, 2015: 101.411 million). A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased the loss / profit for the year by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	<u>Profit & loss</u>	
	<u>100 bp increase</u>	<u>100 bp decrease</u>
	-----Rupees in thousand-----	
As at June 30, 2016		
Cash flow sensitivity - variable rate instruments	(97)	97
As at June 30, 2015		
Cash flow sensitivity - variable rate instruments	(84)	84

36.5 Fair value of financial assets and liabilities

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A financial Instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Company classifies fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value. Fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e., as prices), or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs.

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

**36.6 Fair value measurement- non-financial
assets**

(i) Fair value hierarchy

Judgments and estimates are made for non-financial assets that are measured at fair value in these financial statements. To provide an indication of the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into following three levels.

	-----Rupees in thousand-----			Total
	Level 1	Level 2	Level 3	
As at June 30, 2016				
Freehold land	-	286,740	-	286,740
As at June 30, 2015				
Freehold land	-	171,960	-	171,960

(ii) Valuation technique used in determining level 2 fair value

The Company obtains independent valuations of its freehold land at revalued amounts every three to five years. The best evidence of fair value of freehold land is current prices in an active market for similar lands.

(iii) Valuation process

The Company engages external, independent and qualified valuers to determine the fair value as detailed in note 6.2 of the financial statements.

37 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

Consistent with others in industry, the company monitors capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt represent total of long term financing and short term borrowings less cash and bank balances. Total capital is calculated as equity shown in balance sheet plus net debt. There were no changes in the Company's management during the year and the Company is not subject to externally imposed capital requirement.

	30 June 2016	30 June 2015
	-----Rupees in thousand-----	
Total borrowing	165,222	119,900
Less: Cash and bank balances	<u>1,175</u>	<u>1,214</u>
Net debt	164,047	118,686
Total equity	<u>74,228</u>	<u>71,480</u>
Total capital	<u><u>238,275</u></u>	<u><u>190,166</u></u>
Gearing ratio	68.85%	62.41%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

38 OPERATING SEGMENTS

38.1 These financial statements have been prepared on the basis of a single reportable segment.

38.2 Sales revenue from gelatine products and di-calcium phosphate (by-product) represent 73.41% and 26.59% (June 30, 2015: 75.11% and 24.89%) of the total revenue of the Company respectively.

38.3 All non-current assets of the Company as at June 30, 2016 are located in Pakistan.

38.4 Sales to Merck Pharmaceutical (Pvt) Limited Pakistan is around 16.61% (2015: 19.56 %) and to Gelcaps Pakistan Limited is around 13.94% (2015: 13.33%) during the year ended June 30, 2016.

38.5 The sales percentage by geographic region is as follows:

	30 June 2016	30 June 2015
	%	%
Pakistan	93.15	85.27
Malaysia	3.79	8.26
Zambia	1.69	-
Germany	-	2.60
South Africa	1.31	3.87
Netherland	0.06	-
	<u>100.00</u>	<u>100.00</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	Rupees in thousand		Rupees in thousand		Rupees in thousand	
Managerial remuneration	1,974	2,020	2,302	285	285	7,599
Contribution to provident fund	93	95	109	-	-	290
	2,067	2,115	2,411	285	285	7,889
Number of Persons	1	1	2	1	1	6

39.1 In addition to above the chief executive, and two directors are provided with free use of company maintained cars.

39.2 No fee for attending Board meetings was paid to non executive directors.

40 TRANSACTION WITH RELATED PARTIES

The related parties comprise of associated company, key management personnel and post employment contribution plan. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows.

Nature of relation	Nature of transaction	30 June 2016	30 June 2015
		Rupees in thousand	
40.1 Key management personnel			
	Loan obtained from chief executive	12,250	7,800
	Loan repaid to chief executive	8,275	8,675
	Loan obtained from director	10,700	-
	Loan repaid to director	3,700	-
	Managerial remuneration	4,762	4,768
40.2 Contribution to provident fund	Contribution to provident fund trust	2,387	2,096

40.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director. The Company's key management personnel comprise of Chief Executive and Directors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

41 PROVIDENT FUND

	30 June 2016	30 June 2015
	-----Rupees in thousand-----	
Size of the fund - total assets	139,007	133,436
Percentage of investment made	73.38%	84.65%
Fair value of investments	101,998	112,947
Cost of investments made	42,746	55,345

41.1 Break up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2016		2015	
	Investments Rupees in thousand	Investment as % of size of the fund	Investments Rupees in thousand	Investment as % of size of the fund
Unit Trust Schemes	43,499	31.29%	41,976	31.46%
Mutual Funds	1,565	1.13%	1,813	1.36%
Savings Schemes of Banks	2,396	1.72%	2,594	1.94%
Bank Deposits	13,201	9.50%	26,891	20.15%
Listed Securities	41,337	29.74%	39,673	29.73%
	101,998	73.38%	112,947	84.65%

41.2 Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

41.3 The above information for the year ended June 30, 2016 is based on un-audited financial statements of the provident fund and audited financial statements of the Provident fund for the year ended June 30, 2015.

42 PLANT CAPACITY AND ACTUAL PRODUCTION

Estimated plant capacity in metric tons

	30 June 2016	30 June 2015
Gelatine (Blended / Unblended)	2,000	2,000
Di-calcium Phosphate	9,000	9,000

Actual production in metric ton

Gelatine (Blended / Unblended)	956	828
Di-calcium Phosphate	4,175	3,845

Under utilization is primarily due to severe energy crises and export of crushed bone out of Pakistan which has created difficulties in procurement of raw materials.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

43 NUMBER OF EMPLOYEES

	2016	2015
Number of employees at June 30,		
Permanent	238	246
Contractual	10	10
Average number of employees during the year		
Permanent	249	246
Contractual	11	11

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 07, 2016 by the Board of Directors of the Company.

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45 GENERAL

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

45.2 Corresponding figures have been re-classified, wherever necessary, for purposes of comparison. Following figures have been re-arranged and re-classified for better presentation.

Nature	Note	Previously classified under	Note	Now classified under	Amount in thousand
	Previous		Current		
Ijara lease rentals	24.3	Factory overhead	25.3	Administrative expenses	2,287
Insurance	27	Administrative expenses	28	Factory overhead	2,173

LAHORE
Dated: October 07, 2016

IBRAR AHMED KH.
Director

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

FORM 34

PATTERN OF SHAREHOLDERS AS AT 30TH JUNE, 2016

NO. OF SHAREHOLDERS	SHAREHOLDING				TOTAL SHARES HELD
151	FROM	1	TO	100	7,039
237	FROM	101	TO	500	54,308
31	FROM	501	TO	1000	28,541
121	FROM	1001	TO	5000	398,247
6	FROM	5001	TO	10000	51,700
5	FROM	10001	TO	15000	60,300
1	FROM	15001	TO	20000	20,800
1	FROM	20001	TO	25000	26,000
1	FROM	25001	TO	30000	30,500
3	FROM	35001	TO	40000	113,020
3	FROM	45001	TO	50000	150,000
2	FROM	50001	TO	55000	105,800
1	FROM	70001	TO	75000	74,000
2	FROM	75001	TO	80000	150,960
2	FROM	105001	TO	110000	211,360
1	FROM	145001	TO	150000	145,390
3	FROM	155001	TO	160000	480,000
2	FROM	170001	TO	175000	340,600
1	FROM	175001	TO	180000	176,700
1	FROM	185001	TO	190000	187,400
1	FROM	200001	TO	205000	202,500
2	FROM	210001	TO	215000	429,200
1	FROM	270001	TO	275000	270,300
1	FROM	300001	TO	305000	304,550
1	FROM	330001	TO	335000	330,020
1	FROM	365001	TO	370000	370,000
1	FROM	415001	TO	420000	420,000
1	FROM	655001	TO	660000	657,900
1	FROM	750001	TO	755000	751,765
1	FROM	950001	TO	955000	951,100
586					7,500,000

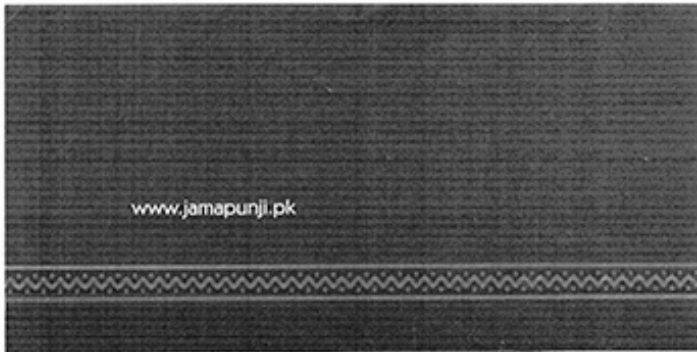
Categories of shareholders	No. of shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	10	4,279,935	57.0658%
Associated Company	1	370,000	4.9333%
NIT and ICP	1	25	0.0003%
Banks Development Financial Institution, Non Banking Financial Institution	3	18,752	0.2500%
General Public	563	2,802,630	37.3684%
Joint Stock Companies	6	26,076	0.3477%
Pension Funds	1	2,494	0.0333%
Other Companies	1	88	0.0012%
Share holders holding 10% or more	3	2,452,885	32.7051%

**Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2016**

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	INA SECURITIES (PVT) LIMITED.	370,000	4.9333%
Mutual Funds (Name Wise Detail)			
		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	KH. IMTIAZ AHMED	751,765	10.0235%
2	KH. AHMED HASSAN	750,020	10.0003%
3	MR. IJAZ AHMED KHAWAJA	304,550	4.0607%
4	MR. UMAR RIAZ KHAWAJA	214,600	2.8613%
5	KH. IBRAR AHMED	951,100	12.6813%
6	MR. IQBAL DOSSA (CDC)	176,700	2.3560%
7	MIAN ZIA UDDIN (CDC)	500	0.0067%
8	MRS. NAVIDA IMTIAZ W/O KH. IMTIAZ AHMED	657,900	8.7720%
9	MRS. NEELUM NAZ W/O KH. IJAZ AHMED	202,500	2.7000%
10	MRS. NAUSHEEN IBRAR W/O KH. IBRAR AHMED	270,300	3.6040%
Executives:		657,900	8.7720%
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		21,246	0.2833%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	KH. IBRAR AHMED	951,100	12.6813%
2	KH. IMTIAZ AHMED	751,765	10.0235%
3	KH. AHMED HASSAN	750,020	10.0003%
4	MRS. NAVIDA IMTIAZ W/O KH. IMTIAZ AHMED	657,900	8.7720%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	NAME	SALE	PURCHASE
1	KH. AHMED HASSAN (CDC)	10,000	-



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Form of Proxy

The Company Secretary,
Leiner Pak Gelatine Ltd.
17-G, Gulberg2,
Lahore-54660

ANNUAL GENERAL MEETING

I/ We _____
of _____ being a member of LEINER PAK GELATINE LIMITED,
holder of _____ Ordinary Shares as per Share Register Folio No. _____
(No. of Shares)

_____ and/or CDC Participant I.D. No. _____
and Sub Account No. _____ hereby appoint _____
Of _____
Or failing him _____ of _____
as my/our proxy to vote for me /us and on my / our behalf at the Annual General Meeting of the Company to be held on 31st day of October, 2016 and at any adjournment thereof.

Signed this _____ day of _____ 2016

WITNESSES

1. **Signature** _____

Name _____

Address _____

NIC or _____

Passport No. _____

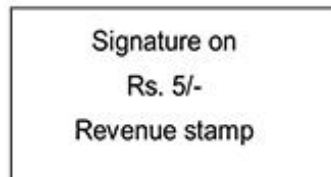
2. **Signature** _____

Name _____

Address _____

NIC or _____

Passport No. _____



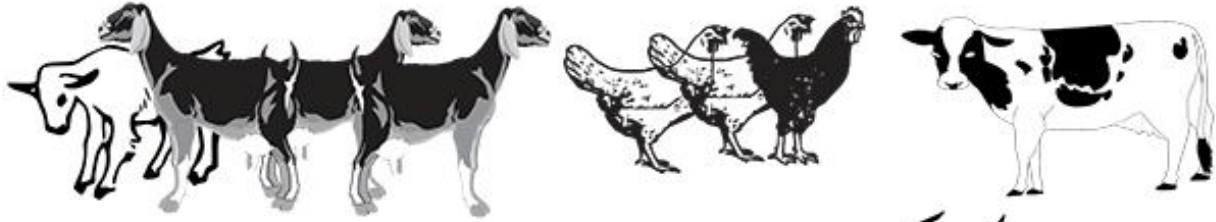
(Signature should agree with the specimen signature registered with the Company)

Note:

1. A member entitled to be present and vote at the Meeting may appoint a proxy to attend and vote for him / her. A proxy need be a member of the Company.
2. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.
3. **CDC Shareholders and there Proxies** must each attach an attested photocopy of there National Identity Card of Passport with this proxy form.



پولٹری فیڈز میں استعمال کیلئے بون میل۔ میٹ میل
اور ڈائی کیلشیم فاسفیٹ دستیاب ہیں۔



پیکنگ کے وقت

50 کلوگرام

دودھ اور گوشت میں اضافہ کی ضمانت

لائسنر پاک جیلاٹین لمیٹڈ لاہور پاکستان

لاہور آفس: جی/ہسٹال باکس-3529، 17-جی، گلبرگ-2، لاہور۔ 54660

فون نمبر: 092-42-35756953-54 فیکس نمبر: 092-42-35710604

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Works: 19-Kilometer, Shahrah-e-Pakistan, Kala Shah Kaku,
District Sheikhupura.