

UN-AUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2013.







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COMPANY INFORMATION BOARD OF DIRECTORS

Ijaz Ahmed Khwaja

Khwaja Imtiaz Ahmed Chief Executive & Managing Director

Chairman

Ibrar Ahmed KhwajaExecutive DirectorKhwaja Ahmed HassanExecutive DirectorMian Zia-Ud-DinIndependent DirectorUmer Riaz KhwajaNon-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 Khwaia (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.P.O. Box No. 415, Lahore-54660 Ph. #: 0092-42-35756953-54, Fax #: 0092-42-35710604

PLANT

19th Kilometer,

Shahrah-e-Pakistan, Kala Shah Kaku, District Sheikhupura.

Ph. #: 0092-42-37950018 - 37980179

BANKERS

Bank Al Habib Limited United Bank Limited MCB Bank Limited-Islamic Banking Bank Alfalah Limited-Islamic Banking Bank Islami Pakistan Limited

DIRECTORS' REVIEW

The Directors are pleased to present the accounts of the company for the Half year ended December 31, 2013 along with Auditors' Report there on.

OPERATION

During the period under review company registered sales at Rs.118.710 million which is marginally low sales as compared to sales of the same corresponding period of last year.

Flood affects continued to play its role which curtailed the production period of last six months. A lean amount of gross profit (Rs.3.875 million) and other elements of fixed operating costs brought the loss before tax at Rs.(26.603) million. Insurance claims lodged with Insurance Company (IGI Insurance Limited) will be finalized very soon which shall further support company's operations in coming days.

FUTURE PROSPECTS

Company's production facilities are completely overhauled and production process is running un interrupted. It is expected that losses due to flood affects be reduced in the remaining period of current financial year.

ACKNOWLEDGEMENT

We really acknowledge the efforts of all friends, employees and well wishers who really helped us in this difficult period.

We also appreciate the management of IGI Insurance Limited for their cooperation and in time support.

On Behalf of the Board

Lahore February 28, 2014 KH.IMTIAZ AHMED Chief Executive & Managing Director

Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Leiner Pak Gelatine Limited as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the interim financial information for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan for the interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended December 31, 2013 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended December 31, 2013 and December 31, 2012 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

LAHORE Dated: February 28, 2014 M. ALMAS & CO.

Chartered Accountants Engagement Partner Mohammad Almas

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2013

		(Un-audited) December 31, 2013	(Audited) June 30, 2013
EQUITY AND LIABILITIES	Note	Rupees in	thousand
Share capital and reserves			
Share capital	7	75,000	75,000
Unappropriated profit		35,559 110,559	63,838 138,838
Surplus on revaluation of property, plant and equipment		164,134	164,134
Non-current liabilities			
Deferred taxation		9,507	9,355
Current liabilities			
Trade and other payables		138,817	113,400
Mark-up accrued		1,821	1,854
Short term borrowings	8	126,508	131,186
Contingencies and commitments	10	267,146	246,440
Contingencies and communents	10	551,346	558,767
ASSETS		,	
Non-current assets			
Property, plant and equipment	11	278,240	281,317
Intangible assets		1	8
Long term deposits		2,779	2,643
Current assets		281,020	283,968
Stores, spare parts and loose tools		10,006	11,240
Stock-in-trade		212,829	198,011
Trade debts		1,122	34,761
Advances		3,266	1,075
Trade deposits and short term prepayments		967	1,530
Other receivables Advance income tax-net		28,565	14,572 10,028
Cash and bank balances		11,434 2,137	3,582
Sasti and Barit Balanoos		270,326	274,799
		EE4 240	EE0 707
		551,346	558,767

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

IBRAR AHMED KH Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2013

		Six months period ended		Three months period ended		
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	
	Note	Rupees in the	ousand	Rupees in th	ousand	
Sales-net		118,710	288,762	58,089	152,393	
Cost of sales		114,835	249,372	46,564	133,731	
Gross profit		3,875	39,390	11,525	18,662	
Other income		2,517	840	366	797	
		6,392	40,230	11,891	19,459	
Distribution cost		982	2,559	-	1,307	
Administrative expenses		23,515	24,069	12,621	12,846	
Other operating expenses		2,905	1,797	2,859	360	
Finance cost		5,593	6,465	2,216	3,126	
(Loss) / profit before taxation		(26,603)	5,340	(5,805)	1,820	
Taxation		1,676	3,576	1,040	2,344	
(Loss) / profit after taxation		(28,279)	1,764	(6,845)	(524)	
(Loss) / earning per share-basic and diluted (Rupees)	12	(3.77)	0.24	(0.91)	(0.07)	

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

IBRAR AHMED KH Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2013

	Six months period ended		Three months period ended		
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Note	Rupees in thousand		Rupees in thousand	
ation		(28,279)	1,764	(6,845)	(524)
rehensive income		-	-	-	-
ncome for the period		(28,279)	1,764	(6,845)	(524)

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

IBRAR AHMED KH

period ended period ended December 31. December 31. 2012 2013Rupees in thousand...... **CASH FLOW FROM OPERATING ACTIVITIES** (Loss) / profit before taxation (26,603)5.340 Adjustments for : Depreciation 5,765 5,621 Amortization Provision for employee retirement benefits 817 875 Finance cost 5,593 6,465 Provision for Workers' Profit Participation Fund 293 Gain on disposal of property, plant and equipment (554)(315)12.946 11.628 Operating profit before changes in working capital 18,286 (14,975)Changes in working capital (Increase) / decrease in current assets:

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2013

Trade and other payables Cash generated from operations	25,547 15,292	22,008 24,625
Finance cost paid Payments to provident fund	(5,626) (947)	(6,861) (814)
Taxes paid Sales tax (payments) / refund	(2,930) (286)	(3,334) 3,396
Workers' Profit Participation Fund paid Net cash generated from operating activities	5,503	(60) 16,952
CASH FLOW FROM INVESTING ACTIVITIES		

Increase in long term deposits
Net cash used in investing activities
CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from disposal of property, plant and equipment

Additions to property, plant and equipment

Stores, spare parts and loose tools

Trade deposits and short term prepayments

Increase / (decrease) in current liabilities

Stock-in-trade Trade debts

Other receivables

Advances

Repayments of long term financing	-	(2,500)
Repayment of liabilities against assets subject to finance lease	-	(355)
Decrease in short term borrowings	(4,678)	(10,625)
Dividend paid		(1,477)
Net cash used in financing activities	(4,678)	(14,957)
Net decrease in cash and cash equivalents	(1,445)	(549)
Cash and cash equivalents at the beginning of the period	3,582	2,403
Cash and cash equivalents at the end of the period	2.137	1.854

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

IBRAR AHMED KH

KH.IMTIAZ AHMED Chief Executive & Managing Director Lahore: February 28, 2014

Six months

1,234

(14,818)

33,639

(13,707)

(3,058)

924

(136)

(2,270)

(2,191)

563

Six months

(927)

(35,201)

26,588

(6,705)

(2,399)

(2,544)

779

(924)

589 (13)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2013

	Share capital Issued, subscribed and paid up share capital	Un appropriated profit	Total
	Rupees	s in thousand	
Balance as at 01 July 2012	75,000	64,130	139,130
Final cash dividend for the year ended June 30, 2012 (Rupees 0.75 per share)	-	(3,010)	(3,010)
Total comprehensive income for the six months period ended 31 December 2012	od -	1,764	1,764
Balance as at 31 December 2012	75,000	62,884	137,884
Balance as at 01 July 2013	75,000	63,838	138,838
Total comprehensive loss for the six months period ended 31 December 2013	-	(28,279)	(28,279)
Balance as at 31 December 2013	75,000	35,559	110,559

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

IBRAR AHMED KH Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2013 (UN-AUDITED)

1 The Company and its operations

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

2 Basis of preparation

2.1 Statement of compliance

This condensed interim financial information of the Company for the six months period ended December 31, 2013 has been prepared in accordance with the requirements of the International Accounting Standard-34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

- 2.2 This condensed interim financial information is un-audited and is being submitted to the shareholders as required by the listing regulations of Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984.
- 2.3 Items included in condensed interim financial information are measured using the currency of the primary economic environment in which the Company operates. The condensed interim financial information is presented in Pakistan Rupees, which is the Company's functional and presentation currency.

3 Significant accounting polices

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual published financial statements for the year ended 30 June 2013.

Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the Company's operations or did not have any impact on the accounting policies of the Company.

4 Judgments, estimates and assumptions

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

Judgments, accounting estimates and assumptions made by the management in the preparation of this condensed interim financial information are the same as those applied in preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2013.

5 Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual published financial statements as at and for the year ended 30 June 2013.

6 On August 15, 2013, the flood water hit the factory causing loss to stock in trade, stores and spare parts and property plant & equipement. This had resulted into closure of production operations for about two months. The aforementioned assets are fully insured. After complete receed of the flood waters, the Company reassessed the damages and lodged revised claims for the same amount which aggregated to Rupees 94.522 million which after taking into account compulsory deductions and other insurer's covenants, are expected to be settled at Rupees 94 million. Therefore, the Company has recognised a loss of Rupees 0.522 million in other operating expenses on insurance claims relating to flood. Partial claims verified by the insurance company amounting to Rupees 80 million have so far been recieved by the Company before December 31, 2013.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2013 (UN-AUDITED)

			(Un-audited)	(Audited)	
			December 31,	June 30,	
			2013	2013	
7	Share capital		Rupees in	thousand	
	Authorised share capital				
	10,000,000 (June 30, 2013: 10,000,000) ordinary shares				
	of Rupees 10 each		100,000	100,000	
	Issued, subscribed and paid up share capital				
	7,500,000 (June 30, 2013: 7,500,000) ordinary shares				
	of Rupees 10 each issued as fully paid in cash		75,000	75,000	
			75,000	75,000	
8	Short term borrowings				
	From banking companies-secured				
	Finance against packing credit				
	Bank Al-Habib Limited	8.1, 8.4	24,913	23,180	
	Finance against foreign bills Bank Al-Habib Limited	8.2, 8.4	_	16,571	
	Running finance	0.2, 0.4		10,071	
	Bank Al-Habib Limited	8.3, 8.4	77,087	71,586	
			102,000	111,337	
	From related parties-unsecured				
	Loans from directors	8.5	24,508	19,849	
			126,508	131,186	

- 8.1 The finance against packing credit (FAPC-1) facility having sanctioned limit of Rupees 25 million (June 30, 2013: Rupees 25 million) has been obtained from Bank Al Habib Limited. The rate of mark- up on this facility is 11% (June 30, 2013: 10.40%) per annum payable quarterly or on adjustment of loan. The principal amount is to be adjusted / rolled over within 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 guarter whichever is higher. The facility is valid till August 07, 2014.
- 8.2 The finance against foreign bills (FAFB-REF) facility having sanctioned limit of Rupees 40 million (June 30, 2013: Rupees 40 million) has been obtained from Bank Al Habib Limited. The rate of mark-up on this facility is 11% (June 30, 2013: 10.40%) per annum payable quarterly or on adjustment of loan. 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 higher. The facility is valid till August 07, 2014.
- 8.3 The running finance facility having sanctioned limit of Rupees 70 million (June 30, 2013: 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, 2013: three months average KIBOR -Ask plus 1.75%) per annum payable quarterly. The sanctioned limit has temporarily been exceeded due to issuance of cheques which were presented after December 31, 2013. The facility is valid till August 07, 2014.
- 8.4 The facilities mentioned in 8.1, 8.2 and 8.3 are commonly secured against first charge of Rupees 180 million (June 30, 2013: Rupees 180 million) over current assets of the Company. First charge on fixed assets of Rupees 174 million (June 30, 2013: Rupees 174 million) comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku, Token Registered Mortgage of Rupees 0.5 million supported by equitable mortgage (in process), Initially ranking charge is registered with SECP for draw down. 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 Kh. Abrar Ahmed amounting to Rupees 155 million).
- 8.5 Loans from directors (Chief Executive & Director) are re-payable on demand and are non- interest bearing.
 - 9 A Charge of Rupees 20 million (June 30, 2013: Rupees 20 million) in favour of Bank Alfalah Limited Islamic banking, has been created on all present and future fixed assets (plant & machinery) of the Company including but not limited to complete de-humidification plant etc. The said charge has been created in respect of Ijara facility for de-humidification plant etc. to the Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2013 (UN-AUDITED)

10 Contingencies and commitments

There have been no significant changes in contingencies and commitments as disclosed in the notes to the preceding annual published financial statements for the year ended June 30, 2013.

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

	(Un-audited) December 31, 2013 Rupees in	June 30, 2013 thousand
Not later than one year	1,164	1,056
Later than one year but not later than five years	2,160	2,796

(Un-audited)

(Audited)

The Company has entered into Ijara arrangements with Bank Islami Pakistan Limited for vehicles and Bank Alfalah Limited-Islamic banking for de-humidification plant. Commitments for Ijara monthly rentals payable under the agreements are as follows:

			December 31, 2013 Rupees in	June 30, 2013 thousand
	Not later than one year		6,727	6,342
	Later than one year but not later than five years		4,980	6,216
11	Property, plant and equipment			
	Operating fixed assets	11.1	278,240 278,240	281,317 281,317
11.1	Opening book value Cost of additions during the period / year Less:	11.2	281,317 3,058	276,685 17,141
	Deletion during the period / year (book value) Depreciation charged during the period / year	11.3	370 5,765 278,240	820 11,689 281,317
11.2	Cost of addition during the period / year Factory building Plant and machinery Furniture, fixtures and fittings Electric installation and equipment Office equipment Vehicles		511 1,642 193 594 118 - 3,058	8,072 8,230 86 - 33 720 17,141

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2013 (UN-AUDITED)

(Un-audited) (Audited)
December 31, June 30,
2013 2013
..... Rupees in thousand.....

11.3 Deletion during the period / year

Owned

Vehicles:

Cost

Less: accumulated depreciation

1,879	2,293
1,509	1,473
370	820

12 (Loss) / earning per share-basic and diluted

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

	Six months po	eriod ended	Three months	period ended
	December 31,	December 31,	December 31,	December 31,
	2013	2012	2013	2012
	Rupees in	thousand	Rupees in	thousand
(Loss) / profit after taxation	(28,279)	1,764	(6,845)	(524)
	in thousand	in thousand	in thousand	in thousand
Weighted average number of ordinary shares	7,500	7,500	7,500	7,500
(Loss) / earning per share-basic and diluted- Rupees	(3.77)	0.24	(0.91)	(0.07)

13 Transactions with related parties

The related parties comprise of recognised provident fund and key management personnel.

Transactions with related parties other than those which have been specifically disclosed in this condensed interim financial information are as follows:

	Six months p	eriod ended	Three months	period ended
		December 31,		
	2013	2012	2013	2012
	Rupees in	thousand	Rupees in	thousand
Key management personnel				
Remuneration	2,029	2,044	1,014	1,022
Loan from Chief Executive- unsecured:				
Loan received	3,159	21,147	3,159	18,147
Loan repaid	400	11,000	400	8,000
Loan from Director- unsecured:				
Loan received	1,900	-	1,900	-
Recognised provident fund				
Contribution to provident fund trust	817	875	407	444

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2013 (UN-AUDITED)

14 Date of authorization for issue

This condensed interim financial information was authorized for issue by the Board of Directors on February 28, 2014.

15 General

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

IBRAR AHMED KH Director

BOOK POST PRINTED MATTER

Shareholder Shifted	•	
	fted	نتقل بهو <u>ک</u> نے
No Such Consignee	nee	اس نام ہے کوئی نہیں
House / Office Closed	losed	گو اوفتر بند ہے
Incomplete Address	ress	ام جوس نن
Retired		(3)/
Passed Away		انقال كركة
Need Building Name	ame	بلڈنگ کا نام در کار ہے
Need House / Gali / Plot No.		يلاشا گھرا گلىنىرد د كارى
Out of City / Country		شمر امک ہے باہر ہیں
Share Refused to Accept	o Accept	وصول كرينت انكار
Non Service Area	a	رسائ ممکن نہیں
Any Other Reason	Any Other Reason, Please Mention Hereunder:	كوني اور وجدائيج كلهين: