At-Tahur Limited

Half Yearly Report

Unaudited

December 31st, 2018

At-Tahur

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Fresh.Pure.Nourishing

COMPANY'S INFORMATION

Board of Directors

Mr. Ijaz Nisar	(Chairman)
Mr. Rasikh Elahi	(Chief Executive Officer)
Mr. Amar Zafar Khan	
Mr. Aurangzeb Firoz	
Mr. Kashif-ul-Hassan Shah	
Mr. Muhammad Ijaz Hussain Awan	
Mr. Shabbi Zahid Ali	

Company Secretary & Chief Financial Officer

Humza Chaudhry

Audit Committee

Mr. Aurangzeb Firoz	(Chairman)
Mr. Amar Zafar Khan	(Member)
Mr. Shabbi Zahid Ali	(Member)

Human Resource & Remuneration Committee

Mr. Ijaz Nisar	(Chairman)
Mr. Rasikh Elahi	(Member)
Mr. Shabbi Zahid Ali	(Member)

Share Registrar

Corplink (Pvt.) Ltd.
Wings Arcade, 1- K Commercial, Model
Town, Lahore

Auditors

Riaz Ahmad & Company
Chartered Accountants

Project Locations

Kotli Rai Abubakar, District Kasur
Bank Islami Pakistan Limited

Bankers

MCB Islamic Bank Limited
Allied Bank Limited
Silk Bank Limited
Al -Baraka Bank (Pakistan) Limited
Meezan Bank Limited
Dubai Islamic Bank Pakistan Limited
National Bank of Pakistan

Registered Office

182 Abu Bakar Block,
New Garden Town, Lahore
Ph: +92-42- 111 666 647
Fax: +92-423-5845525
Email: info@at-tahur.com
Web: www.at-tahur.com

AT-TAHUR LIMITED

DIRECTORS' REPORT

The Directors of At-Tahur Limited are pleased to present the un-audited accounts of the Company for the half year ended December 31, 2018.

The Companies revenue grew by 26% for the period despite difficult economic conditions. The Company managed to record an increase of 95% in its operating profit margin despite higher input and energy cost and foreign currency devaluation which collectively increase raw material prices.

The financial performances for half year ended 31 December 2018 is summarized below:

PKR Million	31 December 2018	31 December 2017	Change (YOY)
Revenue	704.44	560.04	26%
Gross Profit margin	379.88	265.85	43%
% of sales	53.9%	47.5%	
Operating Profit margin	116.78	59.87	95%
% of sales	16.6%	10.7%	
Net Profit before tax	103.32	55.05	88%
% of sales	14.7%	9.8%	
Net Profit after tax	125.66	80.04	57%
% of sales	17.8%	14.3%	
Basic Earnings per share	0.88	0.73	21%

Sales:
The sales revenue grew by PKR 144.40 million, yielded a growth of 26% largely driven by volume, launch of new products and penetration into new markets like Multan and Sargodha.

Gross Profit:
Gross margin reported for the six months was 53.9%. The major reasons behind the increase were increase in sales, increase in per cow milk yield and forex devaluation resulting in increase in gains arising from changes in fair value less costs to sell of dairy livestock.

Operating Profit:
Operating profit reported for six months was 16.6%. The increase is mainly resulted from increase in gross profit.

Net Profit after tax:
Net profit after tax increased by 57% mainly due to deferred tax asset and gross profit.

Future Outlook:
Despite the uncertainties in the economy, the Company remains focused on meeting customer needs through portfolio innovation and optimization of value chain / supply chain to ensure sustainable profitable growth. The Company is working on new value-added products along with untapped market region.

We are grateful to our customers for their continued patronage of our products and which to acknowledge the efforts of the entire At-Tahur Team, including our staff, vendors, dealers and all business partners for their untiring efforts in these challenging times and look forward to their continued support.

Rasikh Elahi
Chief Executive

Shabbi Zahid Ali
Director
February 25,2019

ڈائریکٹرز رپورٹ

□م الط□ور لمیٹڈ کے ڈائریکٹرز دسمبر 31، 2018 کو ختم ہونے والے آدھے سال کے لئے کمپنی کے غیر آڈٹ شدہ اکاؤنٹس کو پیش کرتے ہیں.

مشکل معاشی حالات کے باوجود کمپنی کی آمدنی میں 26 فیصد تک اضافہ ہوا ہے. کمپنی نے اپنے آپریٹنگ منافع مارجن میں 95 فیصد اضافہ ریکارڈ کیا ہے۔ یہ اضافہ زیادہ کاروباری لاگت ، توانائی کے اخراجات میں اضافے، ملکی کرنسی کی ویلیو میں کمی کی وجہ سے خام مال کی قیمت میں اضافے کے باوجود ہوا ہے۔

دسمبر 31، 2018 کو ختم ہون□ والے آدھے سال کے لئے مالیاتی کارکردگی ذیل میں دی گئی ہے:

تبدیلی (YOY)	31 دسمبر 2017	31 دسمبر 2018	ملین روپے
26%	560.04	704.44	آمدنی
43%	265.85	379.88	مجموعی منافع مارجن
	47.5%	53.9%	فروخت کا فیصد
95%	59.87	116.78	آپریٹنگ منافع مارجن
	10.71%	16.6%	فروخت کا فیصد
88%	55.05	103.32	ٹیکس سے پہلے خالص منافع
	9.8%	14.7%	فروخت کا فیصد
57%	80.04	125.66	ٹیکس کے بعد خالص منافع
	14.3%	17.8%	فروخت کا فیصد
21%	0.79	0.88	فی شیئر بنیادی آمدنی

سیلز

سیلز آمدنی میں144.40 ملین روپے اضافہ ہوا، مجموعی بڑھوتری26 فیصد رہی جو کہ کاروبار کے حجم میں نئی مصنوعات کے آغاز اور ملتان اور سرگودھا میں سیل کی وجہ سے ہوئی۔

مجموعی منافع

تین مہینوں کا مجموعی منافع 53.3 فیصد رہا. جس کی وجہ سیل میں اضافہ ، گائے کی دودھ کی پیداوار میں اضافہ اور غیر ملکی کرنسی کی قیمت میں تبدیلی سے پیدا ہونے والی آمدنی میں اضافہ رہا۔

آپریٹنگ منافع:

تین ماہ کا آپریٹنگ منافع 16.6 فیصد رہا. جس کی وجہ مجموعی منافع میں اضافہ ہے.

ٹیکس کے بعد خالص منافع

خالص منافع میں اضاف□ 57 فیصد رہا۔ جس کی بنیادی وجہ ڈیفرڈ ٹیکس اثاثہ جات ہیں۔

مستقبل پر نظر

غیر یقینی معاشی حالات کے باوجود کمپنی پائیدار منافع بخش ترقی کو یقینی بنانے کے لئے پورٹ فولیو اور قیمت منسلک / سپلائی سلسلہ کے ذریعے کسٹمر کی ضروریات کو پورا کرنے پر توجہ مرکوز کر رہی ہے. کمپنی نئی مصنوعات اور نئے علاقوں میں مارکیٹنگ کے ذریعے اپنی آمدن بڑھانے پر کام کر رہی ہے۔

ہم اپنے گاہکوں کے شکر گزاروں ہیں کہ وہ ہماری مصنوعات کا استعمال جاری رکھے ہوئے ہے، اور ہم پوری الطہور ٹیم کی کوششوں کو تسلیم کرتے ہیں، بشمول ہمارے عملے، وینڈرز، ڈیلرز اور تمام کاروباری شراکت داروں کی مسلسل حمایت اور انتہائی کوششوں کے لئے شکر گزار ہیں اور مستقبل میں اسی طرح کے تعاون کی امید کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

راسخ الہی
چیف ایگزیکیٹو

شبیہ زاہد علی
ڈائریکٹر

Riaz Ahmad & Company
Chartered Accountants

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www.racopk.com

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of At-Tahur Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of At-Tahur Limited ("the Company") as at 31 December 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2018.

Scope of Review

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

Conclusion

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

Emphasis of Matter

We draw attention to Note 9 of these condensed interim financial statements relating to deferred income tax asset where the management has disclosed that the Company, based on financial projections for taxable profits for five years, which have been approved by the Board of Directors, will be able to realize the net deferred income tax asset of Rupees 115,266,443. The preparation of the projections involves management's assumptions regarding future business and economic conditions and therefore any significant change in such assumptions or actual outcome that is different from assumptions, may have an effect on the realizability of the deferred income tax asset in future. Our conclusion is not qualified in respect of this matter.

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

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 2 5 FEB 2019

AT-TAHUR LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	NOTE	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
150,000,000 (30 June 2018: 150,000,000) ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital			
146,667,000 (30 June 2018: 110,000,000) ordinary shares of Rupees 10 each		1,466,670,000	1,100,000,000
Reserves		800,878,166	331,663,877
Total equity		2,267,548,166	1,431,663,877
Share deposit money		-	419,199,666
LIABILITIES			
NON-CURRENT LIABILITIES			
Employees' retirement benefit		33,994,645	28,077,763
Liabilities against assets subject to finance lease		35,010,558	21,309,695
Long term financing	4	44,464,092	180,207,375
		113,469,295	229,594,833
CURRENT LIABILITIES			
Trade and other payables		122,270,212	161,197,949
Short term borrowings		150,000,000	127,547,806
Accrued mark-up		1,534,313	4,927,831
Current portion of non-current liabilities		54,516,566	110,308,136
Provision for taxation		2,584,683	12,258,831
		330,905,774	416,240,553
Total liabilities		444,375,069	645,835,386
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		2,711,923,235	2,496,698,929

	NOTE	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	963,809,260	860,853,461
Biological assets	7	846,404,559	682,411,604
Long term security deposits		14,050,035	7,908,635
Deferred income tax asset	8	115,266,443	91,432,523
		1,939,530,297	1,642,606,223
CURRENT ASSETS			
Stores		3,868,865	3,010,987
Inventories		100,695,579	84,734,314
Biological assets	7	662,785	1,238,766
Trade debts		70,109,094	74,527,057
Short term advances and other receivables		69,729,792	75,736,942
Short term security deposits		3,356,129	8,678,559
Short term prepayment		1,041,383	926,556
Advance income tax		72,210,533	71,343,806
Sales tax recoverable		66,098,770	68,980,268
Cash and bank balances		384,620,008	464,915,451
		772,392,938	854,092,706
TOTAL ASSETS		2,711,923,235	2,496,698,929

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	NOTE	HALF YEAR ENDED 31 December 2018 Rupees	HALF YEAR ENDED 31 December 2017 Rupees	QUARTER ENDED 31 December 2018 Rupees	QUARTER ENDED 31 December 2017 Rupees
SALES		704,440,188	560,038,118	365,903,585	280,753,448
GAIN ARISING ON INITIAL RECOGNITION OF MILK AT FAIR VALUE LESS COSTS TO SELL AT THE TIME OF MILKING		359,602,492	215,343,040	184,315,547	120,138,678
GAINS ARISING FROM CHANGES IN FAIR VALUE LESS COSTS TO SELL OF DAIRY LIVESTOCK	7	212,834,875	110,345,038	136,013,504	67,165,821
		1,276,877,555	885,726,196	686,232,636	468,057,947
OPERATING COSTS	9	(897,000,042)	(619,874,623)	(488,772,003)	(335,473,773)
		379,877,513	265,851,573	197,460,633	132,584,174
ADMINISTRATIVE AND GENERAL EXPENSES		(78,285,529)	(48,141,192)	(39,006,333)	(23,145,749)
SELLING AND MARKETING EXPENSES		(109,542,033)	(92,029,143)	(54,642,649)	(47,154,529)
OTHER EXPENSES		(86,521,563)	(70,875,317)	(46,348,055)	(35,664,348)
		(274,349,125)	(211,045,652)	(139,997,037)	(105,964,626)
		105,528,388	54,805,921	57,463,596	26,619,548
OTHER INCOME		11,252,583	5,064,469	5,026,244	2,301,773
PROFIT FROM OPERATIONS		116,780,971	59,870,390	62,489,840	28,921,321
FINANCE COST		(13,455,580)	(4,821,912)	(2,280,716)	(2,786,061)
PROFIT BEFORE TAXATION		103,325,391	55,048,478	60,209,124	26,135,260
TAXATION		22,337,056	24,989,334	26,617,118	(133,726)
PROFIT AFTER TAXATION		125,662,447	80,037,812	86,826,242	26,001,534
EARNINGS PER SHARE - BASIC AND DILUTED		0.88	0.73	0.59	0.24

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

AT-TAHUR LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2018 Rupees	31 December 2017 Rupees	31 December 2018 Rupees	31 December 2017 Rupees
PROFIT AFTER TAXATION	125,662,447	80,037,812	86,826,242	26,001,534
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be subsequently reclassified to profit or loss:				
Remeasurement of plan obligation	-	1,133,831	-	-
Income tax on remeasurement of plan obligation	-	(340,149)	-	-
Other comprehensive incoem for the period - net of tax	-	793,682	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	125,662,447	80,831,494	86,826,242	26,001,534

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

AT-TAHUR LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	SHARE CAPITAL	RESERVES			TOTAL
		CAPITAL	REVENUE	TOTAL RESERVES	
		Share premium	Un-appropriated profit		
	--------------------------------RUPEES------------------------------------				
Balance as at 30 June 2017 - audited	1,100,000,000	-	152,655,512	152,655,512	1,252,655,512
Profit for the half year ended 31 December 2017	-	-	80,037,812	80,037,812	80,037,812
Other comprehensive income for the year half year ended 31 December 2017	-	-	793,682	793,682	793,682
Total comprehensive income for the year half year ended 31 December 2017	-	-	80,831,494	80,831,494	80,831,494
Balance as at 31 December 2017 - un-audited	1,100,000,000	-	233,487,006	233,487,006	1,333,487,006
Profit for the half year ended 30 June 2018	-	-	97,642,547	97,642,547	97,642,547
Other comprehensive income for the year half year ended 30 June 2018	-	-	534,324	534,324	534,324
Total comprehensive income for the year half year ended 30 June 2018	-	-	98,176,871	98,176,871	98,176,871
Balance as at 30 June 2018 - audited	1,100,000,000	-	331,663,877	331,663,877	1,431,663,877
Adjustment on adoption of IFRS 9 (Note 3.2.1)	-	-	(12,586,744)	(12,586,744)	(12,586,744)
Adjusted total equity as at 01 July 2018	1,100,000,000	-	319,077,133	319,077,133	1,419,077,133
Transaction with owners:					
Ordinary shares issued during the period	366,670,000	403,337,000	-	403,337,000	770,007,000
Share issuance costs	-	(47,198,414)	-	(47,198,414)	(47,198,414)
Profit for the half year ended 31 December 2018	-	-	125,662,447	125,662,447	125,662,447
Other comprehensive income for the year half year ended 31 December 2018	-	-	-	-	-
Total comprehensive income for the year half year ended 31 December 2018	-	-	125,662,447	125,662,447	125,662,447
Balance as at 31 December 2018 - un-audited	1,466,670,000	356,138,586	444,739,580	800,878,166	2,267,548,166

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

AT-TAHUR LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	HALF YEAR ENDED	
	31 December 2018	31 December 2017
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	103,325,391	55,048,478
Adjustments for non-cash charges and other items:		
Depreciation	29,878,175	18,524,375
Loss / (gain) on sale of operating fixed assets	1,034,272	(666,478)
Gains arising from changes in fair value less costs to sell of dairy livestock	(212,834,875)	(110,345,038)
Loss on sale of dairy livestock - net	36,844,681	37,900,229
Loss due to death of dairy livestock	38,675,449	30,057,241
Profit on bank deposits	(6,772,573)	(12,097)
Provision for doubtful trade debts	4,800,891	-
Provision for employees' retirement benefit	5,916,882	5,568,794
Amortization of deferred income	-	(2,903,028)
Finance cost	13,455,580	4,821,912
Cash generated from operating activities before working capital changes	14,323,873	37,994,388
(Increase) / decrease in current assets:		
Inventories	(15,961,265)	11,690,834
Stores	(857,878)	313,463
Trade debts	(12,969,672)	(6,254,328)
Short term advances and other receivables	6,007,150	(23,349,458)
Short term prepayment	(114,827)	(359,754)
Sales tax recoverable	2,881,498	(3,268,656)
Increase in current liabilities:		
Trade and other payables	(38,927,737)	(15,073,064)
	(59,942,731)	(36,300,963)
Cash (used in) / generated from operations	(45,618,858)	1,693,425
Finance cost paid	(16,849,098)	(4,133,446)
Income tax paid	(12,037,739)	(12,720,285)
Net (increase) / decrease in security deposits	(818,970)	304,800
Net cash used in operating activities	(75,324,665)	(14,855,506)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(152,868,246)	(84,846,630)
Purchase of dairy livestock	(36,885,000)	-
Proceeds from sale of property, plant and equipment	19,000,000	1,215,000
Proceeds from sale of dairy livestock	10,782,771	21,648,530
Return on bank deposits	6,772,573	12,097
Net cash used in investing activities	(153,197,902)	(61,971,003)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	22,452,194	(12,162,434)
Liabilities against assets subject to finance lease	12,824,010	(9,463,642)
Long term financing obtained	-	59,000,000
Repayment of long term financing	(190,658,000)	-
Proceeds from issue of ordinary shares - net of share issuance costs	303,608,920	-
Net cash from financing activities	148,227,124	37,373,924
Net decrease in cash and cash equivalents	(80,295,443)	(39,452,585)
Cash and cash equivalents at the beginning of the period	464,915,451	65,391,323
Cash and cash equivalents at the end of the period	384,620,008	25,938,738

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1 THE COMPANY AND ITS OPERATIONS

1.1 At-Tahur Limited ("the Company") is a public limited Company incorporated on 16 March 2007 in Pakistan under the Companies Ordinance, 1984 (Now Companies Act, 2017). The Company was incorporated as a private limited Company and subsequently converted into a public limited Company with effect from 28 September 2015. On 23 July 2018, the Company was formally listed on Pakistan Stock Exchange Limited. The principal activity of the Company is to run dairy farm for the production and processing of milk and dairy products. The registered office of the Company is situated at 182-Abu Bakar Block, New Garden Town, Lahore.

1.2 The Company had issued prospectus on 13 June 2018 for Initial Public Offer (IPO) of 36,667,000 ordinary shares of Rupees 10 each at a floor price of Rupees 20 per share including share premium of Rupees 10 per share. Details regarding utilization of IPO proceeds for dairy farm and plant expansion have been fully explained in the prospectus. Out of the total issue of 36,667,000 ordinary shares, 27,500,000 shares were offered to High Net Worth Individuals (HNWI) and Institutional Investors before 30 June 2018 which were fully subscribed at a strike price of Rupees 21 per share determined through book building process. Remaining 9,167,000 ordinary shares were offered to General Public and were fully subscribed at Rupees 21 per share during the period. On 18 July 2018, shares have been duly allotted to all shareholders. On 23 July 2018, Pakistan Stock Exchange Limited has approved the Company's application for formal listing of ordinary shares and trading of shares has started on 30 July 2018.

2. BASIS OF PREPARATION

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

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

• Provisions of and directives issued under the Companies Act, 2017.

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

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2018. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Section 237 of the Companies Act, 2017.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding annual audited financial statements of the Company for the year ended 30 June 2018 except for the changes in accounting policies as stated in note 3.2 to these condensed interim financial statements.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding annual audited financial statements of the Company for the year ended 30 June 2018.

3.2 CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF CERTAIN INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The following changes in accounting policies have taken place effective from 01 July 2018:

3.2.1 IFRS 9 "Financial Instruments"

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 by generally without restating the prior year results.

Key changes in accounting policies resulting from application of IFRS 9

i) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) *Classification*

From 01 July 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or
- those to be measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or statement of comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) *Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statement of profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through statement of comprehensive income, except for the recognition of impairment losses (and reversal of impaiment losses), interest income and foreign exchange gains and losses which are recognised in statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in statement of comprehensive income is reclassified from equity to statement of profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss**.**

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in statement of comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss (FVTPL)

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income/ (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in statement of profit or loss as other income when the Company's right to receive payments is established.

ii) **Impairment**

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iii) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these condensed interim financial statements as there is no hedge activity carried on by the Company during the period ended 31 December 2018.

iv) Impacts of adoption of IFRS 9 on these condensed interim financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets (01 July 2018)	**Trade debts categorized as**	
	Loans and receivables	**Amortised cost**
	- - - - - - - Rupees- - - - - - -	
Opening balance (before reclassification)	74,527,057	-
Adjustment on adoption of IFRS 9:		
- Reclassification of trade debts	(74,527,057)	74,527,057
- Recognition of expected life time credit losses on trade debts	-	(12,586,744)
Opening balance (after reclassification)	-	61,940,314

The impact of these changes on the Company's un-appropriated profit and equity is as follows:

Reserves and equity (01 July 2018)

	Effect on un-appropriated profit	**Effect on total equity**
	- - - - - - - Rupees- - - - - - -	
Opening balance (before reclassification)	331,663,877	1,431,663,877
Adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts	(12,586,744)	(12,586,744)
Opening balance (after reclassification)	319,077,134	1,419,077,134

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of financial instruments of the Company were as follows:

	Measurement category		Carrying amounts		
	Original	New	Original	New	Difference
	(IAS 39)	(IFRS 9)	- - - - - - - - - - Rupees - - - - - - - - - -		
Non-current financial assets					
Long term security deposits	Loans and receivables	Amortised cost	7,908,635	7,908,635	-
Current financial assets					
Trade debts	Loans and receivables	Amortised cost	74,527,057	61,940,314	12,586,744
Short term advances and other receivables	Loans and receivables	Amortised cost	8,001,931	8,001,931	-
Short term security deposits	Loans and receivables	Amortised cost	8,678,559	8,678,559	-
Cash and bank balances	Loans and receivables	Amortised cost	464,915,451	464,915,451	-
Non-current financial liabilities					
Liabilities against assets subject to finance lease	Amortised cost	Amortised cost	21,309,695	21,309,695	-
Long term financing	Amortised cost	Amortised cost	180,207,375	180,207,375	-
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	134,912,804	134,912,804	-
Short term borrowings	Amortised cost	Amortised cost	127,547,806	127,547,806	-
Accrued mark-up	Amortised cost	Amortised cost	4,927,831	4,927,831	-
Current portion of non-current liabilities	Amortised cost	Amortised cost	110,308,136	110,308,136	-

3.2.2 IFRS 15 'Revenue from Contracts with Customers'

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in a Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results.

i) **Key changes in accounting policies resulting from application of IFRS 15**

The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

b) Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

c) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

3.2.3 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

		Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
4	**LONG TERM FINANCING**		
	From banking company - secured		
	Opening balance	180,207,375	-
	Add: Obtained during the period / year	-	239,207,375
	Less: Payment during the period / year	131,658,000	-
		48,549,375	239,207,375
	Less: Current Portion	4,085,283	59,000,000
	Closing balance	44,464,092	180,207,375

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

5.1.1 Deputy Commissioner Inland Revenue (DCIR) passed an order under sections 122(1) / 122(5) / 177 read with section 122(9) of the Income Tax Ordinance, 2001 for tax year 2013 and made additions and disallowances of Rupees 111.822 million under various heads resulting in reduction of tax losses of the Company. Being aggrieved, the Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] who deleted some of the additions made by DCIR, remanded back some of the additions and disallowances with favorable comments and confirmed an addition and levy of workers' welfare fund. The Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A) which is yet to be heard. The management of the Company, based on advice of the legal counsel, is confident of favorable outcome of its appeal, hence no provision against additions and disallowances of Rupees 86.451 million, disallowance of tax credit of Rupees 1.796 million and levy of workers' welfare fund of Rupees 0.484 million has been made in these condensed interim financial statements.

5.1.2 Deputy Commissioner Inland Revenue (DCIR) and Assistant Commissioner Inland Revenue (ACIR) had rejected sales tax refunds of the Company amounting to Rupees 35.269 million for various tax periods based on their interpretation of SRO 549(I)/2008 dated 11 June 2008 and SRO 670(I)/2013 dated 18 July 2013. As a result, the Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the aforesaid rejections. CIR(A) has given the decision in favor of the Company for the sales tax refunds amounting to Rupees 28.472 million. The management of the Company, based on advice of the legal counsel, is confident of favorable outcome of its appeal in connection with the remaining amount, hence no provision against the aforesaid rejections has been made in these condensed interim financial statements.

5.1.3 The Sindh High Court ('the Court') in the case of 'Kasim Textile' in its order of 07 May 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, no tax is payable by a company due to assessed losses, the company forgoes the right to carry forward minimum tax paid in that year. In the light of this order, the Company is not entitled to carry forward minimum tax of Rupees 29.183 million. However, the management, based on advice of legal counsel, is of the view that the verdict has been challenged in the Supreme Court and favorable final outcome is expected.

5.1.4 The Competition Commission of Pakistan ("CCP") has initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Company by Pakistan Dairy Association ("Association") for adopting deceptive marketing practices in contravention of section 10 of the Act. It has also been prayed by Association to CCP to impose a penalty of 10% of the annual turnover of the Company or Rupees 75 million, as CCP may deem appropriate. The Company has submitted a detail reply before the CCP through their advocates, rejecting the contents of filed compliant, and expects a favorable outcome of the matter. Hence, no provision for penalty has been recognized in these condensed interim financial statements.

5.2 Commitments

5.2.1 Letters of credit other than for capital expenditure of the Company are of Rupees 6,015,530 (30 June 2018: Rupees 11,233,288).

5.2.2 The Company has obtained vehicles and machinery under ijarah arrangements from Al Baraka Bank (Pakistan) Limited and BankIslami (Pakistan) Limited for a period of three years. The total future monthly Ujrah payments under Ijarah are as follows:

	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
Not later than one year	5,896,048	15,222,799
Later than one year and not later than five years	385,440	1,380,373
	6,281,488	16,603,172

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets:		
Owned (Note 6.1)	788,537,460	554,743,525
Leased (Note 6.2)	90,332,489	75,130,871
	878,869,949	629,874,396
Capital work-in-progress (Note 6.3)	84,939,311	230,979,065
	963,809,260	860,853,461

6.1 Operating fixed assets - owned

Opening net book value	554,743,525	524,099,523
Add: Cost of additions during the period / year (Note 6.1.1)	278,170,982	44,767,864
Add: Book value of transfer from leased assets (Note 6.2.2)	-	18,870,080
Less: Book value of deletions during the period / year (Note 6.1.2)	(20,034,272)	(548,522)
Less: Depreciation charged during the period / year	(24,342,775)	(32,445,420)
Closing net book value	788,537,460	554,743,525

6.1.1 Cost of additions during the period / year

Building on freehold land	188,494,224	907,382
Plant and machinery	45,823,462	39,442,733
Electric installations	10,403,429	60,289
Office equipment	201,750	574,567
Tools and equipment	6,666,120	181,950
Vehicles	26,382,277	3,421,744
Furniture	167,700	23,799
Computers	17,520	34,000
Arms and ammunition	14,500	121,400
	278,170,982	44,767,864

6.1.2 Book value of deletions during the period / year

Cost		
- Vehicles	20,034,272	1,855,370
Less: Accumulated depreiciation	-	(1,306,848)
Book value of deletions during the period / year	20,034,272	548,522

6.2 Operating fixed assets - leased

Opening net book value	75,130,871	33,724,318
Add: Cost of additions during the period / year (Note 6.2.1)	20,737,018	66,615,024
Less: Book value of transfer to operating fixed assets (Note 6.2.2)	-	(18,870,080)
Less: Depreciation charged during the period / year	(5,535,400)	(6,338,391)
Closing net book value	90,332,489	75,130,871

		Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
6.2.1	**Cost of additions during the period / year**		
	Plant and machinery	502,538	61,000,134
	Vehicles	20,234,480	5,614,890
		20,737,018	66,615,024
6.2.2	**Book value of transfer to operating fixed assets**		
	Cost		
	- Plant and machinery	-	21,132,000
	Less: Accumulated depreiciation	-	2,261,920
	Book value of transfer during the period / year	-	18,870,080
6.3	**Capital work-in-progress**		
	Building on freehold land	74,861,867	144,008,858
	Plant and machinery	9,938,725	10,217,930
	Advance to contractor for civil works	138,719	37,000,000
	Advances against plant and machinery	-	39,752,277
		84,939,311	230,979,065
7	**BIOLOGICAL ASSETS**		
	Dairy livestock:		
	Mature	648,871,839	541,672,232
	Immature	198,195,505	141,978,138
		847,067,344	683,650,370
	Non-current	846,404,559	682,411,604
	Current	662,785	1,238,766
		847,067,344	683,650,370
7.1	**Reconciliation of carrying amount of dairy livestock:**		
	Carrying amount at the beginning of the period / year	683,650,370	477,546,086
	Purchases during the period / year	36,885,000	160,211,123
	Fair value gain due to new births	15,389,040	12,215,620
	Gain arising from changes in fair value less costs to sell attributable to physical and price changes	197,445,835	193,045,257
		212,834,875	205,260,877
	Decrease due to deaths	(38,675,449)	(49,312,680)
	Decrease due to sales	(47,627,452)	(110,055,036)
	Carrying amount at the end of the period / year, which approximates the fair value less costs to sell	847,067,344	683,650,370

7.2 As at 31 December 2018, the Company held 1,525 (30 June 2018: 1,348) mature assets able to produce milk and 936 (30 June 2018: 789) immature assets that are being raised to produce milk in the future. During the period, the Company produced approximately 6,053,914 (30 June 2018: 7,816,366) gross litres of milk from these biological assets. As at 31 December 2018, the Company also held 21 (30 June 2018: 50) immature male calves.

7.3 The valuation of dairy livestock as at 31 December 2018, has been carried out by independent valuers. In this regard, the valuers examined the physical condition of the livestock, assessed the key assumptions and estimates and relied on the representations made by the Company as at 31 December 2018. Further, in the absence of an active market of the Company's dairy livestock in Pakistan, market and replacement values of similar livestock from active markets in Europe and Australia, have been used as basis of valuation by the independent valuers. The cost of transportation to Pakistan is also considered.

8 DEFERRED INCOME TAX ASSET

The Company has an aggregate amount of recognized deferred income tax asset of Rupees 115,266,443 (30 June 2018: Rupees 91,432,523) which represents management's best estimate of the probable benefits expected to be realized in future years in the form of reduced tax liability as the Company would be able to set off the profits earned in those years against losses carried forward. The Company has prepared five years financial projections for future taxable profits, which have been approved by the Board of Directors of the Company, to assess the recoverability of deferred income tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as recent capital injections, growth of herd, increase in milk yield, etc. Any significant changes in such assumptions may have an effect on the recoverability of deferred income tax asset. Management believes that it is probable that the Company will be able to achieve the profits and, consequently, the deferred income tax asset will be fully realized in future.

	Un-audited		Un-audited	
	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	Rupees	Rupees	Rupees	Rupees
9 OPERATING COSTS				
Raw milk consumed	375,327,381	299,236,831	184,146,510	155,858,114
Forage consumed	245,044,584	140,070,442	146,360,631	78,196,317
Stores consumed	1,105,426	-	523,807	-
Packing materials consumed	84,247,667	73,467,951	43,389,262	38,010,426
Salaries, wages and other benefits	43,314,636	37,721,363	20,351,963	18,506,851
Oil and lubricants	41,939,486	23,496,667	23,818,301	20,589,651
Utilities	8,866,536	8,943,436	3,945,490	3,329,397
Insurance	417,005	605,518	272,860	310,635
Repair and maintenance	8,479,677	6,402,803	5,808,299	2,669,152
Artificial insemination supplies consumed	1,141,000	210,000	1,141,000	-
Dairy livestock medication consumed	9,684,705	-	4,899,111	-
Dairy supplies consumed	16,372,701	1,012,950	8,584,247	897,900
Chemicals consumed	1,074,106	628,817	962,414	133,746
Vehicles' running	5,042,154	1,517,366	3,031,156	730,726
Depreciation	19,719,593	12,226,084	10,670,718	6,172,996
Miscellaneous	35,397,626	15,237,967	30,156,248	10,127,008
	897,174,283	620,778,195	488,062,017	335,532,919
Finished / manufactured goods				
Opening inventory	2,936,442	3,697,797	3,820,669	4,542,223
Closing inventory	(3,110,683)	(4,601,369)	(3,110,683)	(4,601,369)
	(174,241)	(903,572)	709,986	(59,146)
	897,000,042	619,874,623	488,772,003	335,473,773

10 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different from their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

11 RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

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

At 31 December 2018	Level 1	Level 2	Level 3	Total
	---------------------------- Rupees		-------------------------	
Biological assets	-	847,067,344	-	847,067,344
Total non-financial assets	-	847,067,344	-	847,067,344

At 30 June 2018	Level 1	Level 2	Level 3	Total
	---------------------------- Rupees		-------------------------	
Biological assets	-	683,650,370	-	683,650,370
Total non-financial assets	-	683,650,370	-	683,650,370

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The fair value of these assets is determined by an independent valuer. Fair value of biological assets has been determined using a replacement cost approach, whereby, current cost of similar dairy cattle in the international market has been adjusted for transportation costs to arrive at fair value.

Valuation processes

The Company engages external and independent valuers to determine the fair value of the Company's biological assets at the end of every half yearly reporting period. As at 31 December 2018, the fair value of the biological assets was determined by M/s Sadruddin Associate (Private) Limited and M/s Anderson Consulting (Private) Limited.

Changes in fair values are analysed between the chief financial officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

12 UTILIZATION OF THE PROCEEDS OF THE INITIAL PUBLIC OFFER (IPO)

Till 31 December 2018, the Company has utilized the proceeds of the initial public offer of 36,667,000 ordinary shares for the purposes mentioned under heading 4.9 'Expansion Plan' in prospectus dated 13 June 2018, as per the following detail:

	Total funds available	Total funds utilized till 31 December 2018
	Rupees	
Plant and machinery	133,002,950	87,105,762
Farm civil works	206,552,161	206,552,161
Milking Parlor	49,700,000	17,531,225
Cows	267,500,000	207,096,123
Utilities	24,000,000	-
Miscellaneous farm expenses	49,600,000	40,298,266
Working capital requirement	215,000,000	208,587,617
Excess IPO funds:		
- Repayment of long term debt facility	14,666,800	14,666,800
- Finance working capital	11,000,100	-
- Any other activity relating to company's ongoing operations. Decision to be taken by BOD	11,000,100	-
Total	982,022,111	781,837,954

12.1 IPO proceeds utilization:

	Rupees
Net proceeds from IPO	770,007,000
Profit on deposit	5,656,841
Debt financing	212,015,111
Total funds	987,678,952
Less: Funds utilized till 31 December 2018	781,837,954
Un-utilized funds as on 31 December 2018	205,840,998

13 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated company, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties are as follows:

(i) Transactions:

	Un-audited HALF YEAR ENDED		Un-audited QUARTER ENDED	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	Rupees	Rupees	Rupees	Rupees
Bahera (Private) Limited - associated company				
Purchase of goods	21,421,103	1,275,866	18,421,103	-
Common facilities cost charged	3,000,000	6,000,000	-	3,000,000

(ii) Period end balances

	Un-audited As at 31 December 2018	Audited As at 30 June 2018
	Rupees	Rupees
Bahera (Private) Limited - associated company		
Short term advances and other receivable	9,000,000	19,953,188
Trade and other payable	67,915	-

14 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding annual audited financial statements of the Company for the year ended 30 June 2018.

15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 25, 2018.

16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting', the condensed interim statement of financial position and the condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER


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