

At-Tahur Limited

Quarterly Report

Unaudited

September 30, 2019



Fresh.Pure.Nourishing

At-Tahur Limited

COMPANY INFORMATION

Board of Directors

Mr. Ijaz Nisar	(Chairman)
Mr. Rasikh Elahi	(Chief Executive Officer)
Mr. Amar Zafar Khan	
Mr. Aurangzeb Firoz	
Dr. Farzana Firoz	
Mr. Shabbi Zahid Ali	
Syed Kashif ul Hassan	

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

Humza Chaudhry

Head of Internal Audit

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
Bank Islamic Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Islamic Bank Limited
Meezan 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

The Directors of At-Tahur Limited are pleased to present the un-audited accounts of the Company for the first quarter ended September 30, 2019.

The Companies revenue grew by 27% for the period despite difficult economic conditions. The company Operating Profit Margin reduced by 60% due to higher input and energy costs as well as local currency appreciation which collectively increased raw material prices and net fair value loss on biological assets.

The financial performance for 1st Quarter ended 30th Sep 2019 is summarized below:

PKR Million	30 September 2019	30 September 2018	Change (YOY)
Revenue	430.43	338.54	91.90
Gross Profit margin	173.64	182.42	(8.78)
% of sales	40.34%	53.9%	
Operating Profit margin	21.82	54.29	(32.47)
% of sales	5.07%	16.0%	
Net Profit before tax	14.32	43.12	(28.80)
% of sales	3.33%	12.7%	
Net Profit after tax	8.89	38.84	(29.95)
% of sales	2.07%	11.5%	
Basic Earnings per share	0.06	0.26	

Sales:

The sales revenue grew up by PKR 91.90 million, reflecting a growth of 27% largely driven by volume, launch of new products and increase in price of Prema milk.

Gross Profit:

Gross margin reported for the three months was 40.34%. The major reasons behind the decrease was currency appreciation resulting in loss arising from changes in fair value less costs to sell dairy livestock.

Operating Profit:

Operating profit reported for three months was 5.07%. The decrease is on account of reduction in gross profit.

Net Profit after tax:

Net profit after tax decreased by 2.07% mainly due to decrease in operating profit.

Company has taken preemptive measures adapting to the changed economic environment and feels very confident in meeting the challenges.

AT-TAHUR LIMITED

BOARD & ITS MEETING

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 Directors:

- 1. Mr. Rasikh Elahi

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 Director
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 Director
1	Mr. Ijaz Nisar
2	Mr. Shabbi Zahid Ali
3	Mr. Rasikh Elahi

AT-TAHUR LIMITED

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



Shabbi Zahid Ali
Director

ڈائریکٹرز رپورٹ

ہم الطہور لمیٹڈ کے ڈائریکٹرز ستمبر 30، 2019 کو ختم ہونے والی پہلی سہ ماہی کے لئے کمپنی کے غیر آڈٹ شدہ اکاؤنٹس کو پیش کرتے ہیں۔

مشکل معاشی حالات کے باوجود کمپنی کی آمدنی میں 27 فیصد تک اضافہ ہوا ہے۔ کمپنی نے اپنے آپریٹنگ منافع مارجن میں 60 فیصد کمی ہوئی ہے۔ یہ کمی زیادہ کاروباری لاگت، توانائی کے اخراجات میں اضافے، ملکی کرنسی کی ویلیو میں کمی کی وجہ سے خام مال کی قیمت میں اضافے کی وجہ سے ہوئی ہے۔

30 ستمبر 2019 کو ختم ہونے والی پہلی سہ ماہی کے لئے مالیاتی کارکردگی ذیل میں دی گئی ہے:

تبدیلی (YOY)	30 ستمبر 2018	30 ستمبر 2019	ملین روپے
91.90	338.54	430.43	آمدنی
(8.78)	182.42	173.64	مجموعی منافع مارجن
	53.9%	40.34%	فروخت کا فیصد
(32.47)	54.29	21.82	آپریٹنگ منافع مارجن
	16.0%	5.07%	فروخت کا فیصد
(28.80)	43.12	14.32	ٹیکس سے پہلے خالص منافع
	12.7%	3.33%	فروخت کا فیصد
(29.95)	38.84	8.89	ٹیکس کے بعد خالص منافع
	11.5%	2.07%	فروخت کا فیصد
	0.26	0.06	فی شیئر بنیادی آمدنی

سیلز

سیلز آمدنی میں 91.90 ملین روپے اضافہ ہوا، مجموعی بڑھوتری 27 فیصد رہی جو کہ کاروبار کے حجم میں نئی مصنوعات کے آغاز اور پریم دودھ کی فی لیٹر قیمت میں اضافہ کی وجہ سے ہوئی۔

مجموعی منافع

تین مہینوں کا مجموعی منافع 40.34 فیصد رہا۔ جس کی وجہ سے غیر ملکی کرنسی کی قیمت میں اضافہ رہا۔

آپریٹنگ منافع:

تین ماہ کا آپریٹنگ منافع 5.07 فیصد رہا، جس کی وجہ سے مجموعی منافع میں کمی ہے۔

ٹیکس کے بعد خالص منافع

خالص منافع میں کمی 2.07 فیصد رہی۔ جس کی بنیادی وجہ آپریٹنگ منافع میں کمی ہے۔

کمپنی نے بدلتے ہوئے معاشی حالات کے مطابق ڈھلنے والے اقدامات اٹھا ئے ہیں۔ اور آنے والے چیلنجوں کا مقابلہ کرنے میں بہت پر امید ہے۔

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. دیگر نان ایگزیکٹو ڈائریکٹرز

1. محترم شبی زاہد علی

c. ایگزیکٹو ڈائریکٹرز

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 کا مشاہیرہ

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۔
- 1 بورڈ اجلاس میں شرکت کی غرض سے ڈائریکٹرز کی جانب سے رہائش اور سفر پر برداشت کئے جانے والے اخراجات کمپنی ادا کرے گی۔
- 1 ڈائریکٹرز کی مشاہیرہ پالیسی پر ہم 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 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 گزار 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۔



شبی زاہد علی
ڈائریکٹر



بورڈ آف ڈائریکٹرز کی جانب سے
راسخ الہی
چیف ایگزیکٹو ڈائریکٹر
28 اکتوبر 2019ء

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

		30 SEPTEMBER 2019 Rupees	30 JUNE 2019 Rupees			30 SEPTEMBER 2019 Rupees	30 JUNE 2019 Rupees
NOTE				NOTE			
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
				Property, plant and equipment	8	1,043,029,961	1,045,282,153
Authorized share capital				Biological assets	9	1,024,888,632	1,053,873,480
150,000,000 (2018: 150,000,000) ordinary		<u>1,500,000,000</u>	<u>1,500,000,000</u>	Long term security deposits		13,040,109	12,190,849
shares of Rupees 10 each				Deferred income tax asset		<u>124,562,968</u>	<u>124,562,968</u>
						<u>2,205,521,670</u>	<u>2,235,909,450</u>
Issued, subscribed and paid-up share capital		1,466,670,000	1,466,670,000				
Reserves		<u>946,240,373</u>	<u>937,349,391</u>				
Total equity		<u>2,412,910,373</u>	<u>2,404,019,391</u>				
				CURRENT ASSETS			
				Stores		20,115,984	4,084,589
				Inventories		251,034,490	137,669,642
				Biological assets	9	3,456,706	1,482,888
				Trade debts		77,880,628	73,773,066
				Short term investment		100,000,000	-
				Short term advances and other receivables		99,122,061	49,495,159
				Short term security deposits		3,471,586	3,451,586
				Short term prepayments		1,551,428	1,250,205
				Advance income tax		90,715,204	83,223,896
				Sales tax recoverable		77,987,759	69,103,302
				Cash and bank balances		<u>58,879,782</u>	<u>274,086,603</u>
						<u>784,215,628</u>	<u>697,620,936</u>
LIABILITIES							
NON-CURRENT LIABILITIES							
Employees' retirement benefit		52,817,271	49,402,851				
Liabilities against assets subject to finance lease	5	34,803,102	33,961,809				
Long term financing	6	56,274,835	61,210,420				
		<u>143,895,208</u>	<u>144,575,080</u>				
CURRENT LIABILITIES							
Trade and other payables		196,682,872	159,398,359				
Short term borrowings		151,382,392	150,000,000				
Accrued mark-up / profit		4,832,693	2,866,898				
Current portion of non-current liabilities		64,529,457	62,594,094				
Provision for taxation		<u>15,504,303</u>	<u>10,076,564</u>				
		<u>432,931,717</u>	<u>384,935,915</u>				
Total liabilities		<u>576,826,925</u>	<u>529,510,995</u>				
CONTINGENCIES AND COMMITMENTS	7						
TOTAL EQUITY AND LIABILITIES		<u>2,989,737,298</u>	<u>2,933,530,386</u>	TOTAL ASSETS		<u>2,989,737,298</u>	<u>2,933,530,386</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 PERIOD ENDED 30 SEPTEMBER 2019**

	NOTE	QUARTER ENDED	
		30 SEPTEMBER 2019	30 SEPTEMBER 2018
		Rupees	
SALES		430,431,792	338,536,603
GAIN ARISING ON INITIAL RECOGNITION OF MILK AT FAIR VALUE LESS COSTS TO SELL AT THE TIME OF GAINS ARISING FROM CHANGES IN FAIR VALUE LESS COSTS TO SELL OF DAIRY LIVESTOCK		161,297,178	175,286,945
		23,079,837	76,821,371
		614,808,807	590,644,919
OPERATING COSTS	10	(441,173,626)	(408,228,039)
		173,635,181	182,416,880
ADMINISTRATIVE AND GENERAL EXPENSES		(42,629,836)	(39,279,196)
SELLING AND MARKETING EXPENSES		(65,293,294)	(54,899,384)
OTHER EXPENSES		(46,308,660)	(40,173,508)
		(154,231,790)	(134,352,088)
		19,403,391	48,064,792
OTHER INCOME		2,418,015	6,226,339
PROFIT FROM OPERATIONS		21,821,406	54,291,131
FINANCE COST		(7,502,685)	(11,174,864)
PROFIT BEFORE TAXATION		14,318,721	43,116,267
TAXATION		(5,427,739)	(4,280,062)
PROFIT AFTER TAXATION		8,890,982	38,836,205
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		0.06	0.26

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	30 SEPTEMBER 2019 Rupees	30 SEPTEMBER 2018 Rupees
PROFIT AFTER TAXATION	8,890,982	38,836,205
OTHER COMPREHENSIVE INCOME		
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 (loss) / income for the year - net of tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	8,890,982	38,836,205

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	SHARE CAPITAL	RESERVES			TOTAL
		CAPITAL RESERVE	REVENUE RESERVE	TOTAL RESERVES	
		SHARE PREMIUM	UN-APPROPRIATED PROFIT		
-----RUPEES-----					
Balance as at 30 June 2018	1,100,000,000	-	319,077,133	319,077,133	1,419,077,133
Profit for the year	-	-	38,836,205	38,836,205	38,836,205
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	38,836,205	38,836,205	38,836,205
Ordinary shares issued during the year	366,670,000	403,337,000	-	403,337,000	770,007,000
Share issuance costs	-	(47,198,414)	-	(47,198,414)	(47,198,414)
	366,670,000	356,138,586	-	356,138,586	722,808,586
Balance as at 30 September 2018	1,466,670,000	356,138,586	357,913,338	714,051,924	2,180,721,924
Profit for the year	-	-	231,263,867	231,263,867	231,263,867
Other comprehensive income for the year	-	-	(7,966,400)	(7,966,400)	(7,966,400)
Total comprehensive income for the year	-	-	223,297,467	223,297,467	223,297,467
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 year	-	-	8,890,982	8,890,982	8,890,982
Other comprehensive loss for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	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

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



CHIEF EXECUTIVE



DIRECTOR

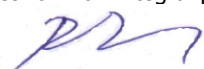


CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	30 SEPTEMBER 2019 Rupees	30 SEPTEMBER 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,318,721	43,116,267
Adjustments for non-cash charges and other items:		
Depreciation	16,959,188	13,710,417
Gains arising from changes in fair value less costs to sell of dairy livestock	(23,079,837)	(76,821,371)
Gain on sale of operating fixed asset	(747,722)	-
Loss on sale of dairy livestock - net	21,250,629	12,352,461
Loss due to death of dairy livestock	25,052,918	25,399,308
Allowance for expected credit losses	-	-
Profit on bank deposits	(1,159,593)	-
Provision for employees' retirement benefit	3,414,420	2,958,441
Amortization of deferred income	-	-
Finance cost	7,502,685	11,174,864
Cash generated from operating activities before working capital changes	63,511,409	31,890,387
(Increase) / decrease in current assets:		
Inventories	(113,364,848)	(33,962,114)
Stores	(16,031,395)	(953,230)
Trade debts	(4,107,562)	(6,895,737)
Short term advances and other receivables	(49,626,902)	(478,527)
Short term investment	(100,000,000)	-
Short term prepayments	(301,223)	(580,490)
Sales tax recoverable	(8,884,457)	(12,129,773)
(Decrease) / increase in current liabilities:		
Trade and other payables	35,544,513	(10,525,306)
	(256,771,874)	(65,525,177)
Cash (used in) / generated from operations	(193,260,465)	(33,634,790)
Finance cost paid	(5,536,890)	(11,095,977)
Income tax paid	(7,491,308)	(5,940,603)
Net decrease in security deposits	(869,260)	1,300,100
Net cash (used in) / generated from operating activities	(207,157,923)	(49,371,270)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(14,959,274)	(73,738,984)
Purchase of dairy livestock	-	(36,885,000)
Proceeds from sale of operating fixed asset	1,000,000	-
Proceeds from sale of dairy livestock	3,787,320	3,868,363
Return on bank deposits	1,159,593	-
Net cash used in investing activities	(9,012,361)	(106,755,621)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	1,382,392	(110,873,348)
Liabilities against assets subject to finance lease	632,018	(3,752,863)
Long term financing obtained	-	-
Long term financing repaid	(1,050,947)	(59,000,000)
Proceeds from issue of ordinary shares - net of share issuance costs	-	303,610,029
Share deposit money received	-	-
Net cash from financing activities	963,463	129,983,818
Net (decrease) in cash and cash equivalents	(215,206,821)	(26,143,073)
Cash and cash equivalents at the beginning of the year	274,086,603	464,915,451
Cash and cash equivalents at the end of the year	58,879,782	438,772,378

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED 30 SEPTEMBER 2019 (UN-AUDITED)**

1. THE COMPANY AND ITS OPERATIONS

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. The Company is listed on Pakistan Stock Exchange on 30 July 2018. 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

This condensed interim financial information of the Company for the quarter ended 30 September 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017 have been followed.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual financial statements of the Company for the year ended 30 June 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information 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 this condensed interim financial information, 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 audited annual financial statements of the Company for the year ended 30 June 2019.

	2019 (Unaudited) Rupees	30 June 2019 (Audited) Rupees
5 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	98,467,174	98,170,946
Less: Un-amortized finance charge	(11,433,208)	(11,768,998)
Present value of future minimum lease payments	87,033,966	86,401,948
Less: Current portion shown under current liabilities	(50,490,864)	(52,440,139)
Less: Overdue portion shown under current liabilities	(1,740,000)	-
	<u>34,803,102</u>	<u>33,961,809</u>

5.1 Minimum lease payments have been discounted using implicit interest rate ranges from 15.86% to 16.55% per annum. Rentals are payable in monthly instalments. Registration cost, taxes and insurance coverage are borne by the Company. These are secured against the leased assets, specific hypothecation charge over leased assets, demand promissory notes and security deposits of Rupees 9,721,600.

5.2 Minimum lease payments and their present values are regrouped as under:

	30 September 2019		30 June 2019	
	Not later than one year	Later than one year but not later than five years	Not later than one year	Later than one year but not later than five years
	(Rupees)			
Future minimum lease payments	57,343,658	40,827,288	57,343,658	40,827,288
Less: Un-amortized finance	(6,852,794)	(6,865,479)	(4,903,519)	(6,865,479)
Present value of future minimum	<u>50,490,864</u>	<u>34,803,102</u>	<u>52,440,139</u>	<u>33,961,809</u>

	2019 (Unaudited) Rupees	30 June 2019 (Audited) Rupees
6 LONG TERM FINANCING		
Long term musharika	70,313,428	71,364,375
Less: Current portion shown under current liabilities	(14,038,593)	(10,153,955)
	<u>56,274,835</u>	<u>61,210,420</u>

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

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 2019.

7.2 Commitments

7.2.1 Letters of credit other than for capital expenditure of the Company are of Rupees 4.386 million (30 June 2019: Rupees 0.948 million).

7.2.2 Letters of credit for capital expenditure of the Company are of Rupees 183.535 million (30 June 2019: Rupees Nil).

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

	30 September 2019 (Unaudited) Rupees	30 June 2019 (Audited) Rupees
Not later than one year	884,573	1,407,095
Later than one year and not later than five years	-	-
	<u>884,573</u>	<u>1,407,095</u>

	30 September 2019 (Unaudited) Rupees	30 June 2019 (Audited) Rupees
8 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets:		
Owned (Note 8.1)	867,954,754	875,408,869
Leased (Note 8.2)	90,322,666	90,445,979
	958,277,420	965,854,848
Capital work-in-progress (Note 8.3)	84,752,541	79,427,305
	<u>1,043,029,961</u>	<u>1,045,282,153</u>
8.1 Operating fixed assets - owned		
Opening net book value	875,408,869	554,743,525
Add: Cost of additions during the period / year (Note 8.1.1)	6,443,758	392,991,126
Add: Book value of assets transfer from leased asset during the period / year	-	-
Less: Book value of deletions during the period / year (Note 8.1.2)	(252,278)	(19,700,367)
Less: Depreciation charged during the period / year	(13,645,595)	(52,625,415)
Closing net book value	<u>867,954,754</u>	<u>875,408,869</u>
8.1.1 Cost of additions during the period / year		
Buildings on freehold land	2,294,448	273,497,467
Plant and machinery	2,919,512	62,963,770
Electric installations	373,052	10,892,973
Office equipment	69,255	482,288
Tools and equipment	-	11,303,510
Vehicles	683,991	33,632,128
Furniture	-	186,970
Computers	103,500	17,520
Arms and ammunition	-	14,500
	<u>6,443,758</u>	<u>392,991,126</u>
8.1.2 Book value of deletions during the period / year		
Cost of deletion - Vehicles	409,100	20,034,272
Less: Accumulated depreciation	(156,822)	(333,905)
Book value of deletion during the period / year	<u>252,278</u>	<u>19,700,367</u>
8.2 Operating fixed assets - leased		
Opening net book value	90,445,979	75,130,871
Add: Cost of additions during the period / year (Note 8.2.1)	3,190,280	28,409,777
Less: Depreciation charged during the period / year	(3,313,593)	(13,094,669)
Closing net book value	<u>90,322,666</u>	<u>90,445,979</u>
8.2.1 Cost of additions during the period / year		
Plant and machinery	-	502,537
Vehicles	3,190,280	27,907,240
	<u>3,190,280</u>	<u>28,409,777</u>
8.3 Capital work-in-progress		
Building on freehold land	84,752,541	6,024,031
Plant and machinery	-	38,403,274
Advance for purchase of land	-	35,000,000
	<u>84,752,541</u>	<u>79,427,305</u>
9 BIOLOGICAL ASSETS		
Dairy livestock:		
Mature	693,006,292	698,640,000
Immature	335,339,046	356,716,368
	<u>1,028,345,338</u>	<u>1,055,356,368</u>
Non-current	1,024,888,632	1,053,873,480
Current	3,456,706	1,482,888
	<u>1,028,345,338</u>	<u>1,055,356,368</u>

	30 September 2019 (Unaudited) Rupees	30 June 2019 (Audited) Rupees
9.1 Reconciliation of carrying amount of dairy livestock:		
Carrying amount at the beginning of the period / year	1,055,356,368	683,650,370
Purchases during the period / year	-	66,314,417
Fair value gain due to new births	7,712,670	15,339,000
Gain arising from changes in fair value less costs to sell attributable to physical and price changes	15,367,167	438,556,264
	23,079,837	453,895,264
Decrease due to deaths	(25,052,918)	(39,606,121)
Decrease due to sales	(25,037,949)	(108,897,562)
Carrying amount at the end of the year, which approximates the fair value less costs to sell	<u>1,028,345,338</u>	<u>1,055,356,368</u>

9.2 As at 30 September 2019, the Company held 1,466 (30 June 2019: 1,411) mature assets able to produce milk and 1195 (30 June 2019: 1095) immature assets that are being raised to produce milk in the future. During the period, the Company produced approximately 2,450,771 (30 September 2018: 2,724,558) gross litres of milk from these biological assets. As at 30 September 2018, the Company also held 15 (30 June 2019: 71) immature male calves.

9.3 The valuation of dairy livestock as at 30 June 2019, 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 2019. 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 2019 (Unaudited) Rupees	30 September 2018 (Unaudited) Rupees
10 OPERATING COSTS		
Raw milk consumed	210,061,142	191,180,871
Forage consumed	84,010,377	98,683,953
Packing materials consumed	56,410,987	40,858,405
Stores consumed	591,289	581,619
Salaries, wages and other benefits	25,037,386	22,962,673
Oil and lubricants	9,334,264	18,121,185
Utilities	9,817,771	4,921,046
Insurance	733,791	144,145
Repair and maintenance	5,050,070	2,671,378
Artificial insemination supplies consumed	2,631,957	-
Dairy livestock medication consumed	7,650,981	4,785,594
Dairy supplies consumed	10,267,733	7,788,454
Chemicals consumed	418,666	111,692
Vehicles' running	1,417,639	2,010,998
Depreciation	11,193,064	9,048,875
Rent, rates and taxes	3,120,579	-
Miscellaneous	2,513,873	5,241,378
	440,261,569	409,112,266
Finished / manufactured goods		
Opening inventory	5,134,274	2,936,442
Closing inventory	(4,222,217)	(3,820,669)
	912,057	(884,227)
	<u>441,173,626</u>	<u>408,228,039</u>

11. 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 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, 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.

12. 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 2019	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Biological assets	-	1,028,345,338	-	-
Total non-financial assets	-	1,028,345,338	-	-

At 30 June 2019	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Biological assets	-	1,055,356,368	-	-
Total non-financial assets	-	1,055,356,368	-	-

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 year. 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 2019, 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.

13 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 2019 (Unaudited) Rupees	30 September 2018 (Unaudited) Rupees
Associated company		
Purchase of goods	6,456,423	3,000,000
Common facilities cost charged	-	3,000,000
Close family member of Key management Personnel		
Office Rent	1,815,000	3,750,000

14 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 2019.

15 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.

16 DATE OF APPROVAL

These financial statements were approved on October 28, 2019 by Board of Directors of the Company.

17 CORRESPONDING FIGURES

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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