



# **LEINER PAK GELATINE LIMITED**

**UN-AUDITED CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED  
MARCH 31, 2014.**



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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, 2<sup>nd</sup> 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**

19<sup>th</sup> Kilometer,

Shahrah-e-Pakistan, Kala Shah Kaku,

District Sheikhpura.

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

National Bank of Pakistan

## **DIRECTORS' REVIEW**

The Directors are pleased to present the accounts of the company for nine months period ended March 31, 2014.

### **OPERATION**

It is very encouraging that Company operations and production process is back on the track after receiving a terrible hit by the recent flood in the month of August 2013. In three months period from January to March 2014, Company achieved turnover of Rs.195.956 million and Rs.314.666 million in nine months period. Company is managing to reduce its losses due to revival of production facilities.

Losses of nine months period are mainly attributed to fixed cost and maintenance cost incurred during the none operative period.

### **FUTURE PROSPECTS**

Company's production facilities are completely in working condition and production process is being carried out smoothly. We hope, the management be able to mitigate the flood losses in the period to come.

### **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  
April 30, 2014

KH.IMTIAZ AHMED  
Chief Executive  
& Managing Director

# LEINER PAK GELATINE LIMITED

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT MARCH 31, 2014

		(Un-audited) March 31, 2014	(Audited) June 30, 2013
	Note	..... Rupees in	thousand.....
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	7	75,000	75,000
Unappropriated profit		<u>38,788</u>	<u>63,838</u>
		113,788	138,838
Surplus on revaluation of property, plant and equipment		164,134	164,134
<b>Non-current liabilities</b>			
Deferred taxation		9,506	9,355
<b>Current liabilities</b>			
Trade and other payables		146,696	113,400
Mark-up accrued		1,977	1,854
Short term borrowings	8	<u>116,662</u>	<u>131,186</u>
		265,335	246,440
Contingencies and commitments	10	-	-
		<u>552,763</u>	<u>558,767</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	275,731	281,317
Intangible assets		-	8
Long term deposits		<u>2,779</u>	<u>2,643</u>
		278,510	283,968
<b>Current assets</b>			
Stores, spare parts and loose tools		9,066	11,240
Stock-in-trade		194,671	198,011
Trade debts		35,897	34,761
Advances		2,529	1,075
Trade deposits and short term prepayments		1,698	1,530
Other receivables		15,537	14,572
Advance income tax-net		11,762	10,028
Cash and bank balances		<u>3,093</u>	<u>3,582</u>
		274,253	274,799
		<u>552,763</u>	<u>558,767</u>

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

**IBRAR AHMED KHWAJA**  
Director

**KH.IMTIAZ AHMED**  
Chief Executive  
& Managing Director  
Lahore: April 30, 2014

**LEINER PAK GELATINE LIMITED****CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014**

	Nine months period ended		Three months period ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	....Rupees in thousand....	....Rupees in thousand....	....Rupees in thousand....	....Rupees in thousand....
<b>Note</b>				
Sales-net	314,666	492,693	195,956	203,931
Cost of sales	288,191	428,634	173,356	179,262
Gross profit	26,475	64,059	22,600	24,669
Other income/(loss)	1,779	1,117	(738)	277
	28,254	65,176	21,862	24,946
Distribution cost	1,911	4,684	929	2,125
Administrative expenses	36,098	35,414	12,583	11,345
Other operating expenses	2,995	2,332	90	535
Finance cost	8,971	9,166	3,378	2,701
(Loss)/profit before taxation	(21,721)	13,580	4,882	8,240
Taxation	3,329	6,639	1,653	3,063
(Loss)/profit after taxation	(25,050)	6,941	3,229	5,177
(Loss)/earning per share-basic and diluted (Rupees)	12	0.93	0.43	0.69

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

**IBRAR AHMED KHWAJA**  
Director

**KH.IMTIAZ AHMED**  
Chief Executive  
& Managing Director  
Lahore: April 30, 2014

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## LEINER PAK GELATINE LIMITED

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### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	<u>Nine months period ended</u>		<u>Three months period ended</u>	
	<u>March 31, 2014</u>	<u>March 31, 2013</u>	<u>March 31, 2014</u>	<u>March 31, 2013</u>
	<u>....Rupees in thousand....</u>	<u>....Rupees in thousand....</u>	<u>....Rupees in thousand....</u>	<u>....Rupees in thousand....</u>
(Loss)/profit after taxation	(25,050)	6,941	3,229	5,177
Other comprehensive income	-	-	-	-
<b>Total comprehensive (Loss)/income for the period</b>	<b><u>(25,050)</u></b>	<b><u>6,941</u></b>	<b><u>3,229</u></b>	<b><u>5,177</u></b>

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

**IBRAR AHMED KHWAJA**  
Director

**KH.IMTIAZ AHMED**  
Chief Executive  
& Managing Director  
Lahore: April 30, 2014

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**LEINER PAK GELATINE LIMITED**

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**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)****FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014**

	March 31, 2014	March 31, 2013
	.....Rupees in thousand.....	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(21,721)	13,580
<b>Adjustments for :</b>		
Depreciation	8,660	8,419
Amortization	8	11
Provision for employee retirement benefits	1,240	1,322
Finance cost	8,971	9,166
Provision for Workers' welfare fund	75	290
Provision for Workers' Profit Participation Fund	-	730
Gain on disposal of property, plant and equipment	(554)	(573)
	<u>18,400</u>	<u>19,365</u>
<b>Operating (loss)/profit before changes in working capital</b>	<b>(3,321)</b>	<b>32,945</b>
<b>Changes in working capital</b>		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	2,174	(390)
Stock-in-trade	3,340	(73,496)
Trade debts	(1,136)	(2,032)
Advances	(1,454)	(1,536)
Trade deposits and short term prepayments	(168)	(668)
Other receivables	87	206
Increase / (decrease) in current liabilities		
Trade and other payables	33,555	62,934
<b>Cash generated from operations</b>	<b>33,077</b>	<b>17,963</b>
Finance cost paid	(8,848)	(10,046)
Payments to provident fund	(1,363)	(1,255)
Taxes paid	(4,912)	(5,940)
Sales tax refund / (payments)	(1,263)	1,663
Workers' Profit Participation Fund paid	-	(627)
<b>Net cash generated from operating activities</b>	<b>16,691</b>	<b>1,758</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(3,444)	(3,297)
Proceeds from disposal of property, plant and equipment	924	1,219
Decrease/(Increase) in long term deposits	(136)	25
<b>Net cash used in investing activities</b>	<b>(2,656)</b>	<b>(2,053)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayments of long term financing	-	(3,750)
Repayment of liabilities against assets subject to finance lease	-	(355)
(Decrease) / increase in short term borrowings	(14,524)	6,636
Dividend paid	-	(2,208)
<b>Net cash used in financing activities</b>	<b>(14,524)</b>	<b>323</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(489)</b>	<b>28</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,582</b>	<b>2,403</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3,093</b>	<b>2,431</b>

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

**IBRAR AHMED KHWAJA**  
Director**KH.IMTIAZ AHMED**  
Chief Executive  
& Managing Director  
Lahore: April 30, 2014



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**LEINER PAK GELATINE LIMITED**

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014**

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	<u>Share capital Issued, subscribed and paid up share capital</u>	<u>Un appropriated profit</u>	<u>Total</u>
.....Rupees in thousand.....			
Balance as at 01 July 2012	75,000	64,130	139,130
Final cash dividend for the year ended June 30, 2012 (Rs.0.75 per share)	-	(3,010)	(3,010)
Total comprehensive income for the nine months period ended 31 March 2013	-	6,941	6,941
<b>Balance as at 31 March 2013</b>	<u><b>75,000</b></u>	<u><b>68,061</b></u>	<u><b>143,061</b></u>
Balance as at 01 July 2013	75,000	63,838	138,838
Total comprehensive loss for the nine months period ended 31 March 2014	-	(25,050)	(25,050)
<b>Balance as at 31 March 2014</b>	<u><b>75,000</b></u>	<u><b>38,788</b></u>	<u><b>113,788</b></u>

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

**IBRAR AHMED KHWAJA**  
Director

**KH.IMTIAZ AHMED**  
Chief Executive  
& Managing Director  
Lahore: April 30, 2014

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# LEINER PAK GELATINE LIMITED

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## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014 (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 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 nine months period ended March 31, 2014 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 policies

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual published financial statements for the year ended 30 June 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 & equipment. This had resulted in to closure of production operations for about two months. The aforementioned assets were fully insured. After complete recede of the flood waters, the Company assessed the damages and lodged claims which after taking in to account compulsory deductions and other insurer's covenants, were settled at Rs.93.765 million. The total settled amount of Rs.93.765 million have been received by the company.

### 7 Share capital

#### Authorised share capital

10,000,000 (June 30, 2013: 10,000,000) ordinary shares  
of Rupees 10 each

(Un-audited) March 31, 2014	(Audited) June 30, 2013
..... Rupees in thousand.....	
<u>100,000</u>	<u>100,000</u>

# LEINER PAK GELATINE LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014 (UN-AUDITED)

		(Un-audited) March 31, 2014	(Audited) June 30, 2013
		..... Rupees in thousand.....	
<b>Issued, subscribed and paid up share capital</b>			
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
		<u>75,000</u>	<u>75,000</u>
<b>8 Short term borrowings</b>			
<i>From banking companies-secured</i>			
Finance against packing credit			
Bank Al-Habib Limited	8.1,8.4	24,200	23,180
Finance against foreign bills			
Bank Al-Habib Limited	8.2,8.4	-	16,571
Running finance			
Bank Al-Habib Limited	8.3,8.4	73,134	71,586
		<u>97,334</u>	<u>111,337</u>
<i>From related parties-unsecured</i>			
Loan from director	8.5	19,328	19,849
		<u>116,662</u>	<u>131,186</u>
<b>8.1</b>	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 9.4% (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 quarter whichever is higher. The facility is valid till August 07, 2014.		
<b>8.2</b>	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 9.4% (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.		
<b>8.3</b>	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 insurance of cheques which were presented after March 31, 2014. The facility is valid till August 07, 2014.		
<b>8.4</b>	The facilities mentioned in 8.1, 8.2 and 8.3 are commonly secured against first charge of Rupees 180 million (2013: Rupees 180 million) over current assets of the Company. First charge on fixed assets of Rupees 174 million (June 30,2013: Rs.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 namely Kh.Imtiaz Ahmed, Kh.Ahmed Hassan and Ibrar Ahmed Khawaja amounting to Rupees 155 million each (June 30,2013:Rs 155 million).		
<b>8.5</b>	Loan from director (Chief Executive & Director) are re-payable on demand and are non- interest bearing.		
<b>9</b>	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.		

# LEINER PAK GELATINE LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014 (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) March 31, 2014	(Audited) June 30, 2013
..... Rupees in thousand.....		
Not later than one year	1,218	1,056
Later than one year but not later than five years	1,842	2,796

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:

	(Un-audited) March 31, 2014	(Audited) June 30, 2013
..... Rupees in thousand.....		
Not later than one year	6,339	6,342
Later than one year but not later than five years	2,899	6,216

### 11 Property, plant and equipment

Operating fixed assets	11.1	275,731	281,317
		275,731	281,317
11.1 Opening book value		281,317	276,685
Cost of additions during the period / year	11.2	3,444	17,141
Less:			
Deletion during the period / year (book value)	11.3	370	820
Depreciation charged during the period / year		8,660	11,689
		275,731	281,317
11.2 Cost of addition during the period / year			
Factory building		-	8,072
Plant and machinery		3,141	8,230
Office equipment		110	33
Furniture, fixture and fittings		193	86
Vehicles		-	720
		3,444	17,141

	(Un-audited) March 31, 2014	(Audited) June 30, 2013
..... Rupees in thousand.....		

### 11.3 Deletion during the period / year

#### Owned

Vehicles:

Cost	1,879	2,293
Less: accumulated depreciation	1,509	1,473
	370	820

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**LEINER PAK GELATINE LIMITED**

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014 (UN-AUDITED)**

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**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 :

	Nine months period ended		Three months period ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	....Rupees in thousand...		....Rupees in thousand...	
(Loss)/profit after taxation	(25,050)	6,941	3,229	5,177
	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	(3.34)	0.93	0.43	0.69

**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:

	Nine months period ended		Three months period ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	....Rupees in thousand...		....Rupees in thousand...	
<b>Key management personnel</b>				
Remuneration	3,235	3,354	1,078	1,118
Loan from Chief Executive- unsecured:				
Loan received	4,658	22,197	1,500	1,050
Loan repaid	5,179	12,100	4,779	1,100
Loan from Director - unsecured:				
Loan received	1,900	-	-	-
Loan repaid	1,900	-	1,900	-
<b>Recognised provident fund</b>				
Contribution to provident fund trust	1,240	1,322	424	448

**14 Date of authorization for issue**

This condensed interim financial information was authorized for issue by the Board of Directors on April 30, 2014.

**15 General**

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

**IBRAR AHMED KHWAJA**  
Director

**KH.IMTIAZ AHMED**  
Chief Executive  
& Managing Director  
Lahore: April 30, 2014

# BOOK POST PRINTED MATTER


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