



LEINER PAK GELATINE LIMITED

**UN-AUDITED CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED
MARCH 31, 2020.**



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COMPANY INFORMATION BOARD OF DIRECTORS

Mr. Ahmed Ali Riaz	Chairman
Khwaja Imtiaz Ahmed	Chief Executive & Managing Director
Ibrar Ahmed Khwaja	Executive Director .
Mian Zia-Ud-Din	Independent Director
Ijaz Ahmed Khwaja	Non-Executive Director
Ayesha Ahmed	Non-Executive Director
Rashid Minhas	Independent Director

AUDIT COMMITTEE

Rashid Minhas (Chairman)
Ijaz Ahmed Khwaja (Member)
Ahmed Ali Riaz (Member)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Rashid Minhas (Chairman)
Khwaja Imtiaz Ahmed (Member)
Ayesha Ahmed (Member)

COMPANY SECRETARY

Ibrar Ahmed Khwaja

CHIEF FINANCIAL OFFICER

Mr. Muhammad Javaid

AUDITORS

M. Almas & Co.

Chartered Accountants

207-Sadiq Plaza, 2nd Floor, 69-The Mall, Lahore.

LEGAL ADVISOR

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.

PLANT

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

Ph. #: 0092-42-37950018 – 37980179

BANKERS

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

DIRECTORS' REVIEW

The Directors are pleased to present the accounts of the company for the nine months period ended March 31, 2020.

OPERATIONS

During the nine months period company's sales are registered at Rs. 452.159 million as compared to Rs. 531.885 million in the last corresponding period. Although total turnover of nine months period remained on lower side but in the current quarter (Jan-March, 2020) company's sales has surpassed the turnover of the last corresponding period by Rs.19.894 million. Company is focusing on marginal increase of export share in total turnover to mitigate the effects of high input cost of Gelatine manufacturing and devaluation of Pak Rupee. It took some time to gear up exports of Gelatine in the first half of this financial year which resulted in shrinkage of total turnover of nine months period.

Despite of low turnover reported in the period under review, management's decision to make a shift from local market to exports yielded some better financial results and the company managed to post profit before tax at Rs. 9.135 million in nine months period.

FUTURE PROSPECTS

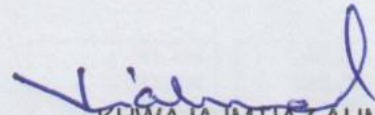
Due to the eruption of Covid-19 in Pakistan and rest of the world, the global economy is almost paralyzed. Our company is also facing some rescheduling in export orders from our buyers which may affect financial performance of the company in days to come.

ACKNOWLEDGMENT

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

Lahore.
April 30, 2020

On Behalf of the Board


KHWAJA IMTIAZ AHMED
Chief Executive &
Managing Director

ڈائریکٹر زریویو

ڈائریکٹر ان کمپنی کے نوامی حسابات جو کہ ۳۱ مارچ ۲۰۲۰ء کو ختم ہوا ہے پیش کرنے پر خوشی محسوس کرتے ہیں۔

کاروباری عمل

زیر جائزہ دورانیہ میں کمپنی کی فروخت پچھلے سال اسی دورانیہ میں فروخت مبلغ ۵۳۱.۸۸۵ ملین روپے کے مقابلے میں مبلغ ۳۵۲.۱۵۹ ملین روپے رہی ہے۔ اگرچہ نو مہینے کی کل فروخت کم رہی ہے مگر موجودہ سہ ماہی (جنوری تا مارچ ۲۰۲۰ء) میں کمپنی کی فروخت پچھلے سال کے اسی دورانیہ کی فروخت سے مبلغ ۱۹.۸۹۳ ملین روپے زیادہ رہی ہے۔ کمپنی کی توجہ کل فروخت میں برآمدات کا حصہ زیادہ بڑھانے پر مرکوز ہے تاکہ جیلاٹین کی پیداواری لاگت کے بڑھنے اور روپے کی قدر میں کمی کے اثرات کی تخفیف کی جاسکے۔ مالی سال کے پہلے چھ ماہ میں برآمدات کو بڑھانے میں کچھ وقت لگا جس کی وجہ سے نو ماہ کی کل فروخت کم ہوگئی۔

اسی دورانیہ میں فروخت کم رہنے کے باوجود انتظامیہ کے مقامی مارکیٹ سے برآمدات پر منتقلی کے فیصلے کی وجہ سے بہتر مالی نتائج اخذ ہوئے ہیں اور کمپنی قبل از ٹیکس منافع مبلغ ۹.۱۳۵ ملین روپے کر سکی ہے۔

مستقبل کے امکانات

پاکستان اور باقی دوسری دنیا میں کرونا وائرس کے پھیلاؤ کی وجہ سے عالمی معیشت مفلوج ہو کر رہ گئی ہے۔ ہماری کمپنی کو بھی اپنے گاہکوں کی جانب سے برآمدات کے آرڈرز کی ری شیڈولنگ کا سامنا ہے جس کی وجہ سے آنے والے دنوں میں مالیاتی کارکردگی متاثر ہو سکتی ہے۔

اعتراف

ہم اپنے تمام ملازمین اور دوستوں کی کاوشوں کا اعتراف کرتے ہیں جو کمپنی کے استحکام کے لیے اپنا کردار ادا کر رہے ہیں۔

منجانب بورڈ

لاہور

۱۳۰ اپریل ۲۰۲۰ء

خواجہ امتیاز احمد

چیف ایگزیکٹو ایڈ

میچنگ ڈائریکٹر

LEINER PAK GELATINE LIMITED

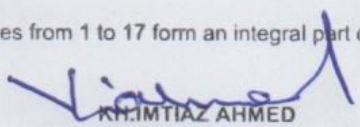
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

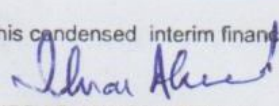
AS AT MARCH 31, 2020

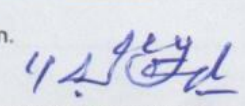
		(Un-audited) March 31, 2020	(Audited) June 30, 2019
	Note	..... Rupees in thousand.....	
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	7	75,000	75,000
Revenue Reserve:			
Accumulated loss		(1,504)	(5,200)
Capital Reserve:			
Surplus on revaluation of property, plant and equipment		336,262	336,262
		409,758	406,062
Non-current liabilities			
Liabilities against assets subject to finance lease	8	5,363	864
Current liabilities			
Trade and other payables		241,503	180,097
Unclaimed dividend		771	771
Mark-up accrued		6,070	3,878
Short term borrowings	9	326,377	268,335
Current portion of liabilities against assets subject to finance lease	8	1,413	184
		576,134	453,265
Contingencies and commitments	10	-	-
		991,255	860,191
ASSETS			
Non-current assets			
Property, plant and equipment	11	493,506	487,180
Intangible assets	12	-	-
Long term deposits		255	255
Deferred taxation		-	-
		493,761	487,435
Current assets			
Stores, spare parts and loose tools		41,754	93,443
Stock-in-trade		373,534	200,206
Trade debts		16,238	24,392
Advances		1,979	1,991
Trade deposits and short term prepayments		2,355	1,770
Other receivables		22,529	19,268
Advance income tax-net		34,635	31,365
Cash and bank balances		4,470	321
		497,494	372,756
		991,255	860,191

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

LAHORE
DATE: April 30, 2020


KH. IMTIAZ AHMED
Chief Executive
& Managing Director


IBRAR AHMED KHWAJA
Director


MUHAMMAD JAVAID
Chief Financial Officer

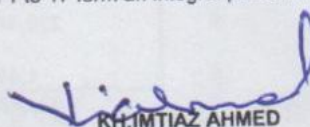
LEINER PAK GELATINE LIMITED

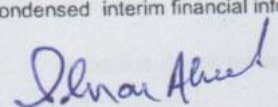
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

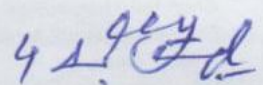
	Note	Nine months period ended		Quarter ended	
		March 31,	March 31,	March 31,	March 31,
		2020	2019	2020	2019
		....Rupees in thousand....		....Rupees in thousand....	
Sales-net		452,159	531,885	220,814	200,920
Cost of sales		370,609	458,603	182,534	167,221
Gross profit		81,550	73,282	38,280	33,699
Other income		(697)	(622)	(697)	(827)
		80,853	72,660	37,583	32,872
Distribution cost		3,015	2,365	1,411	1,180
Administrative expenses		45,358	42,624	21,312	13,789
Other operating expenses		638	745	68	633
Finance cost		22,707	14,530	10,440	5,364
Profit before taxation		9,135	12,396	4,352	11,906
Taxation	13	5,439	6,441	1,961	2,568
Profit after taxation		3,696	5,955	2,391	9,338
Profit per share-basic and diluted	14	0.49	0.79	0.32	1.25

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

LAHORE
DATE: April 30, 2020


KH. IMTIAZ AHMED
Chief Executive
& Managing Director


IBRAR AHMED KHWAJA
Director

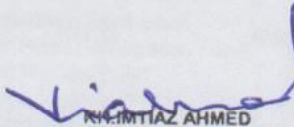

MUHAMMAD JAVAID
Chief Financial Officer

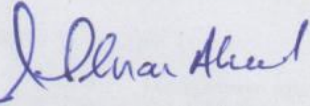
LEINER PAK GELATINE LIMITED**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

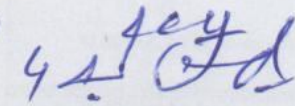
Note	Nine months period ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	....Rupees in thousand....	....Rupees in thousand....	....Rupees in thousand....	....Rupees in thousand....
Profit after taxation	3,696	5,955	2,391	9,338
Other comprehensive income	-	-	-	-
Total comprehensive profit for the period	<u>3,696</u>	<u>5,955</u>	<u>2,391</u>	<u>9,338</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

LAHORE
DATE: April 30, 2020


KHALID IQBAL AHMED
Chief Executive
& Managing Director


IBRAR AHMED KHWAJA
Director


MUHAMMAD JAVAID
Chief Financial Officer

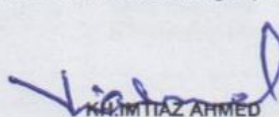
LEINER PAK GELATINE LIMITED

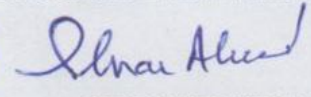
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

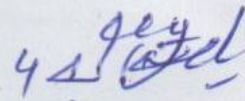
	Share capital	Reserves		Total
		Revenue Reserve	Capital Reserve	
	Issued, subscribed and paid up share capital	Un appropriated profit / accumulated (loss)	Surplus on revaluation of property, plant and equipment	
.....Rupees in thousand.....				
Balance as at 01 July 2018	75,000	(7,737)	278,914	346,177
Total comprehensive income for the nine months period ended March 31, 2019	-	5,955	-	5,955
Balance as at March 31, 2019	<u>75,000</u>	<u>(1,782)</u>	<u>278,914</u>	<u>352,132</u>
Balance as at 01 July 2019	75,000	(5,200)	336,262	406,062
Total comprehensive income for the nine months period ended March 31, 2020	-	3,696	-	3,696
Balance as at March 31, 2020	<u>75,000</u>	<u>(1,504)</u>	<u>336,262</u>	<u>409,758</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

LAHORE
DATE: April 30, 2020


KHURAM IJAZ AHMED
Chief Executive
& Managing Director


IBRAR AHMED KHWAJA
Director


MUHAMMAD JAVAID
Chief Financial Officer

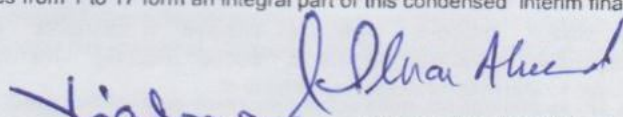
LEINER PAK GELATINE LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

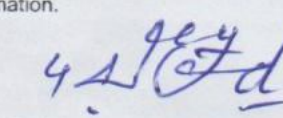
	March 31, 2020	March 31, 2019
	.....Rupees in thousand.....	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	9,135	12,396
Adjustments for:		
Depreciation	11,677	9,145
Provision for employee retirement benefits	2,440	2,133
Finance cost	22,707	14,530
Gain on disposal of operating fixed asset	-	1,024
Provision for Workers' Profit Participation Fund	488	728
Provision for Workers' Welfare Fund	150	-
	37,462	27,560
Operating profit before changes in working capital	46,597	39,956
Changes in working capital		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	51,689	21,177
Stock-in-trade	(173,328)	(110,088)
Trade debts	8,154	2,973
Advances	12	(2,597)
Trade deposits and short-term prepayments	(585)	(3,937)
Other receivables	44	171
Increase / (decrease) in current liabilities		
Trade and other payables	60,490	75,445
Cash (used in) / generated from operations	(6,927)	23,100
Finance cost paid	(20,515)	(13,750)
Payments to provident fund	(1,498)	(2,164)
Taxes paid	(8,709)	(11,657)
Sales tax refund/payments	(3,305)	(882)
Workers Profit Participation Fund	(663)	-
Workers' Welfare Fund paid	-	-
Net cash used in operating activities	(41,617)	(5,353)
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(11,336)	(23,978)
Right of use of asset	(6,667)	-
Proceeds from disposal of property, plant and equipment	-	580
Decrease/(Increase) in long term deposits	-	-
Net cash used in investing activities	(18,003)	(23,398)
CASH FLOW FROM FINANCING ACTIVITIES		
Finance lease	7,106	-
Repayment of lease liabilities	(1,379)	(647)
Net increase in short term borrowings	58,042	40,680
Net cash generated from financing activities	63,769	40,033
Net increase in cash and cash equivalents	4,149	11,282
Cash and cash equivalents at the beginning of the period	321	607
Cash and cash equivalents at the end of the period	4,470	11,889

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

LAHORE
DATE: April 30, 2020


KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KHWAJA
Director


MUHAMMAD JAVAID
Chief Financial Officer

LEINER PAK GELATINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

1 The Company and its operations

Leiner Pak Gelatine Limited ("the Company") was incorporated in Pakistan on 14 February 1983 as a public limited Company. The registered office of the Company is situated at 17-G, Gulberg II, Lahore and manufacturing facility is located at 19 Kilometer, Shahr-e-Pakistan, Kala Shah Kaku, District Sheikhupura. The Company is listed on the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of gelatine and di-calcium phosphate etc., produced from animal bones.

2 Going concern basis of accounting

The company has negative cash flow from operating activities during the nine months period ended March 31, 2020 and, as of that date, its accumulated loss was Rupees 1,504 million and its current liabilities exceeded its current assets by Rupees 78.640 million. Further, as mentioned in note 9.5 in these condensed interim financial statements, the running finance facility amounting to Rs.30 million from the Summit Bank Limited has been expired during the year ended June 30, 2019 and the bank has not yet renewed it for the future periods. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The effects of measures taken by the management of the Company like energy conservation measures and start of procurement of raw materials direct from the source by avoiding the middleman role, have positive impact on the performance of the Company whereby rate of gross profit has further improved resulting into profit after tax amounting to Rs. 3.696 million during the nine months period ended March 31, 2020. The approved financial projections also show continued improvements and profitability. Further, keeping in view the following factors, the management foresees that the Company will continue to be a going concern.

- There is continued demand for the products of the Company. Demand of "Halal" Gelatine exists in foreign and local markets as "Halal" Gelatine is equally consumed in Muslim and Non-Muslim countries. After devaluation of Pakistan Rupee against US \$, the export sales will further increase in future.
- There is continued financial support of the Company's sponsors. The sponsors' of the Company have inducted up to March 31, 2020 Rupees 79.583 million (June 30, 2019: Rupees 47.858 million) interest free loans. They are also committed to induct further funds, if the need arises, to address any liquidity issues for smooth operations.
- Major financing arrangements with banks as at March 31, 2020 are valid and for future periods as well. The Summit Bank running finance account is fully operational and banking transactions are being made therein regularly up to the sanctioned limit. The management of the Company is engaged with the said bank for renewal of the facility as well as working on arranging alternate financing arrangements; if required.

Apart from the aforementioned factors there are also positive indicators as per these condensed interim financial statements as mentioned below:

- a) The existence of new sales orders along with advance payments received there against; and
- b) Profit after taxation during the current year and continuous existence of profits before taxation since past more than five years to date.

These interim financial statements have, therefore, been prepared using going concern basis of accounting and, accordingly, do not include any adjustment relating to realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as going concern.

3 Basis of preparation

3.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

LEINER PAK GELATINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

- Provisions of and directives issued under the Companies Act, 2017.
Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 3.2 The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2019, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the condensed interim financial statements for the nine months ended March 31, 2020.

The figures of the nine months ended March 31, 2020 are being submitted to the shareholders, and have been subjected to limited scope review in accordance with Section 237 of the Companies Act, 2017.

- 3.3 These condensed interim financial statements have been prepared under the historical cost convention except for freehold land at revalued amount. In these financial statements, except for the statement of cash flows, all transactions have been accounted for on accrual basis.
- 3.4 Items included in condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. The condensed interim financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

4 Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial statements are the same as those applied in preparation of the annual published financial statements for the year ended 30 June 2019 except as detail in note 4.1 below:

4.1 Following are certain new standards and amendments to approved accounting standards which are effective during the quarter ended March 31, 2020

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below

IFRS 16 'Leases' - replaces existing leasing guidance, including IAS 17 'Leases' IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. It results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under IFRS 16, a new concept of right to use leased item is introduced requiring recognition of right- of- use- asset and a financial liability to pay rentals. The only exceptions are short-term and low-value leases.

The Company applied IFRS 16 using simplified approach and recognised right- of- use- asset and corresponding lease liabilities in relation to leases which had previously been classified as 'operating lease'. As at July 01, 2019 the right- of- use- asset amounting to Rs 6.667 million (rented office premises) were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to operating lease. Corresponding lease liabilities amounting to Rs 6.667 million were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of July 01, 2019. The weighted average incremental borrowing rate applied to the lease liabilities was 15.72%. Due to adoption of IFRS 16, there was no impact on the retained earnings of the Company as at June 30, 2019. The impact on the condensed interim statement of profit or loss for the nine months period ended March 31, 2020 is increase in mark up on lease liabilities and depreciation expense charged in administrative expenses Rs. 0.439 million and Rs. 1.667 million respectively and decrease in rent, rates and taxes in administrative expenses Rs.1.849 million.

After the adoption of IFRS 16, the changed accounting policy in this regard is as under:

Upon initial recognition, the right-of-use-asset is measured as the amount equal to initially measured lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently, the right-of- use-asset is measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter of estimated useful lives of the right-of-use-assets or the lease term.

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

LEINER PAK GELATINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

4.2 Standards and amendments to published approved accounting standards that are not yet effective during the nine months period ended March 31, 2020

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

5 Judgments, estimates and assumptions

The preparation of the condensed interim 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.

Judgments, accounting estimates and assumptions made by the management in the preparation of these condensed interim financial statements are the same as those applied in preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2019 and for IFRS-16 as discussed in note 4.1 above.

6 Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual published financial statements as at and for the year ended 30 June 2019.

		(Un-audited) March 31, 2020	(Audited) June 30, 2019
		..... Rupees in thousand.....	
7 Share capital			
Authorised share capital			
10,000,000 (June 30, 2019: 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, 2019: 7,500,000) ordinary shares of Rupees 10 each issued as fully paid in cash		75,000	75,000
		75,000	75,000
8 Liabilities against assets subject to finance lease			
Present value of minimum lease payments		902	1,048
Liability recognized for right-of-use-asset		5,874	-
		6,776	1,048
Less: Current portion		1,413	184
		5,363	864
9 Short term borrowings			
From banking companies-secured			
Short term finance against payables			
Bank Al-Habib Limited	9.1, 9.5	25,000	25,000
Short term finance against IBP receivables			
Bank Al-Habib Limited	9.2, 9.5	25,000	25,000
Running finance			
Bank Al-Habib Limited	9.3, 9.5	166,815	140,241
Summit Bank Limited	9.4, 9.6	29,979	30,236
		246,794	220,477
From related parties-unsecured			
Loans from director/ex-director/shareholder	9.9	79,583	47,858
		326,377	268,335

LEINER PAK GELATINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

- 9.1 The short term finance facility having sanctioned limit of Rupees 25 million (June 30, 2019: Rupees 25 million) has been obtained from Bank Al-Habib Limited for purchase of raw material. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2019: three months KIBOR plus 1.75%) per annum payable quarterly. The principle amount is to be repaid in 60 days through business cash flows. The facility is valid till February 07, 2021 with credit review on annual basis.
- 9.2 The IBP receivable finance facility having sanctioned limit of Rupees 25 million (June 30, 2019: Rupees 25 million) has been obtained from Bank Al-Habib Limited for financing of receivables. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2019: three months KIBOR plus 1.75%) per annum. The principal amount is to be repaid upon realization sales proceeds as per tenure of respective bill but not later than 60 days from draw down date or on demand while mark-up is to be serviced upon adjustment of each loan or at the end of each calendar quarter whichever is earlier. The facility is valid till February 07, 2021 with credit review on annual basis.
- 9.3 The running finance facility having sanctioned limit of Rupees 85 million (June 30, 2019: Rupees 85 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, 2019: three months KIBOR plus 1.75%) per annum payable quarterly. The sanctioned limit has temporarily been exceeded due to issuance of cheques which will be presented after March 31, 2020. The facility is valid till February 07, 2021 with credit review on annual basis.
- 9.4 The running finance facility having sanctioned limit of Rupees 30 million (June 30, 2019: Rupees 30 million) has been obtained from Summit Bank Limited for working capital requirements. It carries mark-up at three months KIBOR plus 2.50% (June 30, 2019: three months KIBOR plus 2.50%) per annum payable quarterly. The facility was valid till september 30, 2018 and currently the company is in negotiation to renew this facility.
- 9.5 The facilities mentioned in 9.1, 9.2 and 9.3 are commonly secured against first charge of Rupees 180 million (June 2019: Rupees 180 million) over current assets of the Company registered with SECP. Equitable mortgage supported by first charge on fixed assets of Rupees 250 million (June 30, 2019: Rupees 250 million) comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku. Lien over export documents under letter of credit and contract, shipping documents, accepted drafts, counter guarantee of the Company and personal guarantees of three Directors amounting to Rupees 155 million each (June 30, 2019: Rupees 155 million). The running finance facility at note 9.4 in addition to securities as aforesaid is also secured against pro note amounting to Rs. 144.5 million (June 2019 : Rupees 144.5 million).
- 9.6 The facility mentioned in 9.4 is commonly secured against ranking charge of Rupees 40 million (June 30, 2019: Rupees 40 million) over all present & future current assets of the Company with 25% margin, duly insured, with Summit Bank Limited and registered with SECP. Pari passu charge on fixed assets, comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku. Personal guarantees of three Directors along with Personal Net Worth Statement (PNWS).
- 9.7 As at March 31, 2020 the Company has facilities from Bank Al-Habib Limited relating to import letters of credit (sight/usance) amounting to Rupees 5 million (June 30, 2019: Rupees 5 million). Additionally, Company has letter of guarantee facility amounting to Rupees 15 million (June 30, 2019: Rupees 15 million) from Bank Al-Habib Limited.
- 9.8 The net aggregate short term borrowing facilities unavailed at end of March 31, 2020 amount to Rupees 25 million (June 30, 2019: Rupees 25 million) and for letters of credit and bank guarantees amount to Rupees 8.744 million (June 30, 2019: Rupees 8.744 million).
- 9.9 The Loans from Chief Executive/director (Kh.Imtiaz Ahmed and his close relative (Kh.Ahmed Hassan amounting to Rs.65.153 million (June 30,2019: Rs.39.383 million) and Rs.14.430 million (June 30,2019: Rs.8.475 million) respectively, are for working capital requirments.Theses loans are re-payable on demand and non-interest bearing.

10 Contingencies and commitments

There have been no significant changes in contingencies as disclosed in the notes to the preceding annual published financial statements for the year ended June 30, 2019.

Guarantees issued by bank on behalf of Company as at March 31, 2020 amounting to Rupees 11.256 million (June 30, 2019: Rupees 11.256 million).

LEINER PAK GELATINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

		March 31, 2020	June 30, 2019
		..... Rupees in thousand.....	
11 Property, plant and equipment			
Operating fixed assets	11.1	469,146	473,992
Capital work in progress	11.4	24,360	13,188
		<u>493,506</u>	<u>487,180</u>
11.1 Opening book value		473,992	404,129
Cost of additions during the period / year	11.2	6,831	84,419
Less:			
Deletion during the period / year (book value)	11.3	-	1,819
Depreciation charged during the period / year		<u>11,677</u>	<u>12,737</u>
		<u>469,146</u>	<u>473,992</u>
11.2 Cost of addition during the period / year			
Freehold land		-	57,348
Factory building- on freehold land		-	6,723
Plant and machinery		-	19,785
Electric installation and equipment		91	167
Office equipment		73	396
Right-of-use-asset		<u>6,667</u>	-
		<u>6,831</u>	<u>84,419</u>
11.3 Deletion during the period / year			
Cost		-	4,177
Depreciation		-	2,358
		<u>-</u>	<u>1,819</u>
11.4 Capital work in progress			
Opening balance		13,188	10,047
Additions during the period / year		<u>11,172</u>	<u>29,450</u>
		24,360	39,497
Transfer to operating fixed assets		-	26,309
Closing balance		<u>24,360</u>	<u>13,188</u>

12 The intangible assets represents computer software costing Rupees 70,000 which is fully amortized.

13 Taxation

The provision for current taxation has been made on minimum tax under Section 113 and Section 154 for income from export sales under fixed tax regime of Income Tax Ordinance, 2001.

Finance Act 2019 has fixed the corporate tax rate for Companies at 29% for current as well as future tax years. Deferred tax has been measured at the rates that are expected to be applied to the temporary differences when those are expected to reverse based on the rates enacted or substantively enacted by the reporting date.

14 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		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	..Rupees in thousand..		..Rupees in thousand..	
Profit after taxation	3,696	5,955	2,391	9,338
Weighted average number of ordinary shares	7,500	7,500	7,500	7,500
Earning per share-basic and diluted (Rupees)	0.49	0.79	0.32	1.25

LEINER PAK GELATINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

15 Transactions with related parties

The related parties comprise of associated Company, directors of the company and their close relatives, key management personnel and post employment contribution plan. Detail of transactions with related parties with whom the Company had entered into transactions or have arrangements / agreements in place are as follows:

Nature of relation	Nature of transaction	March 31, 2020	March 31, 2019
		.....Rupees in thousand.....	
15.1 Key management personnel			
	Loan obtained from chief executive - Khwaja Imtiaz Ahmed	32,695	10,400
	Loan repaid to chief executive - Khwaja Imtiaz Ahmed	6,925	1,844
	Loan obtained from close relative - Khwaja Ahmed Hassan	17,700	225
	Loan repaid to close relative - Khwaja Ahmed Hassan	11,745	225
	Managerial remuneration	3,159	2,997
15.2 Contribution to Provident Fund			
	Contribution to provident fund Trust	2,439	2,133
15.3	The outstanding balances with above related parties are included in Trade and other payables "Payable to Provident fund" as at March 31, 2020 Rs. 821,462 (March 31, 2019: Rs. 673,437) and Short term borrowings (note 9) "Short term borrowings from related parties" as at March 31, 2020 Rs. 79.583 million (March 31, 2019: Rs. 43.858 million)		

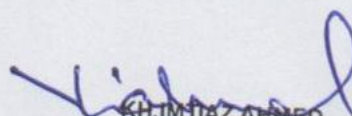
16 Date of authorization for issue

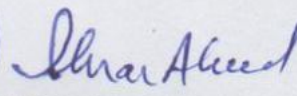
These condensed interim financial statements were authorized for issue by the Board of Directors on April 30, 2020.

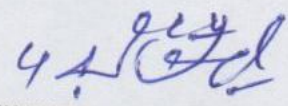
17 General

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

LAHORE
DATE: April 30, 2020


KH. IMTIAZ AHMED
Chief Executive
& Managing Director


IBRAR AHMED KHWAJA
Director


MUHAMMAD JAVAID
Chief Financial Officer

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