



LEINER PAK GELATINE LIMITED

**UN-AUDITED CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED
DECEMBER 31, 2021.**



LEINER PAK GELATINE LIMITED

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COMPANY INFORMATION

BOARD OF DIRECTORS

| | |
|---------------------|-------------------------------------|
| Mr. Ahmed Ali Riaz | Chairman |
| Khwaja Imtiaz Ahmed | Chief Executive & Managing Director |
| Ibrar Ahmed Khwaja | Executive Director |
| Ijaz Ahmed Khwaja | Non-Executive Director |
| Ayesha Ahmed | Non-Executive Director |
| Rashid Minhas | Independent Director |
| Syed Rizwan Haider | Independent Director |

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Ibrar Ahmed Khwaja

CHIEF FINANCIAL OFFICER

Mr. Muhammad Javaid

AUDITORS

M. Almas & Co.

Chartered Accountants

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

LEGAL ADVISOR

Labeeb Zafar Bajwa

Advocate

4-A, Mozang Road, Lahore

REGISTRAR

CORPLINK (PVT) LTD.,

Wings Arcade, 1-K Commercial,

Model Town, Lahore

REGISTERED OFFICE

17-G, Gulberg-2, G/Postmall No. 3529, Lahore-54660

Ph. #: 0092-42-35756953-54

PLANT

19th Kilometer,

Shahrah-e-Pakistan, Kala Shah Kaku,

District Sheikhpura.

Ph. #: 0092-42-37950018 – 37980179

BANKERS

Bank Al Habib Limited

Summit Bank Limited

United Bank Limited

National Bank of Pakistan

Bank Islami Pakistan Limited

MCB Bank Limited-Islamic Banking

Bank Alfalah Limited-Islamic Banking

DIRECTORS' REVIEW

Directors are pleased to present the condensed interim Financial Statements of the company for six months period ended December 31, 2021.

OPERATIONS

During the period under review company experienced growth of 30% in its top line by registering its turnover at Rs.474.022 million as compared to last corresponding period turnover of Rs. 364.839 million. This unprecedented turnover is attributed to increase in exports of both traditional product (Gelatine) and non-traditional product (Ossein).

On the other hand cost pull inflation prevalent in the country also remained challenging during this period. Rapid rising energy prices, higher cost of raw material coupled with up surged prices of other operational inputs squeezed the profit margins and restricted the profit before tax at Rs. 7.925 million.

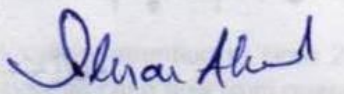
The auditors' review report contains emphasis paragraph to draw attention towards the going concern basis of accounting. In this regard management's assessment is detailed in note 2 in the annexed half year Condensed Interim Financial Statements.

FUTURE PROSPECTS

Management foresees some fresh price negotiations with local and foreign buyers in coming days. Better negotiated prices of our products with high sales volume can improve company's profits.

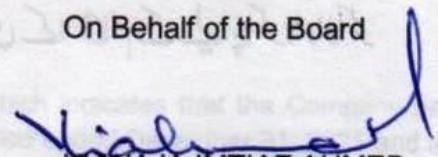
ACKNOWLEDGMENT

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


IBRAR AHMED KHWAJA
DIRECTOR

LAHORE.
FEBRUARY 25, 2022

On Behalf of the Board


KHWAJA IMTIAZ AHMED
Chief Executive Officer
& Managing Director

ڈائریکٹر زریویو

ڈائریکٹر ان کمپنی کے ششماہی مختصر عبوری مالیاتی حسابات جو کہ ۳۱ دسمبر ۲۰۲۱ء کو ختم ہوا ہے پیش کرنے پر خوشی

محسوس کرتے ہیں۔

کاروباری عمل

زیر جائزہ رپورٹ میں کمپنی کی فروخت کی مد میں ۳۰ فیصد تک بڑھوتری ہوئی ہے اور اس دورانیہ کی فروخت مبلغ ۸۳۹.۸۳۹ ملین روپے کے مقابلے میں مبلغ ۴۰۲.۰۲۲ ملین روپے رہی ہے۔ اس غیر مثالی فروخت کی وجہ کمپنی کی

روایتی پراڈکٹ (جیلاٹین) اور غیر روایتی پراڈکٹ (اوسین) کی ایکسپورٹ میں ہونے والا اضافہ ہے۔

دوسری جانب ملک میں موجود پیداواری لاگت کو بڑھانے والا ماحول بھی چیلنجنگ رہا ہے۔ توانائی کی تیزی

سے بڑھتی ہوئی قیمتیں، خام مال کی بڑھی ہوئی لاگت بشمول دوسرے منگے پیداواری عوامل کی وجہ سے منافع کی شرح کم

ہوگئی اور کمپنی کا قبل از ٹیکس منافع مبلغ ۹۲۵.۷ ملین روپے تک محدود ہو گیا ہے۔

آڈیٹر ان کی ریویورپورٹ میں کاروبار کے اکاؤنٹنگ بنیاد پر جاری رہنے کے معاملات کا ذکر توجہ دلانے کے لیے موثر

انداز میں موجود ہے۔ اس کے جواب میں انتظامیہ کا نقطہ نظر مختصر عبوری مالیاتی نتائج کے نوٹ نمبر ۲ میں شامل کیا گیا ہے۔

مستقبل کے امکانات

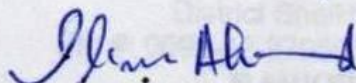
انتظامیہ آنے والے دنوں میں مقامی اور غیر ملکی خریداروں سے نئی قیمتوں کے تعین کے لیے بات چیت کا ارادہ

رکھتی ہے۔ بہتر قیمتوں پر زیادہ مال کی فروخت کمپنی کے منافع کو مزید بہتر بنا سکتی ہے۔

اعتراف

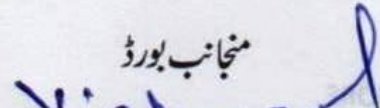
ہم اپنے تمام ملازمین اور دوستوں کی کاوشوں کا اعتراف کرتے ہیں جو کمپنی کے استحکام کے لیے اپنا کردار ادا کر

رہے ہیں۔


ابرار احمد خواجہ

ڈائریکٹر

لاہور


خواجہ امیاز احمد

چیف ایگزیکٹو اینڈ

مینیجنگ ڈائریکٹر

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Leiner Pak Gelatine Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Leiner Pak Gelatine Limited as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended December 31, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2021.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

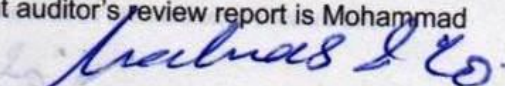
We draw attention to Note 2 in the interim financial statements, which indicates that the Company has negative cash flow from operating activities during the six-month period ended December 31, 2021 and as of that date its current liabilities exceeded its current assets by Rupees 95.538 million. As stated in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's review report is Mohammad Ijaz.

Lahore

Date: February 25, 2022

UDIN: AR202110145rbFwqJcMa


M. Almas & Co.

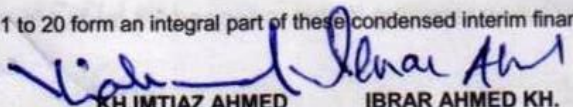
Chartered Accountants

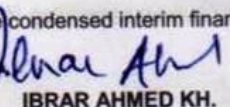
LEINER PAK GELATINE LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

| | | (Un-audited) December 31, 2021 | (Audited) June 30, 2021 |
|---|------|--------------------------------------|-------------------------------|
| | | -----Rupees in thousand----- | |
| | Note | | |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Share capital | 8 | 75,000 | 75,000 |
| Revenue Reserve: | | | |
| Un appropriated profit | | 4,312 | 1,732 |
| Capital Reserve: | | | |
| Surplus on revaluation of property, plant and equipment | | 336,262 | 336,262 |
| | | <u>415,574</u> | <u>412,994</u> |
| Non-current liabilities | | | |
| Long term finance – secured | 9 | 1,263 | 16,425 |
| Lease Liabilities | 10 | 13,030 | 6,953 |
| | | <u>14,293</u> | <u>23,378</u> |
| Current liabilities | | | |
| Trade and other payables | | 536,571 | 409,390 |
| Unclaimed dividend | | 771 | 771 |
| Mark-up accrued | | 3,209 | 3,411 |
| Short term borrowings | 11 | 294,456 | 269,827 |
| Current portion of long term finance – secured | 9 | 27,700 | 21,200 |
| Current portion of lease liabilities | 10 | 3,798 | 4,240 |
| | | <u>866,505</u> | <u>708,839</u> |
| Contingencies and commitments | 12 | - | - |
| | | <u>1,296,372</u> | <u>1,145,211</u> |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 13 | 522,046 | 520,775 |
| Intangible assets | 14 | - | - |
| Long term deposits | | 3,359 | 1,799 |
| Deferred taxation | 15 | - | - |
| | | <u>525,405</u> | <u>522,574</u> |
| Current assets | | | |
| Stores, spare parts and loose tools | | 113,509 | 108,211 |
| Stock-in-trade | | 542,492 | 431,120 |
| Trade debts | | 31,157 | 8,622 |
| Advances | | 5,706 | 2,331 |
| Trade deposits and short term prepayments | | 1,150 | 686 |
| Other receivables | | 29,359 | 26,737 |
| Advance income tax-net | | 44,741 | 40,329 |
| Cash and bank balances | | 2,853 | 4,601 |
| | | <u>770,967</u> | <u>622,637</u> |
| | | <u>1,296,372</u> | <u>1,145,211</u> |

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

LAHORE
DATE: February 25, 2022


KH. IMTIAZ AHMED
Chief Executive
& Managing Director


IBRAR AHMED KH.
Director

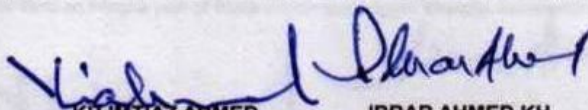

MUHAMMAD JAVAID
Chief Financial Officer

LEINER PAK GELATINE LIMITED**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)****FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

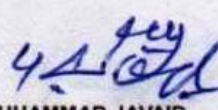
| | Note | Six months period ended | | Quarter ended | |
|---|------|------------------------------|----------------------|------------------------------|----------------------|
| | | December 31, 2021 | December 31, 2020 | December 31, 2021 | December 31, 2020 |
| | | -----Rupees in thousand----- | | -----Rupees in thousand----- | |
| Sales-net | | 474,022 | 364,839 | 327,579 | 273,302 |
| Cost of sales | | 412,675 | 312,035 | 289,190 | 242,419 |
| Gross profit | | 61,347 | 52,804 | 38,389 | 30,883 |
| Other income | | 1,909 | 1,731 | (2,925) | 1,708 |
| | | 63,256 | 54,535 | 35,464 | 32,591 |
| Distribution cost | | 7,768 | 5,169 | 4,982 | 2,789 |
| Administrative expenses | | 33,072 | 26,358 | 17,480 | 15,051 |
| Other operating expenses | | 968 | 660 | 770 | 569 |
| Finance cost | | 13,523 | 13,998 | 8,068 | 7,558 |
| Profit before taxation | | 7,925 | 8,350 | 4,164 | 6,624 |
| Taxation | 16 | 5,345 | 4,621 | 3,410 | 3,405 |
| Profit after taxation | | 2,580 | 3,729 | 754 | 3,219 |
| Earnings per share-basic and diluted (Rupees) | 17 | 0.34 | 0.50 | 0.10 | 0.43 |

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

LAHORE
DATE: February 25, 2022


KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director


MUHAMMAD JAVAID
Chief Financial Officer

LEINER PAK GELATINE LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

| | Six months period ended | | Quarter ended | |
|--|-------------------------|-------------------|--------------------|-------------------|
| | December 31, 2021 | December 31, 2020 | December 31, 2021 | December 31, 2020 |
| | Rupees in thousand | | Rupees in thousand | |
| Profit after taxation | 2,580 | 3,729 | 754 | 3,219 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive profit for the period | 2,580 | 3,729 | 754 | 3,219 |

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

LAHORE

DATE: February 25, 2022

RIYAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

MUHAMMAD JAVAID
Chief Financial Officer


LEINER PAK GELATINE LIMITED

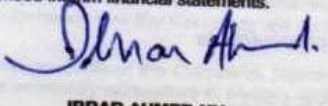
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

| | Share capital Issued, subscribed and paid up share capital | Reserves | | Total |
|--|--|---|--|---------|
| | | Revenue Reserve | Capital Reserve | |
| | | Un appropriated profit / (Accumulated loss) | Surplus on revaluation of property, plant and equipment | |
| —Rupees in thousand— | | | | |
| Balance as at 01 July 2020 | 75,000 | (3,272) | 336,262 | 407,990 |
| Total comprehensive profit for the six months period ended 31 December 2020 | - | 3,729 | - | 3,729 |
| Balance as at 31 December 2020 | 75,000 | 457 | 336,262 | 411,719 |
| Balance as at 01 July 2021 | 75,000 | 1,732 | 336,262 | 412,994 |
| Total comprehensive profit for the six months period ended 31 December 2021 | - | 2,580 | - | 2,580 |
| Balance as at 31 December 2021 | 75,000 | 4,312 | 336,262 | 415,574 |

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

LAHORE
DATE: February 25, 2022


KH. IRTIAZ AHMED
Chief Executive
& Managing Director


IBRAR AHMED KH.
Director


MUHAMMAD JAVID
Chief Financial Officer

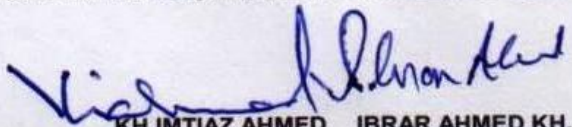
LEINER PAK GELATINE LIMITED**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)****FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

| | Six months period ended December 31, 2021 | Six months period ended December 31, 2020 |
|--|--|--|
| | -----Rupees in thousand----- | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 7,925 | 8,350 |
| Adjustments for : | | |
| Depreciation | 10,488 | 8,360 |
| Provision for employee retirement benefits | 1,688 | 1,622 |
| Finance cost | 13,523 | 13,998 |
| Provision for Workers' Profit Participation Fund | 447 | 455 |
| Government grant income | (491) | (808) |
| Provision for Workers' Welfare Fund | 330 | 170 |
| Gain on disposal of property, plant and equipment | (1,419) | - |
| | <u>24,566</u> | <u>23,797</u> |
| Operating profit before changes in working capital | 32,491 | 32,147 |
| Changes in working capital | | |
| (Increase) / decrease in current assets: | | |
| Stores, spare parts and loose tools | (5,298) | 21,099 |
| Stock-in-trade | (111,372) | (111,403) |
| Trade debts | (22,535) | (27,120) |
| Advances | (3,375) | (2,339) |
| Trade deposits and short term prepayments | (463) | 1,069 |
| Other receivables | - | - |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | <u>127,260</u> | <u>73,202</u> |
| Cash generated from / (used in) operations | 16,708 | (13,345) |
| Finance cost paid | (13,012) | (14,251) |
| Payments to provident fund | (1,749) | (1,596) |
| Taxes paid | (9,757) | (9,558) |
| Workers' Profit Participation Fund paid | (1,018) | (215) |
| Sales tax payments | <u>(2,622)</u> | <u>(2,823)</u> |
| Net cash used in operating activities | (11,450) | (41,788) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | (4,166) | (5,328) |
| Proceeds from disposal of property, plant and equipment | 1,642 | - |
| Increase in long term deposits | <u>(1,559)</u> | <u>-</u> |
| Net cash used in investing activities | (4,083) | (5,328) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Principal paid on lease liabilities | (2,183) | (1,123) |
| Long-term finance from banking companies - (repaid) / obtained - net | (8,661) | 11,152 |
| Short-term Borrowings - obtained - net | <u>24,629</u> | <u>36,990</u> |
| Net cash generated from financing activities | 13,785 | 47,019 |
| Net decrease in cash and cash equivalents | (1,748) | (97) |
| Cash and cash equivalents at the beginning of the period | 4,601 | 465 |
| Cash and cash equivalents at the end of the period | <u>2,853</u> | <u>368</u> |

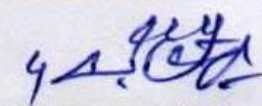
The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

LAHORE

DATE: February 25, 2022


KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director


MUHAMMAD JAVAID
Chief Financial Officer

LEINER PAK GELATINE LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)

1 The Company and its operations

Leiner Pak Gelatine Limited ("the Company") was incorporated in Pakistan on 14 February 1983 as a public limited Company. The registered office of the Company is situated at 17-G, Gulberg II, Lahore and manufacturing facility is located at 19 Kilometer, Shahrah-e-Pakistan, Kala Shah Kaku, District 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.

1.1 Impact of covid-19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. The Company continued to carry out its operations during the year after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees and has taken all necessary steps to ensure smooth and adequate continuation of Business. Management believes that there is no significant adverse impact of the effects of COVID-19 on the operations of the Company and on these financial statements. However, pursuant to relaxation announced by the State Bank of Pakistan in view of this pandemic, the Company has availed concessional loan to disburse salaries and wages which is fully explained in note 9 to these financial statements.

2 GOING CONCERN BASIS OF ACCOUNTING

The Company has negative cash flow from operating activities during the six months period ended December 31, 2021 and, as of that date, its current liabilities exceeded its current assets by Rupees 95.538 million. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The effects of measures taken by the management of the Company have positive impact on the total sales during the six months period ended December 31, 2021 which have increased by 30% over the corresponding previous period. The positive impact on the performance of the Company has further improved resulting into profit after tax amounting to Rs. 2.580 million during the six months period ended December 31, 2021. 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 "Hala" Gelatine exists in foreign and local markets as "Hala" Gelatine is equally consumed in Muslim and Non-Muslim countries.
- There is continued financial support of the Company's sponsors. The sponsors of the Company have inducted Rupees 109.532 million as of 31 December 2021 (June 30, 2021: Rupees 111.165 million) interest free loans. They are also committed to induct further funds, if the need arises, to address any liquidity issues for smooth operations.
- The existence of new sales orders (local as well as exports) along with advance payments received there against.

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

3 Basis of preparation

3.1 Statement of compliance

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

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

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

- 3.2** The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2021, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the condensed interim financial statements for the six months period ended December 31, 2020.

The figures of the six months ended December 31, 2021 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.

LEINER PAK GELATINE LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)

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 2021.

5 Change in accounting standards, interpretations and amendments to published accounting and reporting standards

a Amendments to published accounting and reporting standards which became effective during the period:

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

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

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2022. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

6 Judgments, estimates and assumptions

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgements, accounting estimates and assumptions made by the management in the preparation of these condensed interim financial statements are the same as those applied in preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2021.

7 Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual published financial statements as at and for the year ended 30 June 2021.

8 Share capital

Authorised share capital

10,000,000 (June 30, 2021: 10,000,000) ordinary shares
of Rupees 10 each

Issued, subscribed and paid up share capital

7,500,000 (June 30, 2021: 7,500,000) ordinary shares
of Rupees 10 each issued as fully paid in cash

| (Un-audited) | (Audited) |
|--------------|-----------|
| December 31, | June 30, |
| 2021 | 2021 |

-----Rupees in thousand-----

100,000

100,000

75,000

75,000

75,000

75,000

LEINER PAK GELATINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)

| | | (Un-audited) December 31, 2021 | (Audited) June 30, 2021 |
|---|------|--------------------------------------|-------------------------------|
| | | -----Rupees in thousand----- | |
| 9 Long term finance -- secured | | | |
| Bank Al Habib Limited | 9.1 | 11,768 | 17,327 |
| Summit Bank Limited | 11.8 | 16,863 | 19,475 |
| Current portion shown under current liabilities | | (27,368) | (20,434) |
| | | 1,263 | 16,368 |
| Deferred Income-Government Grant | | 332 | 823 |
| Current portion shown under current liabilities | | (332) | (766) |
| | | - | 57 |
| | | 1,263 | 16,425 |

- 9.1 The Company obtained approval of term finance facility for Rs. 24.227 million from Bank Al Habib Limited under Refinancing Scheme of the State Bank of Pakistan specifically for paying salaries and wages to Company's employees. These are repayable in 8 equal quarterly installments during the period from January 2021 to December 2022.

This term loan is secured by way of 1st. Pari Pasu charge of Rs. 180 million over all current assets of the Company already registered with SECP. Equitable mortgage supported by 1st. Pari Pasu charge for Rs. 250 million over land, building and plant & machinery of the Company situated at 19 K.M G.T Road, Kala Shah Kaku. Equitable mortgage for Rs. 50 million over 24 kanal and 6 marla of Company land situated at 19 K.M G.T Road, Kala Shah Kaku. Personal Guarantee of three directors / shareholders for Rs 250 million each. The rate of markup is fixed at 3% per annum.

Government grant aggregating to Rs. 2.401 million has been recorded up to 31 December 31, 2021 (June 30, 2021: Rs. 2.401 million). Grant amortized during the period ended December 31, 2021 is Rs.0.491 million (June 30, 2021: Rs. 1.502 million) thereby making the aggregate amortization up to December 31, 2021 Rs. 2.070 million. In accordance with the terms of the grant, the company is prohibited to lay-off the employees at least for three months from the period of the grant.

| | (Un-audited) December 31, 2021 | (Audited) June 30, 2021 |
|---|--------------------------------------|-------------------------------|
| | -----Rupees in thousand----- | |
| 10 Lease liabilities | | |
| Present value of minimum lease payments | 16,828 | 11,193 |
| Less: current portion presented under current liabilities | 3,798 | 4,240 |
| | 13,030 | 6,953 |

| | | -----Rupees in thousand----- | |
|---|------------|------------------------------|---------|
| 11 Short term borrowings | | | |
| <i>From banking companies-secured</i> | | | |
| Export Refinance | | | |
| Bank Al-Habib Limited | 11.1, 11.7 | 75,000 | 50,000 |
| Short Term Finance against payables | | | |
| Bank Al-Habib Limited | 11.3, 11.7 | 25,000 | 25,000 |
| Short Term Finance against IBP receivables | | | |
| Bank Al-Habib Limited | 11.4, 11.7 | 25,000 | 25,000 |
| Running finance | | | |
| Bank Al-Habib Limited | 11.5, 11.7 | 59,924 | 58,661 |
| | | 184,924 | 158,661 |
| <i>From related parties-unsecured</i> | | | |
| Loans from director / ex-director / shareholder | 11.11 | 109,532 | 111,166 |
| | | 294,456 | 269,827 |

- 11.1 The finance against packing credit OWN (FAPC OWN) facility obtained from Bank Al-Habib Limited having sanctioned limit of Rupees 75 million (June 30, 2021: Rupees 50 million) including one-off FAPC facility Rupees 25 million (June 30, 2021: Rupees 25 million) by blocking FAFB own. The rate of mark-up on this facility is three months KIBOR plus 1.75% per annum. The principle is to be repaid upon realization of exports proceeds as per the tenor of respective bill but not later than 120 days from the draw down date or on demand while mark-up is to be serviced upon adjustment of loan or at the end of each calendar quarter whichever is earlier. The facility is valid till February 07, 2024 with credit review on annual basis.

- 11.2 The finance against packing credit (FAPC II) facility having sanctioned limit of Rupees 25 million (June 30, 2021: Rupees nil) has been obtained from Bank Al-Habib Limited. The rate of mark-up on this facility is SBP plus 1% per annum. The principle is to be repaid within 180 days from the date of draw down upon realization of exports 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 has not been utilized upto December 31, 2021.

LEINER PAK GELATINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)

- 11.3 The short term finance facility having sanctioned limit of Rupees 25 million (June 30, 2021: 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, 2021: three months KIBOR plus 1.75%) per annum payable quarterly. The principle amount is to be repaid in 90 days through business cash flows. The facility is valid till February 07, 2024 with credit review on annual basis.
- 11.4 The IBP receivable finance facility having sanctioned limit of Rupees 25 million (June 30, 2021: 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, 2021: three months KIBOR plus 1.75%) per annum. The principal amount is to be repaid upon realization of export proceeds as per tenure of respective bill but not later than 90 days from draw down date or on demand while mark-up is to be serviced upon adjustment of each loan or at the end of each calendar quarter whichever is earlier. The facility is valid till February 07, 2024 with credit review on annual basis.
- 11.5 The running finance facility having sanctioned limit of Rupees 60 million (June 30, 2021: Rupees 60 million) has been obtained from Bank Al-Habib Limited for working capital requirements. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2021: three months KIBOR plus 1.75%) per annum payable quarterly. The facility is valid till February 07, 2024 with credit review on annual basis.
- 11.6 In terms of settlement dated March 15, 2021 with Summit Bank Limited regarding running finance facility, the remaining 13 monthly instalments as at December 31, 2021 payable at the rate of Rupees 1.3 million each have been disclosed in note 9 above.
- 11.7 The facilities mentioned in 11.1, 11.2, 11.3, 11.4 and 11.5 are commonly secured against first pari passu charge of Rupees 180 million (June 2021: Rupees 180 million) over current assets of the Company registered with SECP. Equitable mortgage supported by first pari passu charge on fixed assets of Rupees 250 million (June 30, 2021: Rupees 250 million) comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku. Lien over export documents under letter of credit and contract, shipping documents, accepted drafts, counter guarantee of the Company and personal guarantees of three Directors / Shareholders amounting to Rupees 250 million each (June 30, 2021: Rupees 250 million). Token registered mortgage charge for Rupees 0.5 million and equitable mortgage for Rupees 50 million over Land measuring 24 Kanal 6 marlas situated at Mouza Kala Shah Kaku. The running finance facility at note 11.5 in addition to securities aforesaid is also secured against pro note amounting to Rs. 144.5 million (June 2021 : Rupees 144.5 million).
- 11.8 The facility mentioned in 11.6 is commonly secured against first pari passu charge of Rupees 40 million (June 30, 2021: Rupees 40 million) over all present & future current assets of the Company with 25% margin, duly insured, with Summit Bank Limited and registered with SECP. Pari passu charge on fixed assets, comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku. Personal guarantees of three Directors along with Personal Net Worth Statement (PNWS). It carries mark-up at three months KIBOR plus 5%.
- 11.9 As at June 30, 2021 the Company has facilities from Bank Al-Habib Limited relating to import letters of credit (sight/usance) amounting to Rupees 5 million (June 30, 2021: Rupees 5 million). Additionally, Company has letter of guarantee facility amounting to Rupees 15 million (June 30, 2021: Rupees 15 million) from Bank Al-Habib Limited.
- 11.10 The net aggregate short term borrowing facilities unavailed at end of December 31, 2021 amount to Rupees 25.077 million (June 30, 2021: Rupees 26.339 million) and for letters of credit and bank guarantees amount to Rupees 8.744 million (June 30, 2021: Rupees 8.744 million).
- 11.11 The loans from Chief Executive / director (Khwaja Imtiaz Ahmed) and his close relative (Khwaja Ahmed Hassan) amounting to Rs. 76.754 million (June 30, 2021: 79.314 million) and Rs. 32.778 million (June 30, 2021: 31.851 million) respectively, are for working capital requirements. These loans are re-payable on demand and non-interest bearing.

LEINER PAK GELATINE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)

12 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, 2021.

Guarantees issued by bank on behalf of Company in favour of Sui Northern Gas Pipelines Limited as at December 31, 2021 amounting to Rupees 11.256 million (June 30, 2021: Rupees 11.256 million).

Commitments

There was no commitment as at December 31, 2021 (June 30, 2021 Rupees: nil).

| | | (Un-audited) December 31, 2021 | (Audited) June 30, 2021 |
|--|---|--------------------------------------|-------------------------------|
| | | -----Rupees in thousand----- | |
| 13 Property, plant and equipment | | | |
| Operating fixed assets | 13.1 | 516,872 | 518,377 |
| Capital work in progress | | 5,174 | 2,398 |
| | | <u>522,046</u> | <u>520,775</u> |
| 13.1 Opening book value | | 518,377 | 490,558 |
| Cost of additions during the period / year | 13.2 | 9,207 | 45,792 |
| Less: | | | |
| Deletion during the period / year (book value) | | 224 | 57 |
| Depreciation charged during the period / year | | 10,488 | 17,916 |
| | | <u>516,872</u> | <u>518,377</u> |
| 13.2 Cost of additions during the period / year | | | |
| Factory building- on freehold land | | - | 23,681 |
| Plant and machinery | | 1,058 | 12,385 |
| Electric installation and equipment | | - | 1,353 |
| Office equipment | | 332 | 525 |
| Right-of-use-asset (Vehicles) | | 7,817 | 7,848 |
| | | <u>9,207</u> | <u>45,792</u> |
| 13.3 Capital work in progress | | | |
| Opening balance | | 2,398 | 11,397 |
| Additions during the period / year | | | |
| Plant and machinery | | 3,508 | 8,791 |
| Building and Civil Works | | 326 | 18,175 |
| | | <u>6,232</u> | <u>38,363</u> |
| Transfer to operating fixed assets | | (1,058) | (35,965) |
| Closing balance | | <u>5,174</u> | <u>2,398</u> |
| 14 | The intangible assets represents computer software costing Rupees 70,000 which is fully amortized. | | |
| 15 Deferred taxation | | | |
| Deferred tax on temporary differences comprises of: | | | |
| Taxable temporary differences | | | |
| Accelerated tax depreciation | | 12,138 | 15,839 |
| Right-of-use assets | | 3,234 | 2,171 |
| | | <u>15,372</u> | <u>18,010</u> |
| Deductible temporary differences | | | |
| Tax credits | | 11,988 | 15,687 |
| Lease liabilities | | 3,384 | 2,323 |
| | | <u>-</u> | <u>-</u> |
| 15.1 | Deferred tax asset amounting to Rs. 8.224 million (June 2021 : Rs. 6.673 million) due to minimum tax credits have not been recognized as at December 31, 2021 as sufficient future taxable profits may not be available against which the said tax credits can be utilized. | | |

LEINER PAK GELATINE LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)

16 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.

17 Earnings per share-basic and diluted

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

| | Six months period ended | | Quarter ended | |
|---|------------------------------|-------------------|-------------------|-------------------|
| | December 31, 2021 | December 31, 2020 | December 31, 2021 | December 31, 2020 |
| | -----Rupees in thousand----- | | | |
| Profit after taxation | 2,580 | 3,729 | 754 | 3,219 |
| Weighted average number of ordinary shares | 7,500 | 7,500 | 7,500 | 7,500 |
| Earnings per share-basic and diluted (Rupees) | 0.34 | 0.50 | 0.10 | 0.43 |

18 Transactions with related parties

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

| Nature of relation | Nature of transaction | December 31, 2021 | December 31, 2020 |
|--------------------------------------|--|------------------------------|-------------------|
| | | -----Rupees in thousand----- | |
| 18.1 Key management personnel | | | |
| | Loan obtained from chief executive - Khwaja Imtiaz Ahmed | 7,660 | 5,400 |
| | Loan repaid to chief executive - Khwaja Imtiaz Ahmed | 10,220 | 3,245 |
| | Loan obtained from close relative - Khwaja Ahmed Hassan | 14,410 | 24,680 |
| | Loan repaid to close relative - Khwaja Ahmed Hassan | 13,483 | 17,127 |
| | Managerial remuneration | 12,691 | 10,092 |

18.2 Contribution to Provident Fund

| | | |
|--------------------------------------|-------|-------|
| Contribution to provident fund Trust | 1,687 | 1,622 |
|--------------------------------------|-------|-------|

18.3 The outstanding balances with above related parties are included in Trade and other payables "Payable to Provident fund" as at December 31, 2021 Rs. 750,242 (June 30, 2021: Rs. 811,240) and Short term borrowings (note 11) "Short term borrowings from related parties" as at December 31, 2021 Rs. 109.532 million (June 30, 2021: Rs. 111.165 million).

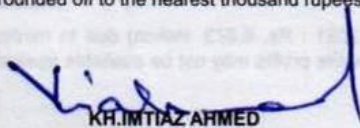
19 Date of authorization for issue

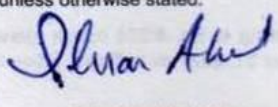
These condensed interim financial statements were authorized for issue by the Board of Directors on February 25, 2022.

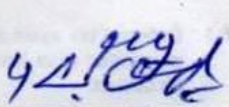
20 General

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

LAHORE
DATE: February 25, 2022


KH. IMTIAZ AHMED
Chief Executive
& Managing Director


IBRAR AHMED KH.
Director


MUHAMMAD JAVAID
Chief Financial Officer

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