



At-Tahur Limited

Quarterly Report

Unaudited

September 30th, 2020



Fresh.Pure.Nourishing





Company 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	
Dr. Farzana Firoz	
Mr. Shabbi Zahid Ali	

Audit Committee

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

HR & R Committee

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

Company Secretary & Chief Financial Officer

Mr. Humza Chaudhry

Head of Internal Audit

Mr. Usman Yousaf

Share Registrar

Corplink (Pvt.) Ltd.

Wings Arcade, 1- K Commercial, Model Town, Lahore

Auditors

Riaz Ahmad & Company

Chartered Accountants

Bankers

Al-Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Islamic Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Islamic Bank Limited
MCB Bank Limited
National Bank of Pakistan
Silk Bank Limited

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

Project Locations

Kotli Rai Abubakar, Distirct Kasur

AT-TAHUR LIMITED

DIRECTORS' REPORT

It gives me immense pleasure to present on behalf of the Board of Directors of **At-Tahur Limited**, (hereinafter referred to as "the Company"), reviewed financial statements of At-Tahur Limited for the period ended September 30, 2020. Your Company continued its journey of success and is poised for growth.

The year 2020 can be regarded as one of the most testing times in modern history as the entire world continues its battle with Covid-19, which continues to have severe effects on the global businesses and trades. The Company's revenue grew by 25.59% for the period despite difficult economic conditions. The company Operating Profit Margin increased by 223.80% due to new product and market penetration strategies as well as increased net fair value gain on biological assets.

The financial performance for the quarter ended is summarized below:

Description	QUARTER ENDED		
	July - Sep 2020 PKR million	July - Sep 2019 PKR million	Change (YOY) PKR million
Sales	540.57	430.43	110.14
Gross Profit	258.42	173.64	84.79
% of sales	47.80%	40.34%	
Operating Profit	70.66	21.82	48.84
% of sales	13.07%	5.07%	
Net Profit before tax	59.59	14.32	45.27
% of sales	11.02%	3.33%	
Net Profit after tax	51.48	8.89	42.59
% of sales	9.52%	2.07%	
Earnings per share	0.32	0.06	

BOARD & ITS COMMITTEES:

The total number of directors are 7 as per following:

- a. Male 06
- b. Female 01

The Composition of Board of Directors is as follows:

a. Independent Directors:

- 1. Mr. Ijaz Nisar (Justice Rtd.)
- 2. Mr. Aurangzeb Firoz
- 3. Mr. Amar Zafar Khan
- 4. Dr. Farzana Firoz
- 5. Syed Kashif ul Hassan Shah

b. Other Non-Executive Directors:

- 1. Mr. Shabbi Zahid Ali

c. Executive Director:

- 1. Mr. Rasikh Elahi

AT-TAHUR LIMITED

AUDIT COMMITTEE

In Compliance of Listing Companies (Code of Corporate Governance) Regulation, 2019 the names of members of Audit Committee members are as under:

Sr. No.	Name of Directors
1	Mr. Aurangzeb Firoz
2	Mr. Amar Zafar Khan
3	Mr. Shabbi Zahid Ali

HUMAN RESOURCE & REMUNERATION COMMITTEE

In Compliance of Listing Companies (Code of Corporate Governance) Regulation, 2019 the names of members of Human Resource & Remuneration Committee members are as under:

Sr. No.	Name of Directors
1	Mr. Ijaz Nisar
2	Mr. Shabbi Zahid Ali
3	Mr. Rasikh Elahi

DIRECTORS' REMUNERATION

The Board of Directors has approved Directors' Remuneration Policy. The features of the policy are as follows:

- The Company shall not pay remuneration to its non-executive directors including independent directors except for meeting fee for attending Board meetings;
- The Company will reimburse or incur expenses of travelling and accommodation of Directors for attending Board meetings;
- The Directors' Remuneration policy will be reviewed and approved by the Board of Directors from time to time.

Moreover, the Board acknowledge the valuable contributions being made by the Non-Executive directors, and currently a meeting fee is being offered for attendance and participation in Board meeting, while this does not reflect compensation of their contributions and just represents a token of appreciation.

Future Outlook:

Despite uncertain economic conditions, the Company is focusing 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 regions.

We are grateful to our customers for their continued patronage of our products and wish 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
October 29, 2020



Director

ڈائریکٹرز رپورٹ

ہم الطہور لمیٹڈ کے ڈائریکٹرز ستمبر 30، 2020 کو ختم ہونے والی پہلی سہ ماہی کے لئے کمپنی کے غیر آڈٹ شدہ اکاؤنٹس کو پیش کرتے ہیں

سال 2020 کی جدید دور کا سب سے آزمائشی سال قرار دیا جائے گا۔ کیونکہ پوری دنیا کو ویڈ 19 کے ساتھ لڑ رہی ہے اور عالمی کاروبار پر اس کے منفی اثرات پڑ رہے ہیں۔

مشکل معاشی حالات کے باوجود کمپنی کی آمدنی میں 25.59 فیصد اضافہ ہوا ہے اور کمپنی کا آپریٹنگ منافع میں 223.80 فیصد اضافہ ہوا۔ جس کی وجہ سے نئی مصنوعات اور مارکیٹیں داخل ہونے کی حکمت عملی اور حیاتیاتی اثاثوں کی ویلیو میں اضافہ ہے۔

30 ستمبر 2020 کو ختم ہونے والی پہلی سہ ماہی کے لئے مالیاتی کارکردگی ذیل میں دی گئی ہے:

سہ ماہی (ملین روپے)			
تبدیلی (YOY)	30 ستمبر 2019	30 ستمبر 2020	
110.14	430.43	540.57	آمدنی
84.76	173.64	258.42	مجموعی منافع مارجن
	40.34	47.80	فروخت کا فیصد
48.84	21.82	70.66	آپریٹنگ منافع مارجن
	5.07	13.07	فروخت کا فیصد
42.59	8.89	51.48	بعد ٹیکس خالص منافع
	2.07	9.52	فروخت کا فیصد
	0.06	0.32	فی شیئر آمدنی

بورڈ اور اس کی کمیٹیز

ڈائریکٹرز کی کل تعداد حسب ذیل ہے:

- a. مرد 06
b. خواتین 01

بورڈ آف ڈائریکٹرز کی ترکیب حسب ذیل ہے:

a. آزاد ڈائریکٹرز

1. محترم اعجاز نثار (جسٹس ریٹائرڈ)
2. محترم اورنگزیب فیروز
3. محترم عامر ظفر خان
4. ڈاکٹر فرزانه فیروز
5. سید کاشف الحسن شاہ

b. نان ایگزیکٹو ڈائریکٹر

1. محترم شبی زاہد علی

c. ایگزیکٹو ڈائریکٹر

1. محترم راسخ الہی

آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس 2019 کی تعمیل میں بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی تشکیل دی ہے۔ جس کے ارکان کے نام درج ذیل ہیں۔

نمبر شمار	نام ڈائریکٹر
1.	محترم اورنگزیب فیروز
2.	محترم عمار ظفر خان
3.	محترم شبی زاہد علی

بیومن ریسورس اینڈ ریمونریشن کمیٹی

کوڈ آف کارپوریٹ گورننس 2019 کی تعمیل میں بورڈ آف ڈائریکٹرز نے بیومن ریسورس اینڈ ریمونریشن کمیٹی تشکیل دی ہے۔ جس کے ارکان کے نام درج ذیل ہیں۔

نمبر شمار	نام ڈائریکٹر
1.	محترم اعجاز ناصر
2.	محترم شبی زاہد علی
3.	محترم راسخ الہی

ڈائریکٹرز کامشاہیرہ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کا مشاہیرہ طے کرنے کی پالیسی مرتب کی ہے۔ پالیسی کی خصوصیات حسب ذیل ہیں:

1. کمپنی اپنے نان ایگزیکٹو اور آزاد ڈائریکٹرز کو بورڈ اجلاس میں شرکت کے لئے اجلاس فیس کے علاوہ مشاہیرہ ادا نہیں کرے گی۔
2. بورڈ اجلاس میں شرکت کی غرض سے ڈائریکٹرز کی جانب سے رہائش اور سفر پر برداشت کئے جانے والے اخراجات کمپنی ادا کرے گی۔
3. ڈائریکٹرز کی مشاہیرہ پالیسی پر ہمہ وقت نظر ثانی کی جائے گی اور بورڈ آف ڈائریکٹرز اس کی منظوری دیں گے۔

مزید برآں بورڈ نان ایگزیکٹو ڈائریکٹرز کی گراں قدر خدمات کو تسلیم کرتا ہے اور حال میں بورڈ اجلاس میں حاضری اور شرکت کے لئے اجلاس فیس ادا کی جائے گی جب کہ یہ ان کے معاوضہ کی عکاسی نہیں کرتا بلکہ یہ ان کی خدمات کا اعتراف ہے۔

مستقبل پر نظر

غیر یقینی معاشی حالات کے باوجود کمپنی پائیدار منافع بخش نمو کو یقینی بنانے کے لیے پورٹ فولیو میں جدت طرازی اور ویلیو چین کی اصلاح کے ذریعے صارفین کی ضروریات کو پورا کرنے پر توجہ دے رہی ہے۔ کمپنی نئی ویلیو ایڈڈ مصنوعات پر کام کر رہی ہے اور نئی مارکیٹ کو بھی ٹارگٹ کر رہی ہے۔

ہم اپنے صارفین کی طرف سے اپنی مصنوعات کی مسلسل سرپرستی کے لیے ان کے مشکور ہیں۔ اور اس مشکل وقت میں اپنے عملے ڈیلرز اور تمام کاروباری شراکت داروں اور پوری الطہور کی ٹیم کی کاوشوں کے مشکور ہیں اور مستقبل میں بھی یہی امید رکھتے ہیں۔

شبی زاہد علی
ڈائریکٹر

بورڈ آف ڈائریکٹرز کی جانب سے
راسخ الہی
چیف ایگزیکٹو ڈائریکٹر
29 اکتوبر 2020ء

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	NOTE	30 SEPTEMBER 2020 Rupees	30 JUNE 2020 Rupees		NOTE	30 SEPTEMBER 2020 Rupees	30 JUNE 2020 Rupees
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorized share capital				Property, plant and equipment	6	1,024,435,406	1,007,330,330
165,000,000 (2019: 150,000,000) ordinary shares of Rupees 10 each		<u>1,650,000,000</u>	<u>1,650,000,000</u>	Right-of-use assets		94,968,061	83,545,757
				Biological assets	7	1,527,813,652	1,474,184,813
Issued, subscribed and paid-up share capital		1,613,337,000	1,613,337,000	Long term security deposits		17,301,409	14,981,049
Reserves		<u>843,107,356</u>	<u>791,629,896</u>	Deferred income tax asset		<u>81,563,584</u>	<u>81,563,584</u>
Total equity		2,456,444,356	2,404,966,896			2,746,082,112	2,661,605,533
LIABILITIES				CURRENT ASSETS			
NON-CURRENT LIABILITIES				Stores		13,538,510	15,714,571
Employees' retirement benefit		70,217,436	65,130,626	Inventories		195,203,634	188,231,480
Liabilities against assets subject to finance lease		-	-	Biological assets		2,103,574	2,679,413
Lease liabilities		52,168,587	44,433,861	Trade debts		82,293,941	84,279,634
Long term financing	4	<u>78,469,103</u>	<u>89,364,542</u>	Short term investment		-	4,619,240
		200,855,126	198,929,029	Short term advances and prepayments		60,091,894	67,794,404
				Short term deposits and other receivables		69,499,379	69,037,479
				Advance income tax - net		73,550,483	79,116,124
				Cash and bank balances		<u>65,997,791</u>	<u>73,240,178</u>
						562,279,206	584,712,523
CURRENT LIABILITIES							
Trade and other payables		237,108,583	274,422,342				
Short term borrowings		335,998,581	301,836,072				
Accrued mark-up / profit		7,654,076	10,438,482				
Current portion of non-current liabilities		70,228,113	55,652,752				
Unclaimed dividend		<u>72,483</u>	<u>72,483</u>				
		651,061,836	642,422,131				
Total liabilities		851,916,962	841,351,160				
CONTINGENCIES AND COMMITMENTS							
	5						
TOTAL EQUITY AND LIABILITIES		<u>3,308,361,318</u>	<u>3,246,318,056</u>	TOTAL ASSETS		<u>3,308,361,318</u>	<u>3,246,318,056</u>

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

	NOTE	30 SEPTEMBER 2020 Rupees	30 SEPTEMBER 2019 Rupees
SALES		540,572,170	430,431,792
GAIN ARISING ON INITIAL RECOGNITION OF MILK AT FAIR VALUE LESS COSTS TO SELL AT THE TIME OF MILKING		296,336,299	161,297,178
GAINS ARISING FROM CHANGES IN FAIR VALUE LESS COSTS TO SELL OF DAIRY LIVESTOCK	7.1	139,425,892	23,079,837
		<u>976,334,361</u>	<u>614,808,807</u>
OPERATING COSTS	8	<u>(717,919,292)</u>	<u>(441,173,626)</u>
		258,415,069	173,635,181
ADMINISTRATIVE AND GENERAL EXPENSES		(44,075,187)	(42,629,836)
SELLING AND MARKETING EXPENSES		(63,987,457)	(65,293,294)
OTHER EXPENSES		(79,778,788)	(46,308,660)
		<u>(187,841,432)</u>	<u>(154,231,790)</u>
		70,573,637	19,403,391
OTHER INCOME		<u>83,463</u>	<u>2,418,015</u>
PROFIT FROM OPERATIONS		70,657,100	21,821,406
FINANCE COST		<u>(11,069,806)</u>	<u>(7,502,685)</u>
PROFIT BEFORE TAXATION		59,587,294	14,318,721
TAXATION		<u>(8,109,834)</u>	<u>(5,427,739)</u>
PROFIT AFTER TAXATION		<u>51,477,460</u>	<u>8,890,982</u>
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		<u>0.32</u>	<u>0.06</u>

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

	30 SEPTEMBER 2020 Rupees	30 SEPTEMBER 2019 Rupees
PROFIT AFTER TAXATION	51,477,460	8,890,982
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plan	-	-
Income tax on remeasurement of defined benefit plan	-	-
Other comprehensive income / (loss) for the period - net of tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	51,477,460	8,890,982

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

	SHARE CAPITAL	RESERVES			TOTAL
		CAPITAL RESERVE	REVENUE RESERVE	TOTAL RESERVES	
		SHARE PREMIUM	UN- APPROPRIAT ED PROFIT		
-----Rupees-----					
Balance as at 30 June 2019	1,466,670,000	356,138,586	581,210,805	937,349,391	2,404,019,391
Profit for the three months	-	-	8,890,982	8,890,982	8,890,982
Other comprehensive loss for the three months	-	-	-	-	-
Total comprehensive income for the three months	-	-	8,890,982	8,890,982	8,890,982
Balance as at 30 September 2019	1,466,670,000	356,138,586	590,101,787	946,240,373	2,412,910,373
Transactions with owners:					
Issue of 01 bonus share for every 10 ordinary shares for the year ended 30 June 2019	146,667,000	(146,667,000)	-	(146,667,000)	-
Final dividend for the year ended 30 June 2019 @ Rupee 0.37 per share	-	-	(54,266,790)	(54,266,790)	(54,266,790)
	146,667,000	(146,667,000)	(54,266,790)	(200,933,790)	(54,266,790)
Profit for the nine months	-	-	45,993,635	45,993,635	45,993,635
Other comprehensive income for the nine months	-	-	-	-	-
Total comprehensive income for the nine months	-	-	45,993,635	45,993,635	45,993,635
				-	-
Balance as at 30 June 2020	1,613,337,000	209,471,586	582,158,310	791,629,896	2,404,966,896
Profit for the three months	-	-	51,477,460	51,477,460	51,477,460
Other comprehensive income for the three months	-	-	-	-	-
Total comprehensive income for the three months	-	-	51,477,460	51,477,460	51,477,460
Balance as at 30 September 2020	1,613,337,000	209,471,586	633,635,770	843,107,356	2,456,444,356

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2020

	30 SEPTEMBER 2020 Rupees	30 SEPTEMBER 2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	59,587,294	14,318,721
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	15,617,620	16,959,188
Depreciation on right-of-use assets	4,834,452	-
Gains arising from changes in fair value less costs to sell of dairy livestock (Gain) / loss on sale of operating fixed asset	(139,425,892)	(23,079,837)
Loss on sale of dairy livestock - net	-	(747,722)
Loss due to death of dairy livestock	29,100,403	21,250,629
Allowance for expected credit losses	45,768,936	25,052,918
Provision for expired / damaged stock	5,428,378	-
Return on bank deposits	(518,929)	-
Interest on term deposit receipts	(36,463)	-
Provision for employees' retirement benefit	-	(1,159,593)
Finance cost	5,086,810	3,414,420
	11,069,806	7,502,685
	(23,074,879)	49,192,688
Cash generated from operating activities before working capital changes	36,512,415	63,511,409
(Increase) / decrease in current assets:		
- Stores	2,176,061	(16,031,395)
- Inventories	(6,972,154)	(113,364,848)
- Trade debts	(3,442,685)	(4,107,562)
- Short term advances and prepayments	7,702,510	(49,626,902)
- Short term deposits and other receivables	(461,900)	(109,185,680)
	(998,168)	(292,316,387)
Increase / (decrease) in trade and other payables	(36,794,830)	35,544,513
Cash used in operations	(1,280,583)	(193,260,465)
Finance cost paid	(13,854,212)	(5,536,890)
Income tax paid	(2,544,193)	(7,491,308)
Net increase in security deposits	(2,320,360)	(869,260)
Net cash used in operating activities	(19,999,348)	(207,157,923)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(32,722,697)	(14,959,274)
Initial direct cost incurred on right-of-use asset	(16,256,756)	-
Proceeds from sale of operating fixed assets	-	1,000,000
Short term investments disposed of	4,619,240	-
Proceeds from sale of dairy livestock	11,503,552	3,787,320
Return on bank deposits	36,463	1,159,593
Net cash used in investing activities	(32,820,198)	(9,012,361)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	34,162,509	1,382,392
Liabilities against assets subject to finance lease	-	632,018
Repayment of lease liabilities	11,421,648	-
Long term financing obtained	11,601,800	-
Long term financing repaid	(11,608,800)	(1,050,947)
Net cash from financing activities	45,577,159	963,463
Net decrease in cash and cash equivalents	(7,242,387)	(215,206,821)
Cash and cash equivalents at the beginning of the period	73,240,178	274,086,603
Cash and cash equivalents at the end of the period	65,997,791	58,879,782

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

1. THE COMPANY AND ITS OPERATIONS

- 1.1** At-Tahur Limited ("the Company") is a public limited Company incorporated in Pakistan on 16 March 2007 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.

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 2019. These condensed interim

AT-TAHUR LIMITED

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, 2019 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 published financial statements of the Company for the year ended 30 June 2019 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 JUDGMENTS

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 published financial statements of the Company for the year ended 30 June 2020.

		30 September 2020 (Unaudited) Rupees	30 June 2020 (Audited) Rupees
4	LONG TERM FINANCING		
	Long term financing	102,335,196	102,342,196
	Less: Current portion shown under current liabilities	(23,866,093)	(12,977,654)
		<u>78,469,103</u>	<u>89,364,542</u>

5 CONTINGENCIES AND COMMITMENTS**5.1 Contingencies**

5.1.1 There is no significant change in the status of contingencies as disclosed in the preceding audited annual financial statements of the Company for the year ended 30 June 2020 except mentioned in Note 6.1.2.

5.1.2 Deputy Commissioner Inland Revenue (DCIR) had rejected sales tax refunds of the Company amounting to Rupees 69.827 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. The management of the Company, based on advice of the legal counsel, is confident of favorable outcome of its appeal in connection with remaining amount, hence no provision against the aforesaid rejections has been made in these financial statements.

5.2 Commitments

5.2.1 Letters of credit other than for capital expenditure of the Company are of Rupees 32.25 million (30 June 2020: Rupees 14.16 million).

		30 September 2020 (Unaudited) Rupees	30 June 2020 (Audited) Rupees
6	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets:		
	Owned (Note 6.1)	988,224,629	999,929,988
	Capital work-in-progress (Note 6.2)	36,210,777	7,400,342
		<u>1,024,435,406</u>	<u>1,007,330,330</u>
6.1	Operating fixed assets - owned		
	Opening net book value	999,929,988	874,508,681
	Add: Cost of additions during the period (Note 6.1.1)	3,912,261	185,546,079
	Add: Book value of assets transfer from leased asset during the period	-	3,084,861
	Less: Book value of deletions during the period	-	(524,166)
	Less: Depreciation charged during the period	(15,617,620)	(62,685,467)
	Closing net book value	<u>988,224,629</u>	<u>999,929,988</u>
6.1.1	Cost of additions during the period		
	Buildings on freehold land	105,000	125,880,314
	Plant and machinery	1,694,739	45,891,183
	Electric installations	1,055,985	6,617,205
	Office equipment	-	796,732
	Tools and equipment	-	-
	Vehicles	849,538	5,593,270
	Furniture	-	69,875
	Computers	207,000	697,500
		<u>3,912,262</u>	<u>185,546,079</u>
6.2	Capital work-in-progress		
	Building on freehold land	32,977,034	4,972,389
	Plant and machinery	-	-
	Advance against plant and machinery	1,328,744	835,212
	Advance against contractor for civil works	1,904,999	1,592,741
		<u>36,210,777</u>	<u>7,400,342</u>

	30 September 2020 (Unaudited) Rupees	30 June 2020 (Audited) Rupees
7 BIOLOGICAL ASSETS		
Dairy livestock:		
Mature	1,090,894,235	924,015,939
Immature	439,022,991	552,848,287
	<u>1,529,917,226</u>	<u>1,476,864,226</u>
Non-current	1,527,813,652	1,474,184,813
Current	<u>2,103,574</u>	<u>2,679,413</u>
	<u>1,529,917,226</u>	<u>1,476,864,226</u>

7.1 Reconciliation of carrying amount of dairy livestock:

Carrying amount at the beginning of the period	1,476,864,226	1,055,356,368
Purchases during the period	-	242,990,308
Fair value gain due to new births	9,680,845	28,077,667
Gain arising from changes in fair value less costs to sell attributable to physical and price changes	129,745,047	364,678,293
	139,425,892	392,755,960
Decrease due to deaths	(45,768,936)	(81,783,969)
Decrease due to sales	(40,603,955)	(132,454,441)
Carrying amount at the end of the period, which approximates the fair value less costs to sell	<u>1,529,917,226</u>	<u>1,476,864,226</u>

7.2 As at 30 September 2020, the Company held 2,174 (30 June 2020: 1,822) mature assets able to produce milk and 1,549 (30 June 2020: 1,765) immature assets that are being raised to produce milk in the future. During the period, the Company produced approximately 4,097,004 (30 September 2019: 2,450,771) gross litres of milk from these biological assets. As at 30 September 2020, the Company also held 71 (30 June 2020: 39) immature male calves.

7.3 The valuation of dairy livestock as at 30 June 2020, 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 30 June 2020. 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.

	QUARTER ENDED	
	30 September 2020 (Unaudited) Rupees	30 September 2019 (Unaudited) Rupees
8 OPERATING COSTS		
Raw milk consumed	300,744,039	210,061,142
Forage consumed	225,211,913	84,010,377
Packing materials consumed	60,805,956	56,410,987
Stores consumed	796,272	591,289
Salaries, wages and other benefits	23,198,783	25,037,386
Oil and lubricants	36,674,148	9,334,264
Utilities	12,023,290	9,817,771
Insurance	313,321	733,791
Repair and maintenance	11,053,884	5,050,070
Artificial insemination supplies consumed	1,190,858	2,631,957
Dairy livestock medication consumed	13,219,663	7,650,981
Dairy supplies consumed	12,093,421	10,267,733
Chemicals consumed	3,099,935	418,666
Vehicles' running	1,071,029	1,417,639
Depreciation on operating fixed assets	10,307,630	11,193,064
Depreciation on right-of-use assets	3,190,738	-
Rent, rates and taxes	2,501,903	3,120,579
Miscellaneous	<u>2,570,816</u>	<u>2,513,873</u>
	720,067,599	440,261,569
Finished / manufactured goods		
Opening inventory	5,134,274	5,134,274
Closing inventory	(7,282,581)	(4,222,217)
	<u>(2,148,307)</u>	<u>912,057</u>
	<u>717,919,292</u>	<u>441,173,626</u>

9 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 to 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 financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies 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, trading and available-for-sale 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.

10 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 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 30 September 2020	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Biological assets	-	1,529,917,226	-	-
Total non-financial assets	-	1,529,917,226	-	-
At 30 June 2020	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Biological assets	-	1,476,864,226	-	-
Total non-financial assets	-	1,476,864,226	-	-

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 independent valuers. 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, independent valuers to determine the fair value of the Company's biological assets at the end of every year. As at 30 June 2020, the fair value of the biological assets was determined by M/s Atlas Exports Pty Limited, M/s Sadruddin Associate (Private) Limited and M/s Andersen Consulting (Private) Limited.

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

11 TRANSACTIONS WITH RELATED PARTIES

The Company carries out transactions with related parties in the normal course of business. Detail of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	30 September 2020 (Unaudited) Rupees	30 September 2019 (Unaudited) Rupees
Associated company		
Purchase of goods	1,001,120	6,456,423

12 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2020.

13 SEGMENT INFORMATION

These financial statements has been prepared on the basis of single reportable segment. All of the sales of the Company relates to customers in Pakistan. All non-current assets of the Company as at reporting date were located in Pakistan.

14 DATE OF APPROVAL

These financial statements were approved on October 29, 2020 by Board of Directors of the Company.

15 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison.



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