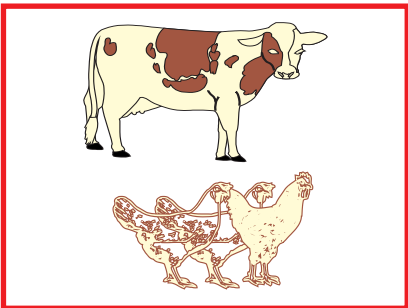
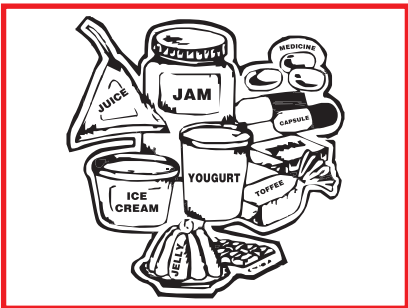




Annual Report 2016-2017



LEINER PAK GELATINE LTD.

**DON'T ONLY ASK FOR GELATINE !
INSIST ON "HALAL"
GELATINE AND ITS PRODUCTS**

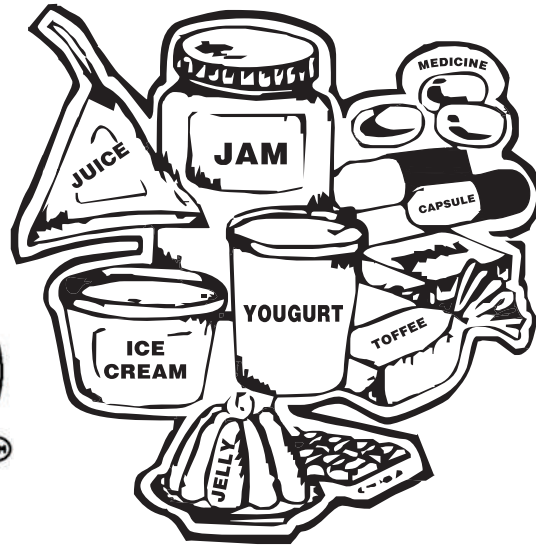
Major Fields of Application for Gelatine

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

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

Pharmaceutical gelatine is used in production of:

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



*Pioneers in Gelatine
Technology in Pakistan*



LEINER PAK GELATINE LTD.

17-G, Gulberg-2, G/Postmall Box-3529, Lahore-54660
Phones #: 92-42-35756953-54 Fax #: 92-42-35710604
Works: 19-Kilometer, Shahrah-e-Pakistan, Kala Shah Kaku,
District Sheikhpura.

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**COMPANY INFORMATION
BOARD OF DIRECTORS**

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

AUDIT COMMITTEE

Mian Zia-Ud-Din (Chairman)
Ijaz Ahmed Khwaja (Member)
Umer Riaz Khwaja (Member)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Khwaja Ahmed Hassan (Chairman)
Mian Zia-Ud-Din (Member)
Umer Riaz Khwaja (Member)

COMPANY SECRETARY

Ibrar Ahmed Khwaja

CHIEF FINANCIAL OFFICER

Mr. Muhammad Javaid

AUDITORS

M. Almas & Co.
Chartered Accountants
207-Sadiq Plaza, 2nd Floor, 69-The Mall, Lahore.

LEGAL ADVISOR

Khwaja Muhammad Akram
Advocate
1-Begum Road, Mozang Adda, Lahore.

REGISTRAR

CORPLINK (PVT) LTD.,
Wings Arcade, 1-K Commercial,
Model Town, Lahore.

REGISTERED OFFICE

17-G, Gulberg-2, G/Postmall No. 3529, Lahore-54660
Ph. #: 0092-42-35756953-54, Fax #: 0092-42-35710604

PLANT

19th Kilometer,
Shahrah-e-Pakistan, Kala Shah Kaku,
District Sheikhpura.
Ph. #: 0092-42-37950018 – 37980179

BANKERS

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

NOTICE OF 34TH ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting of LEINER PAK GELATINE LTD., will be held on Tuesday, the 31st October, 2017 at 10.00 A.M. at the Registered office of the Company, 17/G, Gulberg -2, Lahore-54660 to transact the following business :-

1. Recitation from the Holy Quran.
2. To confirm the minutes of the Annual General Meeting held on Monday, 31st October, 2016.
3. To receive and adopt the Annual Accounts of the Company for the Year ended 30th June, 2017 together with Directors' and Auditors' Report thereon.
4. To appoint the Auditors of the Company for the year ending 30th June, 2018 and to fix their remuneration.

Ordinary Business

5. To transact or discuss any other business with the permission of the Chair.

BY ORDER OF THE BOARD,

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

LAHORE:

DATED: 05th October, 2017

NOTES:

1. The Share Transfer Books of the Company will remain closed from 24th October, 2017 to 31st October, 2017 (both days inclusive). Shares may be lodged for transfer with our Registrar M/s CORPLINK (PVT) LTD., Wings Arcade, 1-K, Commercial, Model Town, Lahore. Phone Nos: 042-35839182, 305887262, 35916719 Fax No: 042-35869037.
2. The Shareholders are advised to notify the Registrar of any change in their address.
3. A member entitled to attend and vote at this meeting may appoint another member as proxy to attend and vote instead of him. The Proxy Form duly signed and stamped must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
4. Any individual beneficial owner of the share in the Central Depository Company (CDC) entitled to vote at this meeting with him/her to prove him/her identity together with his/her Account number in CDC and in case of proxy, must enclose an attested copy of his/her CNIC. Representative of Corporate Members should bring the usual documents required for such purpose.
5. Pursuant to the directive of the Securities and Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatory required on dividend warrants. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the Shares Registrar. In case of non-receipt of the copy of a valid CNIC, the company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under SECP order dated July 13, 2015 to withhold the dispatch of dividend warrants of such shareholders.
6. Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/s Corplink (Pvt) Limited. to collect / enquire about their unclaimed dividend or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

7. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.leinerpakgelatine.com.
8. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company received consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, _____ of _____, being a member of Leiner Pak Gelatine limited, holder of _____ ordinary Share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____."

VISION STATEMENT

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

MISSION

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

- Adoption of advanced technologies in Gelatine manufacturing.
- Investment in human resources to create and strengthen professional environment.
- Exploring new international markets with the satisfaction of existing customers.
- Continuous improvement of quality system, Environmental management system from ISO-9001:2000, ISO 14000 (already obtained) to other achievements of quality management.
- Fetching and delivering healthy returns to all stakeholders.
- Contribution towards economic and social uplift of employees and community in general.

CORPORATE STRATEGY

OBJECTIVES

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

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

STRATEGIC PLANNING

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

REVIEW REPORT BY THE CHAIRMAN

This year Board of Directors met 6 times and discussed operational, financial and regulatory issues for smooth running of the Company's business.

In accordance with the Code of Corporate Governance, an evaluation of the Board of Directors of Leiner Pak Gelatine Limited is carried out. This evaluation process ensures that Board's overall performance and effectiveness is measured in context of objectives set for the company.

Boards evaluation for the year ended June 30, 2017 with respect to its performance is found satisfactory. Board has also identified areas of improvement in line with best practices. Assessment is mainly based on frequency in participation in Board meetings, Completion of Directors training, In time completion of assignments entrusted upon them, initiative taken in their relevant domain, business acumen and analytical skills, awareness of major laws governing the business and contribution in formulating the Company policies.

Board has in place policies for different areas of Company's operations and these policies are also reviewed periodically. Board and its committees meet frequently to discharge their responsibilities. Non - executive and independent Directors are equally involved in decision making.

LAHORE
Dated: October 05, 2017

AHMED ALI RIAZ
Chairman

چیرمین کی جائزہ رپورٹ

اس سال بورڈ آف ڈائریکٹرز کے ۶ اجلاس منعقد ہوئے اور کاروباری عمل، مالیاتی اور ریگولیٹری معاملات زیر بحث آئے تاکہ کمپنی کے کاروبار کو بغیر کسی رکاوٹ کے چلایا جاسکے۔

کوڈ آف کارپوریٹ گورننس کے تحت لائسنس پاک جیلاٹین لمیٹڈ کے ڈائریکٹران کا جائزہ لیا گیا۔ یہ جائزے کا عمل اس بات کو یقینی بناتا ہے کہ ڈائریکٹران کی مجموعی کارکردگی اور اس کے موثر ہونے کو کمپنی کے مقاصد کی روشنی میں ناپا گیا ہے۔

بورڈ کا ۳۰ جون ۲۰۱۷ء کا جائزہ کارکردگی کے لحاظ سے اطمینان بخش رہا۔ بورڈ نے بہترین معمولات کے مطابق ان چیزوں کی نشاندہی بھی کی جہاں بہتری کی گنجائش ہے۔ تشخیص کا عمل زیادہ تر بورڈ کی میٹنگز میں شرکت، ڈائریکٹران کے ٹریننگ پروگرام کی تکمیل، انکے لیے تفویض کیے گئے کام کی بروقت تکمیل، اپنے دائرہ کار میں چیزوں کے لیے پہل کرنا، کاروباری فراست اور تجزیاتی صلاحیت، کاروباری قوانین کے بارے میں جانکاری اور کمپنی پالیسیوں کے بنانے میں شراکت پر منحصر ہے۔

بورڈ نے کمپنی کے مختلف شعبہ جات کے لیے پالیسیاں پیش کر رکھی ہیں اور وقتاً فوقتاً ان کا جائزہ بھی لیا جاتا ہے۔ بورڈ اور اس کی کمیٹیاں اپنی ذمہ داریاں پوری کرنے کے لیے تواتر کے ساتھ اجلاس منعقد کرتی ہیں۔ نان ایگزیکٹو اور آزاد ڈائریکٹران فیصلہ سازی میں برابری کی بنیاد پر شامل ہوتے ہیں۔

احمد علی ریاض
چیرمین

لاہور
۵ اکتوبر ۲۰۱۷ء

DIRECTORS' REPORT

The Directors are pleased to present the 34th Annual Report along with Company's audited financial statements for the financial year ended 30th June, 2017 together with Auditors' Report thereon.

OPERATIONS

This year we could not witness expected growth on the previous year pattern. Company's turnover in this financial year is registered at Rs. 692.372 million reflecting a slight fall (4.85%) in turnover as compared to last year. Export sales could not achieve its visualized target due to extraordinary delay on the part of Malaysian Halal Authority (JAKIM/DVS) in granting the approval for Halal and Veterinary certification, a necessary document for exports to Malaysia, Indonesia and other far east countries. This undue delay and extensive documentation with Malaysian Authorities consumed 08 months of current financial year and only 20% of the total pending export orders could be processed till June 30, 2017.

One of the major impediment in growth of Gelatine industry can be attributed to export of animal bones from Pakistan to Iran, China, Japan and other neighboring countries. Procurement of quality bone at some feasible pricing is posing certain challenges to value addition industry (Gelatine manufacturing). Imposition of duties on export of animal bones can do a lot for Gelatine industry which is serving the nation with Halal product (Gelatine) being the important ingredient of confectionery and pharmaceutical industries. This year, less availability of crushed bone in open market compelled the management to raise raw bone stocks. Seasoning of raw bone to generate desirable quality of crushed bone also compromised some manufacturing period and ultimately less quantity of Gelatine is produced this year as compared to last year.

Non availability of export market for Gelatine in most of the financial period, certain practical difficulties in procurement of raw material (crushed bone) and continuous hike in gas charges (shifting of gas pricing on LNG rates) has affected financial performance this year and Company's profit before tax remained at Rs. 4.460 million as compared to last year profit before tax of Rs. 10.626 million.

These factors have raised significant doubts on the Company's ability to continue as a going concern as the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management of the Company believes that the Company does not have a history of continuous losses and incidence of losses is a temporary phase which

will soon be over. Keeping in view the following factors, the management foresees that the Company will continue as a going concern.

- There is continued demand for the products of the Company. Demand for “Halal” Gelatine exists in foreign and local markets as “Halal” Gelatine is equally consumed in Muslim and non- Muslim countries.
- Repayments to banks and financial institutions have been made as per agreed terms and they have renewed the credit facilities for the future period.
- There is continued financial support of the Company’s sponsors. The sponsors’ of the Company have inducted Rs. 31.294 million interest free loans up to June 30, 2017. They are also committed to induct further funds, if the need arises, to address any liquidity issues for smooth operations.

Apart from the aforementioned factors there are also positive indicators like continuous profits before taxation since July 01, 2014 to date. These financial statements, therefore, do not include any adjustments relating to realization of its assets and the liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

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

1. The financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.

5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. The management has explained their views in detail regarding the going concern ability of the Company in note 2 in the annexed financial statements.
7. There has been no material departure from the best practices of Corporate Governance as detailed in listing regulations.

KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

Years ending on June:	2016	2015	2014	2013	2012	2011
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)
Turnover	727,664	691,778	488,374	705,290	579,012	428,796
Profit/(Loss) after Taxation	2,748	(14,402)	(52,956)	2,718	3,566	(254)
Assets	407,654	290,236	278,743	281,317	289,007	203,789
Dividend	-	-	-	-	3,010	-
Loans (long term)	-	-	-	-	-	2,500

During the year six (6) meetings of the Board of Directors were held. The attendance by the Directors was as follows:

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

* Mr. Iqbal Dossa (non-executive director) expired on March 05, 2017 and casual vacancy was filled by Mr. Ahmed Ali Riaz as non-executive director.

APPROPRIATIONS

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

EARNING RATIO:-

The (loss) / earning per share after tax works out to Rs.(0.40) {last year Rs.0.37}.

VALUE OF INVESTMENT IN PROVIDENT FUND

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

	Provident Fund June 30, 2017
Investments at fair value Rs.(000s)	<u>124,251</u>
These funds are invested as given below:	Rs.(000s)
Unit Trust Schemes	57,386
Mutual Funds	1,786
Savings Schemes of Banks	2,727
Bank Deposits	24,498
Listed Securities	37,854
	<u>124,251</u>

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Company's management continued its focus on education, healthcare and social uplift of the communities.

The company is providing donations to different hospitals, helping disabled persons for their rehabilitations and extending job opportunities to them. This year also company provided financial help to the deserving students.

OUTSTANDING STATUTORY PAYMENTS

All outstanding payments are of routine nature.

CODE OF CONDUCT

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

Company's Cod of Conduct sets out standards expected of the entire team. This ensures that the Company maintains good reputation by dealing and being seen to deal with all our business contacts in a professional and acceptable way.

BOARD COMMITTEES**AUDIT COMMITTEE**

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

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

Audit Committee provides assistance to the Board of Directors in discharging their responsibilities in accordance with provisions of code of corporate governance and financial reporting framework. This committee is also entrusted to implement an effective internal control system and forward recommendations to the Board of Directors for further improvement of the said systems.

Audit Committee's other responsibilities in the light of code of corporate governance also include the following:

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

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Company has constituted human resource and remuneration (HR & R) committee as required by Code of Corporate Governance. Company has succeeded in attracting the quality human resource through implementation of policies of the committee.

In accordance with code of corporate governance , the responsibilities of the committee include:

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

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

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

TRAINING PROGRAMME OF DIRECTORS

Company offers refresher courses to its Directors and other executives to keep them updated with the recent changes occurring in Pakistan and on the globe. All of our Directors, which were required under Code of Corporate Governance, have completed Directors Training Programme with recognized institutions from Pakistan Institute of Corporate Governance.

Directors Training Programme and other orientation courses are playing vital role in their capacity building.

TRADE IN SHARES OF THE COMPANY

During the year none of the Director, executives, their spouse and minor children entered in to any transaction of sale/purchase of Company's shares.

LABOUR AFFAIRS

Management of the Company is providing safe and healthy working environment to its employees at all levels. At Leiner Pak Gelatine Limited, very genial relationship exists between management and employees of the Company.

After every two years election of the bargaining agent (C.B.A) takes place in a very peaceful manner. C.B.A and management arrange to settle all matters relating to the affairs of the employees.

AUDITORS:

The present auditors, M/s M. Almas & Co. Chartered Accountants, Lahore, has completed their assignment for the year ended June 30, 2017 and shall retire on the conclusion of 34th Annual General Meeting. The retiring auditors M/s M. Almas & Co. Chartered Accountants are eligible for re-appointment.

In accordance with the Code of Corporate Governance, the audit committee considered and recommended the re-appointment of M/s M. Almas & Co. Chartered Accountants as statutory auditors for the year 2017-18.

PATTERN OF SHARE HOLDING:

It appears on page no: 61

ACKNOWLEDGEMENT

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

LAHORE
Dated: October 05, 2017

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

ڈائریکٹرز رپورٹ

ڈائریکٹرز کو ۳۴ ویں سالانہ رپورٹ جو کہ ۳۰ جون ۲۰۱۷ء کو ختم ہونے والے سال کے لیے کمپنی نے مالیاتی نتائج اور آڈیٹران کی رپورٹ پر مشتمل ہے۔ پیش کرنے پر خوشی محسوس ہو رہی ہے۔

کاروباری عمل :- (Operations)

امسال ہمیں کمپنی کی متوقع بڑھوتری پچھلے سال کی طرح نظر نہ آسکی۔ اس مالیاتی سال میں کمپنی نے ۶۹۲.۳۷۲ ملین روپے کا مال فروخت کیا جو کہ پچھلے سال کی فروخت کی نسبت تھوڑی کم (۴.۸۵ فیصد) رہی ہے۔ بیرون ملک مال کی فروخت ملائیشیا کی حلال اتھارٹی (JAKIM/DVS) کی طرف سے حلال اور ویٹرنری سٹوفکیٹ کی منظوری میں غیر معمولی دیر کی وجہ سے اپنے واضح ہدف کو حاصل نہ کر سکی۔ یہ دستاویز ملائیشیا، انڈونیشیا اور دوسرے مشرقی بعید کے ملکوں کو مال کی فروخت کے لیے بہت اہم ہے۔ اس غیر معمولی دیر اور ملائشین ادارے کے ساتھ بے تحاشا خط و کتابت نے موجودہ مالی سال کے ۸ ماہ ضائع کر دیئے اور التوا کے شکار برآمدی آرڈرز میں سے صرف ۲۰ فیصد کو ۳۰ جون ۲۰۱۷ء تک مکمل کیا جاسکا۔

جیلاٹین کی صنعت کی بڑھوتری نے جانوروں کی ہڈی کی پاکستان سے ایران، چین، جاپان اور دوسرے ہمسایہ ممالک کو فروخت ایک بہت بڑی رکاوٹ قرار دیا جاسکتا ہے۔ جیلاٹین بنانے والے اداروں کیلئے ہڈیوں کی مناسب قیمت میں خرید ایک چیلنج کی طرح بن چکا ہے۔ جانوروں کی ہڈیوں کی بیرون ملک فروخت پر ڈیوٹی عائد کرنے سے جیلاٹین کی صنعت کیلئے بہت کچھ ہو سکتا ہے جو کہ حلال مال (جیلاٹین) اپنی قوم کو فراہم کر رہی ہے اور یہ مٹھائیوں اور دواسازی کی صنعتوں کیلئے ایک اہم جزو ہے۔ امسال مارکیٹ میں (Crushed Bone) کی کمی کی وجہ سے انتظامیہ خام ہڈیوں کے سٹاک کو بڑھانے پر مجبور ہوئی۔ (Crushed Bone) کی بہتر کوالٹی کے حصول کیلئے خام ہڈیوں کی تیاری سے بھی پیداواری وقت ضائع ہوا اور بالآخر پچھلے سال کی نسبت کم مقدار میں جیلاٹین کی پیداوار ہوئی۔ ایکسپورٹ مارکیٹ کی مالی سال کے زیادہ تر حصہ میں غیر موجودگی، خام مال (Crushed Bone) کی خریداری میں عملی مشکلات اور گیس کے نرخوں میں مسلسل اضافہ (گیس کے نرخ کا LNG کے نرخ پر منتقلی) کی وجہ سے مالیاتی کارکردگی متاثر ہوئی اور کمپنی کا قبل از ٹیکس منافع پچھلے سال کے قبل از ٹیکس منافع مبلغ ۱۰.۶۲۶ ملین روپے کی نسبت مبلغ ۴.۴۶۰ ملین روپے رہا۔

ان تمام عوامل نے کمپنی کاروبار کے مسلسل چلنے کی صلاحیت کیلئے شکوک و شبہات پیدا کر دیئے ہیں۔ جس کی وجہ

سے اس بات کا امکان موجود ہے کہ کمپنی شاید معمول کے کاروباری عمل کے نتیجے میں اپنے اثاثہ جات کی فروخت اور واجبات کی ادائیگی نہ کر سکے۔

کمپنی کی انتظامیہ اس بات پر یقین رکھتی ہے کہ کمپنی کی مسلسل نقصان کی تاریخ نہ ہے اور نقصان کا ہونا ایک عارضی مرحلہ ہے جو کہ جلد ختم ہو جائے گا۔ درج ذیل عوامل کو مد نظر رکھتے ہوئے انتظامیہ کا خیال ہے کہ کمپنی اپنے کاروباری عمل کو مسلسل جاری رکھے گی:-

- ہماری کمپنی کی مصنوعات کی مانگ مسلسل موجود ہے، ”حلال“ جیلاٹین کی مانگ بیرون ملک اور اندرون ملک موجود ہے۔ کیونکہ ”حلال“ جیلاٹین مسلم اور غیر مسلم ملکوں میں برابر کی سطح پر استعمال ہو رہی ہے۔
- بینکوں اور مالیاتی اداروں کو ان سے طے کردہ شرائط کے مطابق ادائیگیاں کردی گئی ہیں اور مستقبل کیلئے قرض کی سہولیات کی تجدید بھی کردی گئی ہے۔
- کمپنی کے مالکان کی طرف سے مالی امداد کی مسلسل فراہمی۔ کمپنی مالکان نے امسال ۳۰ جون ۲۰۱۷ء تک بلاسود ۳۱.۲۹۴ ملین روپے قرضہ جات کی مد میں کمپنی کو فراہم کیے ہیں۔ وہ اس بات کا عزم بھی رکھتے ہیں کہ اگر مستقبل میں (Liquidity) کا مسئلہ درپیش ہوا تو بغیر رکاوٹ کے کاروباری عمل کو بڑھاتے ہوئے مزید مالی معاونت بھی کریں گے۔

تمام مندرجہ بالا عوامل کے علاوہ مثبت اشارے مثلاً یکم جولائی ۲۰۱۴ء سے اب تک قبل از ٹیکس کا مسلسل منافع بھی موجود ہیں۔ ان مالیاتی نتائج میں کسی قسم کی (Adjustment) (اگر کمپنی کاروبار جاری رکھنے کی اہلیت نہ رکھتی ہو) جس کا تعلق اثاثہ جات کی قیمت اور واجبات کی مالیت سے ہو، نہ ہے۔

آڈیٹران کی رپورٹ میں کاروبار کے جاری رہنے کے معاملات کا ذکر توجہ دلانے کیلئے موثر انداز میں موجود ہے۔ اس کے جواب میں انتظامیہ کا نقطہ نظر مالیاتی نتائج کے نوٹ نمبر ۲ میں شامل کیا گیا ہے۔

کارپوریٹ اور مالیاتی دستاویز کا ضابطہ:

ڈائریکٹران کارپوریٹ گورننس کے مطابق کارپوریٹ اور مالیاتی دستاویزات کے ضابطے پر مکمل عملدرآمد کی تصدیق کرنے میں خوشی محسوس کرتے ہیں اور مندرجہ ذیل بیان کو قلمبند کرتے ہیں:-

- ۱- مالی بیانات، جو کہ کمپنی انتظامیہ کی جانب سے تیار کی گئی ہے جو منصفانہ امور کی نشاندہی، اپنے آپریشنز، نقدی کا بہاؤ اور ایکٹیویٹی میں تبدیلیوں کا نتیجہ ہے۔

- ۲۔ کمپنی کے اکاؤنٹ کی مناسب کتابوں کو برقرار رکھا گیا ہے۔
- ۳۔ مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کے ساتھ مالی اکاؤنٹ کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ اندازے سے معقول اور دانش مندانہ فیصلے پر مبنی ہے۔
- ۴۔ انٹرنیشنل اکاؤنٹنگ کے معیار جو کہ پاکستان میں قابل عمل ہیں کی مالی بیانات کی تیاری میں پیروی کی گئی ہے۔
- ۵۔ اندرونی کنٹرول کے نظام کا ڈیزائن صحیح ہے اور اس پر موثر طریقے سے عملدرآمد اور اس کی نگرانی کی گئی ہے۔
- ۶۔ کمپنی کی انتظامیہ نے کمپنی کو جاری رکھنے کی صلاحیت کے بارے میں مالیاتی نتائج کے نوٹ نمبر ۲ میں تفصیل سے ذکر کیا ہے۔
- ۷۔ کارپوریٹ گورننس کے بہترین طریقوں پر بغیر کسی انحراف کے عمل کیا گیا ہے جو کہ لسٹنگ کے ضابطے میں موجود ہے۔

گزشتہ چھ سالوں میں کلیدی آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ

۲۰۱۱ء	۲۰۱۲ء	۲۰۱۳ء	۲۰۱۴ء	۲۰۱۵ء	۲۰۱۶ء	ماہ جون پر ختم ہونے والے سال
روپے (000)	روپے (000)	روپے (000)	روپے (000)	روپے (000)	روپے (000)	
۴۲۸،۷۹۶	۵۷۹،۰۱۲	۷۰۵،۲۹۰	۴۸۸،۳۷۴	۶۹۱،۷۷۸	۷۲۷،۶۶۴	فروخت (Turnover)
(۲۵۴)	۳،۵۶۶	۲،۷۱۸	(۵۲،۹۵۶)	(۱۴،۴۰۲)	۲،۷۲۸	بعد از ٹیکس خالص منافع (نقصان)
۲۰۳،۷۸۹	۲۸۹،۰۰۷	۲۸۱،۳۱۷	۲۷۸،۷۴۳	۲۹۰،۲۳۶	۴۰۷،۶۵۴	اٹا شہ جات
---	۳،۰۱۰	---	---	---	---	تقسیم شدہ منافع
۲،۵۰۰	---	---	---	---	---	قرضہ جات (لمبے عرصہ کے لئے)

امسال بورڈ آف ڈائریکٹرز کی چھ میٹنگز منعقد ہوئیں۔ ڈائریکٹران کی حاضری کی تفصیل درج ذیل ہے:

میٹنگز میں شرکت	ڈائریکٹران کے نام	سیریل نمبر
۲	مسٹر احمد علی ریاض	۱☆
۶	خواجہ امتیاز احمد	۲
۶	اعجاز احمد خواجہ	۳
۶	ابرار احمد خواجہ	۴

۶	خواجہ احمد حسن	۵
۶	میاں ضیاء الدین	۶
۶	عمر ریاض خواجہ	۷
۴	اقبال دوسہ	۸☆

☆ اقبال دوسہ۔ نان ایگزیکٹو ڈائریکٹر کا مورخہ ۵ مارچ ۲۰۱۷ء کو انتقال ہو گیا اور (Casual Vacancy) کو احمد علی ریاض نے نان ایگزیکٹو ڈائریکٹر کے طور پر ان کی جگہ لی۔

منافع کی تقسیم (Appropriations):

اس سال میں نقصان اور مجموعی نقصان کی وجہ سے منافع کی تقسیم نہ کرنے کا فیصلہ کیا گیا ہے۔

منافع کا تناسب:

ہر حصے کا بعد از ٹیکس نقصان مبلغ (۰.۴۰) روپے ہے۔ (پچھلے سال منافع مبلغ ۰.۳۷ روپے)۔

پراویڈنٹ فنڈ کی سرمایہ کاری کی قدر:

کمپنی اپنے تمام مستقل ملازمین کیلئے ایک منظور شدہ شراکتی پراویڈنٹ فنڈ چلا رہی ہے۔ اس فنڈ کی سرمایہ کاری کی قدر

پراویڈنٹ فنڈ

درج ذیل ہے:-

۳۰ جون ۲۰۱۷ء

۱۲۴،۲۵۱

سرمایہ کاری کی منصفانہ قدر (000) روپے

۵۷،۳۸۶

فنڈ کی سرمایہ کاری درج ذیل ہے:-

۱،۷۸۷

پونٹ ٹرسٹ سکیمز

۲،۷۲۷

میوچل فنڈز

۲۴،۴۹۸

بینکوں کی بچت سکیم

۳۷،۸۵۳

بینکوں میں جمع شدہ رقم

لسٹڈ سکیورٹیز

۱۲۴،۲۵۱

کارپوریٹ سماجی ذمہ داری:

کمپنی کی انتظامیہ نے اپنی توجہ تعلیم، حفظانِ صحت اور معاشرے کے طبقات میں بہتری کیلئے مرکوز کر رکھی ہے۔ کمپنی مختلف ہسپتالوں کو عطیات فراہم کر رہی ہے۔ اپنا ہج لوگوں کی بحالی کیلئے مدد کر رہی ہے اور ان کیلئے ملازمت کے مواقع بھی پیدا کر رہی ہے۔ اس سال بھی کمپنی نے مستحق طلباء کیلئے مالی امداد کی ہے۔

سٹیچوٹری بقایا جات کی ادائیگی:

تمام بقایا جات کی ادائیگی معمول کے مطابق ہے۔

ضابطہ اخلاق:

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

کمپنی کے ضابطہ اخلاق میں تمام لوگوں کے لیے متوقع معیار ترتیب دے رکھا ہے۔ یہ ضابطہ اخلاق اس بات کو یقینی بناتا ہے کہ تمام معاملات جو کمپنی مختلف کاروباری رابطوں کے ذریعے طے کرے وہ ایک پیشہ ورانہ اور قابل قبول طریقہ سے ہوں اور اس سے کمپنی کی ساکھ کو برقرار رکھا جاسکے۔

بورڈ کمیٹیاں:

آڈٹ کمیٹی:

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

میٹنگز میں شرکت

۴

۴

۴

ڈائریکٹرز کا نام

میاں ضیاء الدین

اعجاز احمد خواجہ

عمر ریاض خواجہ

آڈٹ کمیٹی ڈائریکٹران کو کوڈ آف کارپوریٹ گورننس اور مالیاتی دستاویزات کے ضابطوں کے مطابق ان کی ذمہ داریوں کو پورا کرنے میں ان کی مدد کرتی ہے۔ آڈٹ کمیٹی کو یہ ذمہ داری بھی سونپی گئی ہے کہ وہ ایک موثر اندرونی کنٹرول کو نافذ کرے اور سسٹم کو مزید بہتر بنانے کیلئے سفارشات ڈائریکٹران تک پہنچائے۔

آڈٹ کمیٹی کوڈ آف کارپوریٹ گورننس کی روشنی میں درج ذیل مزید عوامل کی بھی ذمہ دار ہے:-

- (الف) کمپنی کے اثاثہ جات کے تحفظ کیلئے مناسب اقدام لینا۔
- (ب) بورڈ آف ڈائریکٹرز کی منظوری سے پہلے لسٹڈ کمپنی کی چوتھائی سال، آدھے سال اور سالانہ مالیاتی تفصیلات کا جائزہ لینا۔
- (پ) تفصیلات کے نشر ہونے سے پہلے ان کا ابتدائی جائزہ لینا۔
- (ت) بیرونی آڈٹ میں سہولت فراہم کرنا اور بیرونی آڈیٹران کے ساتھ عبوری اور مکمل آڈٹ کے دوران اٹھنے والے بڑے نقاط اور ایسے تمام معاملات جو آڈیٹران اپنی مرضی سے بھی اٹھانا چاہتے ہوں ان کے ساتھ ان پر بات چیت کرنا۔
- (ٹ) بیرونی آڈیٹران کی طرف سے جاری کردہ انتظامی خط اور انتظامیہ کے ردِ عمل کا جائزہ لینا۔
- (ث) اندرونی آڈٹ اور بیرونی آڈیٹران کے درمیان تعاون کو یقینی بنانا۔
- (ج) اندرونی آڈٹ کے دائرہ کار کا جائزہ لینا اور لسٹڈ کمپنی کے اندر اس بات کو یقینی بنانا کہ اندرونی آڈٹ کے پاس مناسب ذرائع موجود ہوں اور کمپنی میں ہر جگہ اس پر عمل کیا جاسکے۔
- (چ) فراڈ، کرپشن اور اختیارات سے تجاوز کرنے کے بڑے معاملات کی اندرونی جانچ پڑتال اور انتظامیہ کے ردِ عمل کا جائزہ لینا۔
- (ح) اندرونی کنٹرول کے نظام جس میں مالیاتی اور آپریشنل کنٹرول شامل ہیں، اکاؤنٹنگ نظام، خرید و فروخت، وصولیوں اور ادائیگیوں، اثاثہ جات اور واجبات کے صحیح اندراج اور معلومات پہنچانے کے ڈھانچے کا صحیح اور موثر طریقے سے چلنے کو یقینی بنانا۔
- (خ) لسٹڈ کمپنی کی طرف سے اندرونی کنٹرول پر جاری کردہ تفصیلات کا اندرونی آڈٹ کی رپورٹ اور بورڈ آف ڈائریکٹرز کی منظوری سے پہلے جائزہ لینا۔
- (د) چیف ایگزیکٹو کے مشورہ سے بورڈ آف ڈائریکٹرز کے سفارش کردہ معاملات، نئے منصوبوں کے اجراء، روپے کی قدر کا مطالعہ اور دوسرے معاملات کی جانچ پڑتال کا جائزہ لینا اور کسی اور معاملے کو بیرونی آڈیٹران یا بیرونی ادارے کے ساتھ اٹھانا شامل ہے۔
- (ر) متعلقہ سٹیچوٹری ضروریات پر عملدرآمد کو یقینی بنانا۔
- (ڑ) کارپوریٹ گورننس کے بہترین عمل پر عملدرآمد اور اس عمل کی بڑی خلاف ورزیوں کی نشاندہی پر پوری نظر

رکھنا۔

(ث) بورڈ آف ڈائریکٹرز کی طرف سے سوچے گئے کسی اور معاملے کا جائزہ لینا۔

انسانی وسائل اور اجرتی کمیٹی:

کمپنی کے کوڈ آف کارپوریٹ گورننس کی ضروریات کے مطابق انسانی وسائل اور اجرتی کمیٹی (HR&R) تشکیل دے رکھی ہے۔ کمپنی اس کمیٹی کی پالیسیوں کے نفاذ کے ذریعے بہتر انسانی وسائل کے حصول میں کامیاب رہی ہے۔ کوڈ آف کارپوریٹ گورننس کے مطابق کمیٹی کی ذمہ داریوں میں شامل ہے:-

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

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

(i) خواجہ احمد حسن (چیرمین)

(ii) میاں ضیاء الدین (ممبر)

(iii) عمر ریاض خواجہ (ممبر)

ڈائریکٹران کا ٹریننگ پروگرام:

کمپنی اپنے ڈائریکٹران اور دوسرے ایگزیکٹوز کو جدید کورسز پیش کرتی ہے تاکہ ان کو پاکستان اور دنیا میں ہونے والی نئی تبدیلیوں سے ہم آہنگ رکھا جاسکے۔ ہمارے تمام ڈائریکٹران نے، جن کو کوڈ آف کارپوریٹ گورننس کے تحت ضروری تھا، پاکستان انسٹیٹیوٹ کارپوریٹ گورننس کے منظور شدہ اداروں سے ڈائریکٹریٹنگ پروگرام مکمل کر لیے ہیں۔ ڈائریکٹران کے ٹریننگ پروگرام اور دوسرے آگاہی کورسز ان کی صلاحیت بڑھانے میں اہم کردار ادا کر رہے

ہیں۔

کمپنی کے حصص میں خرید و فروخت:

امسال کمپنی کے کسی ڈائریکٹر، ایگزیکٹوز، ان کی بیویوں اور نابالغ بچوں نے کمپنی کے حصص میں کوئی خرید / فروخت نہیں کی ہے۔

ملازمین کے معاملات:

کمپنی انتظامیہ اپنے تمام ملازمین کو محفوظ اور صحت مند کام کا ماحول فراہم کرتی ہے۔ لائسنر پاک جیلاٹین لمیٹڈ میں انتظامیہ اور ملازمین کے مابین نہایت خوشگوار تعلقات پائے جاتے ہیں۔

ہر دو سال کے بعد سودے کاری ایجنٹ (سی۔ بی۔ اے) کا پرامن طریقہ سے الیکشن منعقد ہوتا ہے۔ (سی۔ بی۔ اے) اور انتظامیہ ملازمین کے معاملات کو حل کرنے کا اہتمام کرتے ہیں۔

آڈیٹرز:

موجود آڈیٹرز، ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور نے ۳۰ جون ۲۰۱۷ء کو ختم ہونے والے سال سے متعلق اپنا کام مکمل کر لیا ہے اور ۳۴ ویں سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے۔ ریٹائر ہونے والے آڈیٹرز، ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس دوبارہ منتخب ہونے کے اہل ہیں۔

کورڈ آف کارپوریٹ گورننس کی رو سے آڈٹ کمیٹی نے ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کا جائزہ لیتے ہوئے ان کی سال ۱۸-۲۰۱۷ء کیلئے سٹیچوٹری آڈیٹرز کی حیثیت سے تقرری کی سفارشات پیش کی ہیں۔

حصہ داران کی تفصیل:

حصہ داران کی تفصیل صفحہ نمبر ۶۱ پر موجود ہے۔

اعتراف:

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

لاہور

۵ اکتوبر ۲۰۱۷ء

خواجہ امتیاز احمد

چیف ایگزیکٹو اینڈ

مینجنگ ڈائریکٹر

**STATEMENT OF COMPLIANCE WITH THE CODE OF
CORPORATE GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

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

Names of the Director	Status
Mian Zia-ud-Din	Independent Director
Khwaja Imtiaz Ahmed	Executive Director
Ibrar Ahmed Khwaja	Executive Director
Khwaja Ahmed Hassan	Non - Executive Director
Ijaz Ahmed Khwaja	Non - Executive Director
Umer Riaz Khwaja	Non - Executive Director
Ahmed Ali Riaz	Non - Executive Director
* Mr. Iqbal Dossa	Non - Executive Director

* Mr Iqbal Dossa expired on March 05, 2017

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

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company.
3. All the resident Directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. There was one casual vacancy on the Board during the year which arose due to death of Mr. Iqbal Dossa and same was filled within stipulated period of 90 days.
5. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The closed period, prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to insider information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board

LAHORE
Dated: October 05, 2017

KH. IMTIAZ AHMED
Chief Executive &
Managing Director

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Leiner Pak Gelatine Limited (the Company) for the year ended June 30, 2017, to comply with the requirements of Listing Regulation No. 5.19 of Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Lahore
Dated: October 05, 2017

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

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **LEINER PAK GELATINE LIMITED** as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the company as required by the repealed Companies Ordinance, 1984;
- (b) in our opinion-
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Without qualifying our opinion, we draw attention to note 2 of the financial statements, which indicates that during the year ended June 30, 2017 the Company has negative cash flows from operating activities and incurred a net loss of Rupees 3.009 million and, as of that date, its accumulated loss was Rupees 3.781 million and its current liabilities exceeded its current assets by Rupees 50.704 million. These conditions along with other factors as set forth in note 2 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Lahore
Dated: October 05, 2017

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

**BALANCE SHEET
AS AT JUNE 30, 2017**

	Note	30 June 2017 -----Rupees in thousand-----	30 June 2016
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	5	75,000	75,000
Accumulated Loss		(3,781)	(772)
		71,219	74,228
Surplus on revaluation of property, plant and equipment	6	278,914	278,914
Non-current liabilities			
Liabilities against assets subject to finance lease	7	504	856
Current liabilities			
Trade and other payables	8	97,153	132,280
Mark-up accrued	9	2,603	2,206
Short term borrowings	10	211,129	164,032
Current portion of liabilities against assets subject to finance lease	7	352	334
		311,237	298,852
Contingencies and commitments	11	-	-
		661,874	652,850
ASSETS			
Non-current assets			
Property, plant and equipment	12	401,081	407,654
Intangible assets	13	-	-
Long term deposits	14	260	260
Deferred taxation	15	-	-
		401,341	407,914
Current assets			
Stores, spare parts and loose tools	16	28,730	19,234
Stock-in-trade	17	179,041	194,638
Trade debts	18	13,334	3,784
Advances	19	5,241	1,980
Trade deposits and short term prepayments	20	1,646	2,290
Other receivables	21	13,050	8,965
Advance income tax-net	22	17,601	12,870
Cash and bank balances	23	1,890	1,175
		260,533	244,936
		661,874	652,850

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

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017**

	Note	30 June 2017	30 June 2016
		-----Rupees in thousand-----	
Sales-net	24	692,372	727,664
Cost of sales	25	<u>616,359</u>	<u>649,181</u>
Gross profit		76,013	78,483
Other income	26	<u>151</u>	<u>198</u>
		76,164	78,681
Distribution cost	27	3,423	3,023
Administrative expenses	28	55,174	53,669
Other operating expenses	29	1,558	2,020
Finance cost	30	<u>11,549</u>	<u>9,343</u>
Profit before taxation		4,460	10,626
Taxation	31	<u>7,469</u>	<u>7,878</u>
(Loss) / profit after taxation		<u>(3,009)</u>	<u>2,748</u>
(Loss) / earning per share-basic and diluted (Rupees)	32	<u>(0.40)</u>	<u>0.37</u>

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

LAHORE
Dated: October 05, 2017

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017**

	30 June 2017	30 June 2016
	-----Rupees in thousand-----	
(Loss) / profit after taxation	(3,009)	2,748
Other comprehensive income	-	-
Total comprehensive (loss) / profit for the year	<u><u>(3,009)</u></u>	<u><u>2,748</u></u>

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

LAHORE
Dated: October 05, 2017

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017**

	Note	30 June 2017 -----Rupees in thousand-----	30 June 2016
CASH FLOW FROM OPERATING ACTIVITIES			
Cash used in operations	33	(9,222)	(12,634)
Finance cost paid		(11,074)	(8,889)
Payments to provident fund		(2,690)	(2,384)
Taxes paid		(12,200)	(8,544)
Sales tax (paid) / refund		(4,688)	773
Net cash used in operating activities		(39,874)	(31,678)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(6,171)	(13,560)
Increase in long term deposits		-	(123)
Net cash used in investing activities		(6,171)	(13,683)
CASH FLOW FROM FINANCING ACTIVITIES			
(Decrease) / Increase in liabilities against assets subject to finance lease		(334)	1,190
Dividend paid		(3)	-
Net increase in short term borrowings		47,097	44,132
Net cash generated from financing activities		46,760	45,322
Net Increase / (decrease) in cash and cash equivalents		715	(39)
Cash and cash equivalents at the beginning of the year		1,175	1,214
Cash and cash equivalents at the end of the year	34	1,890	1,175

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

LAHORE
Dated: October 05, 2017

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Share capital</u>		
	Issued, subscribed and paid up share capital	Accumulated loss	Total
	-----Rupees in thousand-----		
Balance at June 30, 2015	75,000	(3,520)	71,480
Total comprehensive profit for the year		2,748	2,748
Balance at June 30, 2016	<u>75,000</u>	<u>(772)</u>	<u>74,228</u>
Total comprehensive loss for the year		(3,009)	(3,009)
Balance at June 30, 2017	<u><u>75,000</u></u>	<u><u>(3,781)</u></u>	<u><u>71,219</u></u>

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

LAHORE
Dated: October 05, 2017

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017****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 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 ASSUMPTION

During the year ended June 30, 2017 the Company has negative cash flows from operating activities and incurred a net loss of Rupees 3.009 million and, as of that date, its accumulated loss was Rupees 3.781 million (June 30, 2016: Rupees 0.772 million) and its current liabilities exceeded its current assets by Rupees 50.704 million (June 30, 2016: Rupees 53.916 million). These conditions raise significant doubts on the Company's ability to continue as a going concern as the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management of the Company believes that the Company does not have a history of continuous losses and incidence of losses is a temporary phase which will soon be over. Keeping in view the following factors, the management foresees that the Company will continue as a going concern.

- There is continued demand of 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.
- Repayments to banks and financial institutions have been made as per agreed terms and they have renewed the credit facilities for the future period.
- There is continued financial support of the Company's sponsors. The sponsors' of the Company have inducted Rupees 31.294 million interest free loans up to June 30, 2017. They are also committed to induct further funds, if the need arises, to address any liquidity issues for smooth operations.

Apart from the aforementioned factors there are also positive indicators like continuous profits before taxation since July 1, 2014 to date. These financial statements, therefore, do not include any adjustments relating to realization of its assets and the liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

3 BASIS OF PREPARATION**3.1 Statement of compliance**

During the year, the Companies Act, 2017 has been promulgated. However, the Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. 17 dated July 20, 2017 has notified that the Companies whose financial year closes on or before 30 June, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

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

3.2 Basis of measurement

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

3.3 Judgments, estimates and assumptions

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

3.4 Functional and presentation currency

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

4 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

Capital work-in-progress

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

Depreciation

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

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

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

De-recognition

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

4.2 Intangible assets

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

4.3 Stores, spare parts and loose tools

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

4.4 Stock-in-trade

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

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

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

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

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

4.5 Financial instruments

Recognition

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

De-recognition

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

Measurement

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

Off-setting

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

4.6 Borrowings

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

4.7 Leased assets

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017****4.8 Surplus on revaluation of property, plant and equipment**

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

4.9 Employee benefits

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

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

4.10 Trade and other payables

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

4.11 Trade debts and other receivables

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

4.12 Revenue

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

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

4.13 Borrowing costs

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

4.14 Taxation

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

4.15 Earnings per share (EPS)

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

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

4.16 Cash and cash equivalents

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

4.17 Foreign currency transactions

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

4.18 Impairment**Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after impairment loss was recognized.

Non-Financial Assets

The carrying amounts of the non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss. An impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.19 Related party transactions

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

4.20 Provisions

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

4.21 Dividend to shareholders

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

4.22 Segment reporting

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

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

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

Standards or interpretation:	Effective date (accounting periods beginning on or after)
IFRS 2 – Classification and Measurement of Share Based Payment Transactions (Amendment)	January 01, 2018
IFRS 7 – Financial Instruments: Disclosures - Disclosure Initiative (Amendment)	January 01, 2017
IAS 12- Income Taxes – Recognition of Deferred Tax Asset for Unrealized Losses (Amendment)	January 01, 2017
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment)	January 01, 2018
IAS 40 – Investment Property: Transfers of Investment Property (Amendment)	January 01, 2018
IFRIC 22- Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23- Uncertainty over Income Tax Treatments	January 01, 2019

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

There are other new and amended standards and interpretations that have been published and are mandatory for accounting periods beginning on or after July 01, 2017 but are considered not to be relevant or do not have significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5	SHARE CAPITAL	30 June 2017	30 June 2016
		-----Rupees in thousand-----	
	Authorised share capital		
	10,000,000 (June 30, 2016: 10,000,000) ordinary shares of Rupees 10 each	<u>100,000</u>	<u>100,000</u>
	Issued, subscribed and paid up share capital		
	7,500,000 (June 30, 2016: 7,500,000) ordinary shares of Rupees 10 each issued as fully paid in cash	<u>75,000</u>	<u>75,000</u>
	-note- 5.1	<u>75,000</u>	<u>75,000</u>
5.1	Ordinary shares of the Company held by associated undertaking as at year end are as follows:		
		30 June 2017	30 June 2016
		(Number of shares)	
	INA Securities (Private) Limited	<u>370,000</u>	<u>370,000</u>
		<u>370,000</u>	<u>370,000</u>
6	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	30 June 2017	30 June 2016
		-----Rupees in thousand-----	
	Revaluation surplus	<u>278,914</u>	<u>278,914</u>
	-note- 6.1	<u>278,914</u>	<u>278,914</u>
6.1	Revaluation surplus		
	Revaluation surplus relating to revaluation carried out at June 30, 1990	<u>8,873</u>	8,873
	Revaluation surplus relating to revaluation carried out at June 09, 2008	<u>69,325</u>	69,325
	Revaluation surplus relating to revaluation carried out at April 05, 2012	<u>85,936</u>	85,936
	Revaluation surplus relating to revaluation carried out at April 26, 2016	<u>114,780</u>	114,780
		<u>278,914</u>	<u>278,914</u>
6.2	The Company had revalued its freehold land on June 30, 1990, June 09, 2008, April 05, 2012 and April 26, 2016. The revaluation was carried out by independent valuers Mr. Anwar ul Haq in 1990 and M/S Hamid Mukhtar & Co. in 2008, 2012 and 2016 respectively to replace the carrying amount of land with local market values. The following aggregated net appraisal surplus arisen on the revaluation on June 30, 1990, June 09, 2008, April 05, 2012 and April 26, 2016 was credited to surplus on revaluation of property, plant and equipment to comply with the requirements of section 235 of the repealed Companies Ordinance, 1984.		
		Book value	Re-valued amount
			Surplus on re-valuation
		-----Rupees in thousand-----	
	Freehold land	<u>7,826</u>	<u>286,740</u>
		<u>7,826</u>	<u>286,740</u>
6.3	Since the revaluation relate to freehold land which is a non-depreciable asset, no deferred tax liability arises on revaluation. In the absence of depreciable amount no incremental depreciation net off deferred tax transferred to unappropriated profit nor any disclosure regarding these have been made in the above note.		
7	LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	30 June 2017	30 June 2016
		-----Rupees in thousand-----	
	Present value of minimum lease payments	<u>856</u>	1,190
	Less: current portion	<u>352</u>	<u>334</u>
	-note- 7.2	<u>504</u>	<u>856</u>
7.1	This represents vehicle acquired under finance lease arrangement. The value of the minimum lease payments has been discounted at an implicit mark up rate of 3 months KIBOR plus 1.50 % (June 30, 2016: 3 months KIBOR plus 1.50 %) to arrive at their present value. Lease rentals are payable monthly over tenure of the lease which is three years. Under the terms of the agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company has the option to purchase these assets at the end of the lease term by adjusting the deposits Rupees 0.259 million (June 30, 2016: Rupees 0.259 million) and intends to exercise the option. These are secured against the above deposit, title of ownership of leased assets.		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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

	----- Rupees in thousand -----			
	2017		2016	
	Over one year	more than one year but less than five years	Over one year	more than one year but less than five years
Total minimum lease payments	395	523	390	908
Less : Finance charges	(43)	(19)	(56)	(52)
Present value of minimum lease payments	352	504	334	856

8 TRADE AND OTHER PAYABLES

30 June 2017 30 June 2016
-----Rupees in thousand-----

Creditors		71,868	93,926
Accrued liabilities		12,768	10,608
Advances from customers		9,345	24,832
Payable to provident fund		583	788
Income tax withheld payable		50	26
Workers' Profit Participation Fund	-note- 8.1	1,074	751
Workers' Welfare Fund		613	494
Unclaimed dividend		852	855
		97,153	132,280

8.1 Workers' Profit Participation Fund (WPPF)

30 June 2017 30 June 2016
-----Rupees in thousand-----

Balance at beginning of the year		751	161
Interest on funds utilized in Company's business	-note- 30	78	18
Allocation/ expenses for the year	-note- 29	245	572
		1,074	751
Less: paid to the fund during the year		-	-
		1,074	751

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

9 MARK-UP ACCRUED

30 June 2017 30 June 2016
-----Rupees in thousand-----

On borrowings from banking companies-secured

Liabilities against assets subject to finance lease		4	5
Short term borrowings		2,599	2,201
		2,603	2,206

10 SHORT TERM BORROWINGS

From banking companies-secured

Finance against packing credit			
Bank Al-Habib Limited	-note- 10.1, 10.5	21,908	25,000
Finance against foreign bills			
Bank Al-Habib Limited	-note- 10.2, 10.5	-	-
Running finance			
Bank Al-Habib Limited	-note- 10.3, 10.5	127,201	81,243
Summit Bank Limited	-note- 10.4, 10.6	30,726	28,346
		179,835	134,589

From related parties-unsecured

Loans from directors	-note- 10.9	31,294	29,443
		211,129	164,032

10.1 The finance against packing credit (FAPC-1) facility having sanctioned limit of Rupees 25 million (June 30, 2016: Rupees 25 million) has been obtained from Bank Al Habib Limited. The rate of mark- up on this facility is 1% above State Bank base rate (June 30, 2016: 1% above State Bank base rate) per annum. The principal amount is to be adjusted / rolled over within 180 days from the draw down date or through own sources or through realization of export proceeds or on demand while mark up is to be serviced upon adjustment of loan or at the end of each calendar quarter whichever is earlier. The facility is valid till August 07, 2017.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

- 10.2** The finance against foreign bills (FAFB-OWN) facility having sanctioned limit of Rupees 40 million (June 30, 2016 Rupees 40 million) has been obtained from Bank Al Habib Limited. The rate of mark-up on this facility is 1.75% above State Bank base rate (June 30, 2016: 1.75% above State Bank base rate) per annum. The principal is to be repaid upon realization of export proceeds as per tenor of respective bill but not later than 180 days from the draw down date or on demand while mark up is to be serviced upon adjustment of loan or at the end of each calendar quarter whichever is earlier. The facility is valid till August 07, 2017.
- 10.3** The running finance facility having sanctioned limit of Rupees 100 million (June 30, 2016: 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, 2016: 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 June 30, 2017. The sanctioned facility amounting to Rupees 70 million is valid upto August 7, 2017 whereas Rupees 30 million sanctioned limit is valid upto June 30, 2017.
- 10.4** The running finance facility having sanctioned limit of Rupees 30 million (June 30, 2016: Rupees 30 million) has been obtained from Summit Bank Limited for working capital requirements. It carries mark-up at three months KIBOR plus 2.25% (June 30, 2016: 2.25%) per annum payable quarterly. The sanctioned limit has temporarily been exceeded due to issuance of cheques which will be presented after June 30, 2017. The facility is valid till September 30, 2017.
- 10.5** The facilities mentioned in 10.1, 10.2 and 10.3 are commonly secured against first charge of Rupees 180 million (2016: Rupees 180 million) over current assets of the Company registered with SECP. First charge on fixed assets of Rupees 174 million (June 30, 2016: Rupees 174 million) comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku. Lien over export documents under letter of credit and contract, shipping documents, accepted drafts, counter guarantee of the Company and personal guarantees of the Directors namely Kh. Imtiaz Ahmed, Kh. Ahmed Hassan and Ibrar Ahmed Kh. amounting to Rupees 155 million each (June 30, 2016: Rupees 155 million). The running finance facility at note 10.3 in addition to securities aforesaid is also secured against pro note amounting to Rs. 84 million (June 2016 : Rupees 84 million).
- 10.6** The facility mentioned in 10.4 is commonly secured against ranking charge of Rupees 40 million (June 30, 2016 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 the Directors namely Kh. Imtiaz Ahmed, Kh. Ahmed Hassan and Ibrar Ahmed Kh along with Personal Network Statement (PNWS).
- 10.7** As at June 30, 2017 the Company has facilities from Bank Al-Habib Limited relating to import letters of credit (sight/usance) amounting to Rupees 5 million (June 30, 2016: Rupees 5 million). Additionally, Company has letter of guarantee facility amounting to Rupees 15 million (June 30, 2016: Rupees 15 million) from Bank Al-Habib Limited.
- 10.8** The net aggregate short term borrowing facilities unavailed at end of June 30, 2017 amount to Rupees 13.09 million (June 30, 2016: Rupees 41.65 million) and for letters of credit and bank guarantees amount to Rupees 8.744 million (June 30, 2016: Rupees 8.744 million).
- 10.9** Loans from Chief Executive and director are re-payable on demand and are non-interest bearing.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

- 11.1.1** The Pakistan Environmental Protection Agency has filed a complaint against the Company before the Environmental Protection Tribunal on account of Company's failure to properly dispose effluent water discharge during the production. The agency regards this to be a criminal offence. The Company has filed a writ petition against the Agency's claim before the Honourable Lahore High Court ("LHC"). The Company has not recognized any liability in this regard since it awaits the decision of LHC which is pending. The maximum fine in case of conviction, if any, cannot be expected to exceed Rupees 400,000 (June 30, 2016: Rupees 400,000).
- 11.1.2** The Deputy Commissioner Inland Revenue has issued five show cause notices u/s 11(2) read with section 11(3) of Sales Tax Act, 1990 for the periods covering from July 2011 to November 2015 intending to create an aggregate sales tax demand of Rs. 192,407,988 along with penalty and default surcharge. This demand was intended for alleged non-compliance/contravention of different provisions of Sales Tax Act, 1990. The Company has filed a writ petition against these notices in the Honourable Lahore High Court. The Honourable Lahore High Court Single Bench has dismissed the above said writ petition. The Company filed an Intra-Court Appeal (ICA) against the decision of Lahore High Court Single Bench order taking the plea that the order has been passed without appreciating the legal propositions raised before the Learned Single Bench. The Company's ICA was listed for hearing on April 28, 2016 before the Learned Division Bench (DB). On the said date the Sales Tax Department was directed to seek instructions and not to pass final order till the next date of hearing, that is, June 6, 2016. The ICA was listed for hearing on June 22, 2017 when the same was ordered to be re-listed for September 25, 2017 on which date the Learned DB did not sit and case adjourned for re-listing again. Based on advice of the Tax advisor of the Company, the management believes that matter will ultimately be decided in the Company's favor. Accordingly, no provision has been made in this respect in these financial statements.
- 11.1.3** Guarantees issued by bank on behalf of Company as at June 30, 2017 amounting to Rupees 11.256 million (June 30, 2016: Rupees 11.256 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

11.2 Commitments

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

	2017	2016
	-----Rupees in thousand-----	
Not later than one year	<u>1,864</u>	<u>1,620</u>
Later than one year but not later than five years	<u>2,143</u>	<u>4,007</u>

11.2.2 The Company has entered into Ijara arrangements with Bank Islami Pakistan Limited for vehicles. Commitments for Ijara monthly rentals payable under the agreement was as follows. However, Ijara agreement has been completed in October 2016.

	2017	2016
	-----Rupees in thousand-----	
Not later than one year	<u>-</u>	<u>73</u>
Later than one year but not later than five years	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

12 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	- note - 12.1	397,060	407,654
Capital work in progress	- note - 12.5	4,021	-
		<u>407,081</u>	<u>407,654</u>

12.1 Operating fixed assets - for the year ended June 30, 2017

PARTICULARS	COST/REVALUED AMOUNT			DEPRECIATION			Net book value as at 30 June 2017					
	As at 01 July 2016	Additions/ Revaluation	Disposals	Transfers	As at 30 June 2017	Annual rates		As at 01 July 2016	Disposals	Transfers	For the year	As at 30 June 2017
Rupees in thousand												
Assets owned by the Company												
Tangible Assets												
Free hold land	286,740	-	-	-	286,740	-	-	-	-	-	-	286,740
Factory building- on free hold land	90,229	-	-	-	90,229	10%	49,708	-	-	4,052	-	53,760
Office building- on free hold land	817	-	-	-	817	5%	705	-	-	6	-	711
Plant and machinery	226,649	1,861	-	-	228,510	10%	166,368	-	-	6,161	-	172,529
Electric installation and equipment	26,598	-	-	-	26,598	10%	15,686	-	-	1,101	-	16,687
Fire fighting equipment	78	-	-	-	78	10%	42	-	-	4	-	46
Service and other equipment	560	-	-	-	560	10%	531	-	-	5	-	536
Office equipment	5,992	163	-	-	6,145	10%	3,621	-	-	240	-	3,861
Laboratory equipment	3,958	-	-	-	3,958	10%	3,192	-	-	77	-	3,269
Permanent and special equipment	261	-	-	-	261	10%	243	-	-	2	-	245
Furniture, fixtures and fittings	1,529	-	-	-	1,529	10%	955	-	-	57	-	1,012
Vehicles	15,126	136	-	-	15,262	20%	11,310	-	-	783	-	12,093
Railway siding	417	-	-	-	417	10%	408	-	-	1	-	409
Cycles and scooters	77	-	-	-	77	20%	59	-	-	3	-	62
Arms and ammunition	141	-	-	-	141	10%	38	-	-	10	-	48
Furnace	197	-	-	-	197	10%	158	-	-	4	-	162
30 June 2017	659,389	2,150	-	-	661,539		262,924	-	-	12,506	-	265,430
Assets subject to finance lease												
Vehicle	1,297	-	-	-	1,297	20%	108	-	-	238	-	346
30 June 2017	660,686	2,150	-	-	662,836		253,032	-	-	12,744	-	265,776
												397,060

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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

PARTICULARS	COST REVALUED AMOUNT			DEPRECIATION					Net book value as at 30 June 2016	
	As at 01 July 2015	Additions / Revaluation	As at 30 June 2016	Annual rates	As at 01 July 2015	Disposals	Transfers	For the year		As at 30 June 2016
Rupees in thousand										
Assets owned by the Company										
Tangible Assets										
Free hold land	171,960	114,780	286,740	-	-	-	-	-	-	286,740
Factory building-on free hold land	65,731	24,488	90,229	10%	47,701	-	-	2,007	49,708	40,521
Office building-on free hold land	817	-	817	5%	699	-	-	6	705	112
Plant and machinery	224,919	1,730	226,649	10%	159,693	-	-	6,675	166,368	60,281
Electric installation and equipment	20,315	6,283	26,598	10%	14,712	-	-	874	15,586	11,012
Fire fighting equipment	78	-	78	10%	38	-	-	4	42	36
Service and other equipment	580	-	580	10%	525	-	-	6	531	49
Office equipment	5,980	12	5,992	10%	3,357	-	-	264	3,621	2,371
Laboratory equipment	3,548	410	3,958	10%	3,122	-	-	70	3,192	766
Permanent and special equipment	261	-	261	10%	241	-	-	2	243	18
Furniture, fixtures and fittings	1,529	-	1,529	10%	891	-	-	64	955	574
Vehicles	13,863	1,263	15,126	20%	10,488	-	-	822	11,310	3,816
Railway siding	417	-	417	10%	407	-	-	1	408	9
Cycles and scooters	77	-	77	20%	55	-	-	4	59	18
Arms and ammunition	141	-	141	10%	27	-	-	11	38	103
Furnace	197	-	197	10%	154	-	-	4	158	39
30 June 2016	510,413	148,976	659,389		242,110			10,814	252,924	406,465
Assets subject to finance lease										
Vehicle	-	1,297	1,297	20%	-	-	-	108	108	1,189
30 June 2016	510,413	150,273	660,666		242,110			10,922	253,032	407,654

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

12.3 The depreciation charged for the year has been allocated as follows:

	30 June 2017	30 June 2016
	Rupees in thousand	
Cost of sales	11,403	9,639
Administrative expenses	1,341	1,283
	<u>12,744</u>	<u>10,922</u>

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

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

	Cost	Accumulated depreciation	Net book value as at June 30, 2017
Freehold land	7,826	-	7,826

12.5 Capital work in progress

	30 June 2017	30 June 2016
	Rupees in thousand	
As at 01 July	-	-
Additions	4,021	4,021
Transfer to operating fixed assets	-	-
As at 30 June	<u>4,021</u>	<u>4,021</u>

13 INTANGIBLE ASSETS

PARTICULAR	COST			AMORTISATION		Net book value as at 30 June 2017	Annual Rate
	As at 01 July 2016	Additions / (Deletions)	As at 30 June 2017	As at 01 July 2016	For the year		
Computer software	70	-	70	70	-	70	20%
30 June 2017	<u>70</u>	<u>-</u>	<u>70</u>	<u>70</u>	<u>-</u>	<u>70</u>	
30 June 2016	<u>70</u>	<u>-</u>	<u>70</u>	<u>70</u>	<u>-</u>	<u>70</u>	

13.1 The intangible asset has been fully amortized.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

		30 June 2017	30 June 2016
		-----Rupees in thousand-----	
19	ADVANCES		
	<i>Considered good:</i>		
	Advances:		
	To staff - secured	-note- 19.1	1,501
	To suppliers - unsecured		1,586
		<u>3,740</u>	<u>394</u>
		<u>5,241</u>	<u>1,980</u>
19.1	These are amounts advanced to staff against future salaries and retirement benefits and are in accordance with Company policy.		
20	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	30 June 2017	30 June 2016
		-----Rupees in thousand-----	
	Current portion of long term deposits	-note- 14	-
	Prepayments		136
		<u>1,646</u>	<u>2,154</u>
		<u>1,646</u>	<u>2,290</u>
21	OTHER RECEIVABLES		
	Sales tax refundable	-note- 21.1	12,830
	Other receivables - unsecured, considered good		8,142
		<u>220</u>	<u>823</u>
		<u>13,050</u>	<u>8,965</u>
21.1	This represents excess of input tax on purchases over sales tax payable.		
22	ADVANCE INCOME TAX-NET		
	Advance income tax		25,070
	Less: Adjustment for provision for taxation	-note- 31	20,748
	Advance income tax at the end of the year		<u>(7,469)</u>
			<u>12,870</u>
23	CASH AND BANK BALANCES		
	With banks:		
	on current accounts:		
	Local currency		1,743
	Cash in hand		962
		<u>147</u>	<u>213</u>
		<u>1,890</u>	<u>1,175</u>
	The above current accounts are maintained with commercial banks under conventional banking arrangements.		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

24 SALES - NET

		30 June 2017	30 June 2016
-----Rupees in thousand-----			
Export sales	-note- 24.1	47,748	49,628
Local sales	-note- 24.2	<u>644,624</u>	<u>678,036</u>
		<u>692,372</u>	<u>727,664</u>
24.1 Export sales			
Gelatine		<u>47,748</u>	<u>49,628</u>
24.2 Local sales			
Gelatine		519,526	528,635
Di-Calcium Phosphate, by- product		<u>186,747</u>	<u>204,236</u>
		<u>706,273</u>	<u>732,871</u>
Less: sales tax		<u>61,649</u>	<u>54,225</u>
trade discounts		-	610
		<u>61,649</u>	<u>54,835</u>
		<u>644,624</u>	<u>678,036</u>

25 COST OF SALES

Raw material consumed	-note- 25.1	290,064	389,884
Stores, spare parts and loose tools consumed		17,066	21,415
Packing material consumed		5,829	7,387
Salaries, wages and benefits	-note- 25.2	63,344	63,552
Fuel and power		134,738	192,916
Factory overheads	-note- 25.3	<u>53,096</u>	<u>60,372</u>
		<u>564,137</u>	<u>735,526</u>
Add: opening work in process		-	-
Less: closing work in process		-	-
		-	-
Cost of goods manufactured		<u>564,137</u>	<u>735,526</u>
Add: opening stock of finished goods		<u>141,772</u>	<u>55,427</u>
Less: closing stock of finished goods		<u>89,550</u>	<u>141,772</u>
		<u>52,222</u>	<u>(86,345)</u>
		<u>616,359</u>	<u>649,181</u>
25.1 Raw material consumed			
Opening stock		52,866	104,280
Purchases		<u>326,689</u>	<u>338,469</u>
		<u>379,555</u>	<u>442,749</u>
Less: closing stock		<u>89,491</u>	<u>52,865</u>
		<u>290,064</u>	<u>389,884</u>

25.2 Salaries, wages and benefits include employer's contribution to recognised provident fund amounting to Rupees 1,545,780 (June 30, 2016: Rupees 1,472,774).

25.3 Factory overheads

		30 June 2017	30 June 2016
-----Rupees in thousand-----			
Indirect labour wages		17,792	19,847
Insurance		2,415	2,440
Medical expenses		804	550
Repair and maintenance		6,770	9,473
Depreciation	-note- 12.3	11,403	9,639
Loading and unloading		3,115	3,468
Ijara lease rentals		-	356
Apportionment of sales tax	-note- 25.4	10,415	14,278
Miscellaneous expenses		<u>382</u>	<u>320</u>
		<u>53,096</u>	<u>60,371</u>

25.4 This represents related input tax on supplies exempt under sixth schedule of the Sales Tax Act, 1990 Rupees 10,415,372 (June 30, 2016: Rupees 14,278,350).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

26 OTHER INCOME		30 June 2017	30 June 2016
		-----Rupees in thousand-----	
Income from financial assets:			
Foreign exchange gain		150	198
Income from non-financial assets:			
Miscellaneous income		1	-
		<u>151</u>	<u>198</u>
27 DISTRIBUTION COST			
Shipping expenses		1,248	2,235
Commission on exports		418	-
Other expenses		1,757	788
		<u>3,423</u>	<u>3,023</u>
28 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	-note- 28.1	30,597	30,146
Insurance		1,191	1,216
Vehicle running and maintenance		7,296	7,232
Rent, rates and taxes		2,396	2,108
Travelling and conveyance		560	840
Legal and professional charges		479	1,167
Printing and stationery		460	574
Fees and subscription		4,157	1,599
Telephone and postage		876	1,091
Repair and maintenance		550	746
Auditors' remuneration	-note- 28.2	483	482
Entertainment		799	873
Ijara lease rentals		54	1,155
Utilities		457	458
Depreciation	-note- 12.3	1,341	1,283
Amortisation	-note- 13	-	-
Security expenses		1,953	1,903
Miscellaneous expenses		1,525	796
		<u>55,174</u>	<u>53,669</u>
28.1 Salaries, wages and benefits include employer's contribution to recognised provident fund amounting to Rupees 939,307 (June 30, 2016: Rupees 914,633).			
28.2 Auditors' remuneration			
		30 June 2017	30 June 2016
		-----Rupees in thousand-----	
Audit fee		360	360
Half yearly review fee		75	75
Out of pocket expenses		48	47
		<u>483</u>	<u>482</u>
29 OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund	-note- 8.1	245	572
Workers' Welfare Fund	-note- 29.1	119	217
Donations	-note- 29.2	20	72
Penalty from State Bank of Pakistan on export		1,099	1,159
Sales tax penalty		75	-
		<u>1,558</u>	<u>2,020</u>

**NOTES TO THE FINANCIAL STATEMENTS
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29.1 Provision for Workers' Welfare Fund has been made as per Workers' Welfare Fund Ordinance, 1971 at prescribed rate under this statute.

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

30 FINANCE COST

30 June 2017 30 June 2016
-----Rupees in thousand-----

Mark-up/ interest on:		
Short term borrowings	10,491	8,497
Liabilities against assets subject to finance lease	60	28
Workers' Profit Participation Fund	78	18
Bank charges and commission	920	800
	<u>11,549</u>	<u>9,343</u>

-note- 8.1

31 TAXATION

Current-for the year	6,867	7,369
-for prior years	602	509
	<u>7,469</u>	<u>7,878</u>
Deferred- current year	315	103
- effect of change in tax rate	(315)	(103)
	<u>-</u>	<u>-</u>
	<u>7,469</u>	<u>7,878</u>

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

31.2 The Income Tax assessments of the Company are complete upto tax year 2016 except for tax year 2014, as deemed assessments in terms of Section 120(1) of Income Tax Ordinance 2001, as per Income tax returns of the Company. The tax return for the year 2014 has been selected for total audit under Section 214C of the Income Tax Ordinance, 2001. The Company has filed a writ petition in the Honourable Lahore High Court against the alleged selection of total audit of the Company. The petition of the Company has been partially allowed by the Honorable Single Bench of Lahore High Court through its consolidated judgement in WP No. 32597/2015 on January 9, 2017. The Company has filed an Intra-Court Appeal (ICA) against the decision of Lahore High Court Single Bench order which is pending for hearing.

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

30 June 2017 30 June 2016
-----Rupees in thousand-----

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

(Loss) / profit after taxation attributable to ordinary shareholders of the Company	(3,009)	2,748
Weighted average number of ordinary shares outstanding during the year	No. of shares <u>7,500</u>	<u>7,500</u>
(Loss) / earning per share	Rupees <u>(0.40)</u>	<u>0.37</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	30 June 2017	30 June 2016
	-----Rupees in thousand-----	
33 CASH GENERATED FROM OPERATIONS		
Profit before taxation	4,460	10,626
Adjustments for:		
Depreciation	12,744	10,922
Amortisation	-	-
Provision for employee retirement benefits	2,485	2,387
Finance cost	11,549	9,343
Provision for Workers' Profit Participation Fund	245	572
Provision for Workers' Welfare Fund	119	217
	<u>27,142</u>	<u>23,441</u>
Operating profit before changes in working capital	31,602	34,067
Changes in working capital		
(Increase)/ decrease in current assets:		
Stores, spare parts and loose tools	(9,496)	11,099
Stock-in-trade	15,597	(34,931)
Trade debts	(9,550)	5,287
Advances	(3,261)	320
Trade deposits and short term prepayments	644	2,089
Other receivables	603	(260)
Increase/ (decrease) in current liabilities:		
Trade and other payables	<u>(35,361)</u>	<u>(30,305)</u>
	<u>(9,222)</u>	<u>(12,634)</u>
34 CASH AND CASH EQUIVALENTS		
Cash and bank balances	-note- 23 <u>1,890</u>	<u>1,175</u>

35 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

35.1 Depreciation / amortisation methods, rates and useful lives

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment and intangible assets annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

35.2 Recoverable amounts of assets / cash generating units

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amounts if there is any such indication.

35.3 Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

35.4 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

35.5 Revaluation of freehold land

Revaluation of freehold land is carried out by independent professional valuers. Revalued amounts are determined by the reference to local market values.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

36 FINANCIAL RISK MANAGEMENT

36.1 Financial instruments

30 June 2017 30 June 2016
-----Rupees in thousand-----

The following are financial instruments by category:

Non- derivative financial assets
Loans and receivables

Security deposits	1	137
Trade debts	13,334	3,784
Advances	1,501	1,586
Other receivables	220	823
Cash and bank balances	1,890	1,175
	<u>16,946</u>	<u>7,505</u>

Non- derivative financial liabilities
Financial liabilities at amortized cost

Liabilities against assets subject to finance lease	856	1,190
Short term borrowings	211,129	164,032
Mark up accrued	2,603	2,206
Trade and other payables	85,538	105,415
	<u>300,126</u>	<u>272,843</u>

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

36.2 Credit risk

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

30 June 2017 30 June 2016
-----Rupees in thousand-----

Security deposits	1	137
Trade debts	13,334	3,784
Advances	1,501	1,586
Other receivables	220	823
Bank balances	1,743	962
	<u>16,799</u>	<u>7,292</u>

The maximum exposure to credit risk for trade debts amounting to Rupees 13.334 million (June 30, 2016: Rupees 3.784 million) at the balance sheet date by geographic region is as under:

30 June 2017 30 June 2016
-----Rupees in thousand-----

Domestic	7,508	3,784
Export	5,826	-
	<u>13,334</u>	<u>3,784</u>

The export debtor of the Company is situated in Malaysia.

The maximum exposure to credit risk for trade debts amounting to Rupees 13.334 million (June 30, 2016: Rupees 3.784 million) at the balance sheet date by type of customer is as under:

30 June 2017 30 June 2016
-----Rupees in thousand-----

Whole seller / distributor	-	-
End user customers	13,334	3,784
	<u>13,334</u>	<u>3,784</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

The aging of trade debts at the balance sheet date is as under:

	30 June 2017	30 June 2016
	-----Rupees in thousand-----	
Not past due	13,304	3,755
Past due 1-30 days	-	-
Past due 31-120 days	30	29
Past due 121-365 days	-	-
More than one year	-	-
	<u>13,334</u>	<u>3,784</u>

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

	Rating			30 June 2017	30 June 2016
	Short term	Long term	Agency	-----Rupees in thousand-----	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	328	25
Bank Alfalah Limited	A1+	AA+	PACRA	14	14
Bank Al - Habib Limited	A1+	AA+	PACRA	122	114
MCB Bank Limited	A1+	AAA	PACRA	8	8
United Bank Limited	A-1+	AAA	JCR - VIS	1,269	723
Bank Islami Pakistan Limited	A1	A+	PACRA	2	78
				<u>1,743</u>	<u>962</u>

36.3 Liquidity risk

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

	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	2 to 5 years	More than 5 years
Liabilities against assets subject to finance lease	856	918	198	198	522	-
Short term borrowings	211,129	212,915	212,915	-	-	-
Mark up accrued	2,603	2,603	2,603	-	-	-
Trade and other payables	85,538	85,538	85,538	-	-	-
Rupees in thousand 2017	<u>300,126</u>	<u>301,974</u>	<u>301,254</u>	<u>198</u>	<u>522</u>	<u>-</u>
Liabilities against assets subject to finance lease	1,190	1,298	195	195	908	-
Short term borrowings	164,032	165,389	165,389	-	-	-
Mark up accrued	2,206	2,206	2,206	-	-	-
Trade and other payables	105,415	105,415	105,415	-	-	-
Rupees in thousand 2016	<u>272,843</u>	<u>274,308</u>	<u>273,205</u>	<u>195</u>	<u>908</u>	<u>-</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

36.4 Market risk

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

36.4.1 Currency risk

The Company is exposed to currency risk on trade debts Rupees 5.826 million (June 30, 2016: Rupees nil) that are denominated in a currency other than the functional currency of the Company. The Aggregate balance sheet exposure to currency risk works out to be 5.826 million (June 30, 2016: Rupees nil). The currency in which these transactions primarily are denominated is U.S. Dollar.

Average rates		Balance sheet date rate	
2017	2016	2017	2016

Significant exchange rates applied during the year:

US Dollar	104.79	104.30	104.80	104.50
-----------	---------------	--------	---------------	--------

Sensitivity analysis

A 10 percent strengthening of the Rupee against above mentioned currencies at 30 June would have increased / decreased the loss / profit respectively for the year by Rupees 582,636 (June 30, 2016: Rupees nil) mainly as a result of net foreign exchange loss on translation of foreign currency trade debts. The analysis assumes that all other variables remain constant. A 10 percent weakening of the Rupee against above currencies at 30 June would have had the equal but opposite effect on the profit and loss account, on the basis that all other variables remain constant.

36.4.2 Interest rate risk

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

There are no fixed rate financial liabilities as at June 30, 2017 (June 30, 2016: Rupees nil). The Company does not account for any fixed rate financial liabilities at fair value through profit and loss. Therefore, changes in interest rate at reporting date would not effect profit and loss account.

The variable rate financial liabilities as at June 30, 2017 aggregated to Rupees 180.692 million (June 30, 2016: 135.779 million). A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased the loss / profit for the year by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

	Profit & loss	
	100 bp increase	100 bp decrease
	-----Rupees in thousand-----	
As at June 30, 2017		
Cash flow sensitivity - variable rate instruments	(104)	104
As at June 30, 2016		
Cash flow sensitivity - variable rate instruments	(97)	97

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

36.5 Fair value of financial assets and liabilities

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

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

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

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

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

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

36.6 Fair value measurement- non-financial assets

(i) Fair value hierarchy

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

-----Rupees in thousand-----				
	Level 1	Level 2	Level 3	Total
As at June 30, 2017				
Freehold land	-	286,740	-	286,740
As at June 30, 2016				
Freehold land	-	286,740	-	286,740

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

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

(iii) Valuation process

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

37 Capital risk management

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

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

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

	30 June 2017	30 June 2016
	-----Rupees in thousand-----	
Total borrowing	211,985	165,222
Less: Cash and bank balances	1,890	1,175
Net debt	210,095	164,047
Total equity	71,219	74,228
Total capital	281,314	238,275
Gearing ratio	74.68%	68.85%

38 OPERATING SEGMENTS

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

38.2 Sales revenue from gelatine products and di-calcium phosphate (by-product) represent 75.71% and 24.29% (June 30, 2016: 73.41% and 26.59%) of the total revenue of the Company respectively.

38.3 All non-current assets of the Company as at June 30, 2017 are located in Pakistan.

38.4 Sales to Hilal Food (Pvt) limited is around 21.59% (2016: 11.48%) and to Gelcaps Pakistan Limited is around 15.60% (2016: 13.94%) during the year ended June 30, 2017.

38.5 The sales percentage by geographic region is as follows:

	30 June 2017	30 June 2016
	%	%
Pakistan	93.09	93.15
Malaysia	4.61	3.79
Zambia	-	1.69
Germany	2.30	-
South Africa	-	1.31
Netherlands	-	0.06
	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	
			Executive	Non-Executive	Executive	Non-Executive	
			-----Rupees in thousand-----				-----Rupees in thousand-----
Managerial remuneration	2,172	1,974	-	2,302	285	7,599	
Contribution to provident fund	103	93	-	109	-	290	
	2,275	2,067	-	2,411	285	7,889	
Number of Persons	1	1	-	2	1	6	

39.1 In addition to above the chief executive and one executive director are provided with free use of company maintained cars.

39.2 No fee for attending Board meetings was paid to any of the directors.

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40 TRANSACTION WITH RELATED PARTIES

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

Nature of relation	Nature of transaction	30 June 2017	30 June 2016
40.1 Key management personnel			
	Loan obtained from chief executive	2,070	12,250
	Loan repaid to chief executive	1,695	8,275
	Loan obtained from director	1,500	10,700
	Loan repaid to director	25	3,700
	Managerial remuneration		See note - 39
40.2 Contribution to provident fund	Contribution to provident fund trust	2,485	2,387

40.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director.

**LEINER PAK GELATINE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

41 PROVIDENT FUND

Size of the fund - total assets	30 June 2017	30 June 2016
Percentage of investment made	139,007	139,007
Fair value of investments	77.08%	73.38%
Cost of investments made	124,251	101,998
	54,368	42,746

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

	2017	2016
Investments	Investment as % of size of the fund	Investment as % of size of the fund
Rupees in thousand	Rupees in thousand	Rupees in thousand
Unit Trust Schemes	57,386	43,499
Mutual Funds	1,786	1,565
Savings Schemes of Banks	2,727	2,396
Bank Deposits	24,498	13,201
Listed Securities	37,854	41,337
	124,251	101,998
	77.08%	73.38%

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

41.3 The above information for the year ended June 30, 2017 is based on un-audited financial statements of the provident fund and audited financial statements of the Provident fund for the year ended June 30, 2016.

42 PLANT CAPACITY AND ACTUAL PRODUCTION

Estimated plant capacity in metric tons

Gelatine (Blended / Unblended)	2,000
Di-calcium Phosphate	9,000

Actual production in metric tons

Gelatine (Blended / Unblended)	716
Di-calcium Phosphate	3,511

Under utilization is primarily due to energy crises, export of crushed bone out of Pakistan which has created difficulties in procurement of raw materials and delay in certification by Malaysian Halal Authority.

**LEINER PAK GELATINE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

43 NUMBER OF EMPLOYEES

	2017	2016
Number of employees at June 30		
Permanent	223	238
Contractual	8	10
Average number of employees during the year		
Permanent	229	249
Contractual	9	11

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 05, 2017 by the Board of Directors of the Company.

45 GENERAL

60 45.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

45.2 Corresponding figures have been re-classified, wherever necessary, for purposes of comparison. There was, however, no material re-classification made in the financial statements.

LAHORE
Dated: October 05, 2017

KH. IMTIAZ AHMED
Chief Executive
& Managing Director

IBRAR AHMED KH.
Director

FORM 34**PATTERN OF SHAREHOLDERS AS AT 30TH JUNE, 2017**

NO. OF SHAREHOLDERS	SHAREHOLDING				TOTAL SHARE HELD
156	FROM	1	TO	100	7,048
229	FROM	101	TO	500	50,757
40	FROM	501	TO	1000	37,678
119	FROM	1001	TO	5000	388,252
6	FROM	5001	TO	10000	50,000
2	FROM	10001	TO	15000	22,400
1	FROM	20001	TO	25000	20,800
1	FROM	25001	TO	30000	26,000
1	FROM	30001	TO	35000	30,500
3	FROM	35001	TO	40000	113,020
3	FROM	45001	TO	50000	150,000
2	FROM	50001	TO	55000	105,800
1	FROM	70001	TO	75000	74,000
3	FROM	75001	TO	80000	226,460
2	FROM	105001	TO	110000	211,360
1	FROM	145001	TO	150000	145,390
4	FROM	155001	TO	160000	635,900
2	FROM	170001	TO	175000	340,600
1	FROM	175001	TO	180000	176,700
1	FROM	200001	TO	205000	202,500
2	FROM	210001	TO	215000	429,200
1	FROM	270001	TO	275000	270,300
1	FROM	300001	TO	305000	304,550
1	FROM	330001	TO	335000	330,020
1	FROM	365001	TO	370000	370,000
1	FROM	415001	TO	420000	420,000
1	FROM	655001	TO	660000	657,900
1	FROM	750001	TO	755000	751,765
1	FROM	950001	TO	955000	951,100
588					7,500,000

Categories of shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	10	4,177,235	55.6965%
Associated Companies, NIT and ICP	1	370,000	4.9333%
	1	25	0.0003%
Banks Development Financial Institutions, Non Banking Financial Institutions	3	4,852	0.0647%
General Public	564	2,843,730	37.9164%
Joint Stock Companies	7	101,576	1.3543%
Pension Funds	1	2,494	0.0333%
Other Companies	1	88	0.0012%
Share holders holding 10% or more	3	2,452,885	32.7051%

**Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2017**

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	INA SECURITIES (PVT) LIMITED.	370,000	4.9333%
Mutual Funds (Name Wise Detail)			
		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	KH. IMTIAZ AHMED	751,765	10.0235%
2	KH. AHMED HASSAN	750,020	10.0003%
3	MR. IJAZ AHMED KHAWAJA	304,550	4.0607%
4	MR. UMAR RIAZ KHAWAJA	214,600	2.8613%
5	KH. IBRAR AHMED	951,100	12.6813%
6	MR. AHMED ALI RIAZ	74,000	0.9867%
7	MIAN ZIA UDDIN (CDC)	500	0.0067%
8	MRS. NAVIDA IMTIAZ W/O KH. IMTIAZ AHMED	657,900	8.7720%
9	MRS. NEELUM NAZ W/O KH. IJAZ AHMED	202,500	2.7000%
10	MRS. NAUSHEEN IBRAR W/O KH. IBRAR AHMED	270,300	3.6040%
Executives:		657,900	8.7720%
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		7,346	0.0979%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	KH. IBRAR AHMED	951,100	12.6813%
2	KH. IMTIAZ AHMED	751,765	10.0235%
3	KH. AHMED HASSAN	750,020	10.0003%
4	MRS. NAVIDA IMTIAZ W/O KH. IMTIAZ AHMED	657,900	8.7720%

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

S. No.	NAME	NIL	SALE	PURCHASE
		NIL		



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Form of Proxy

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

ANNUAL GENERAL MEETING

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

_____ and/or CDC Participant I.D. No. _____
and Sub Account No. _____ hereby appoint _____
Of _____
Or failing him _____ of _____
as my/our proxy to vote for me /us and on my / our behalf at the Annual General Meeting of the Company to be held on 31st day of October, 2017 and at any adjournment thereof.

Signed this _____ day of _____ 2017

WITNESSES

1. **Signature** _____
Name _____
Address _____
NIC or _____
Passport No. _____

Signature on
Rs. 5/-
Revenue stamp

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

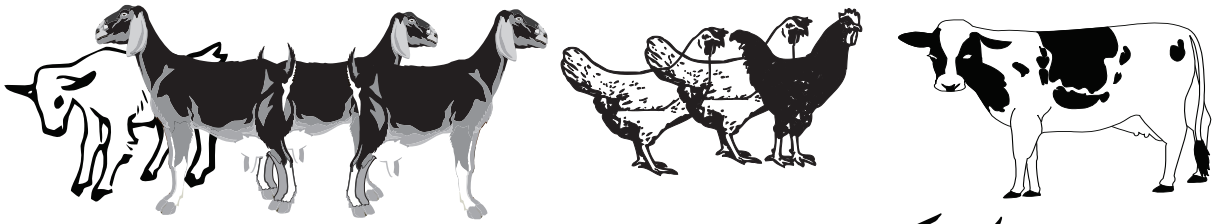
2. **Signature** _____
Name _____
Address _____
NIC or _____
Passport No. _____

Note:

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



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



50 کلوگرام
پیکنگ کے وقت
دودھ اور گوشت میں اضافہ کی ضمانت

لائسنر پاک جیلاٹین لمیٹڈ لاہور پاکستان

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

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District Sheikhpura.