

At-Tahur Limited

Quarterly Report

Unaudited
March 31st, 2020



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

DIRECTORS' REPORT

The Board of Directors of At-Tahur Limited (ATL) takes pleasure to present before shareholders performance review together with the condensed interim financial statements of the Company for the period ended March 31, 2020.

The economic environment remained challenging due to lockdowns prevailing nationwide as a result of the COVID 19 outbreak. Further-more the recent import of 600 pregnant animals started milking in April resulting in an increased feed cost / lite for the third quarter. Cash generation from the operations improved as a result of cost cutting measures taken by the management. The management is keen to continue its cost cutting measures to improve net margins in the quarter to come.

The financial performance for the 3rd Quarter is summarized below:

SUMMARY OF FINANCIAL PERFORMANCE

	NINE MONTHS ENDED	
	31 March 2020	31 March 2019
	Rupees	Rupees
Sale	1,304,607,529	1,078,620,364
Profit from operations	70,584,107	175,801,698
As a percentage of sale	5.41%	16.30%
Profit before taxation	37,104,067	159,573,461
As a percentage of sale	2.84%	14.79%
Profit after taxation	33,116,137	178,075,170
As a percentage of sale	2.54%	16.51%

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

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
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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 the tough economic environment and prevailing COVID 19 outbreak, the management remains fully committed and optimistic about the future potential of the business and will continue to delight consumers and fulfil their needs with high quality products and consumer centric innovation & renovation of portfolio while remaining focused on optimization of the value chain. The Company has added 600 new Australian and American Breed Holstein Cows. The herd will add 15000 liters approximately of milk per day in our current production of milk in the last quarter of FY 20.

In response to COVID 19 outbreak the management has taken all necessary steps to curtail any transmission of the virus at Farm, Plant, Distribution Centers and HO. Hygiene is of utmost priority for the company and as such they have taken all necessary precautions to ensure the same.



Rasikh Elahi
Chief Executive
April 28, 2020



Shabbi Zahid Ali
Director

ڈائریکٹرز رپورٹ

اظہور لمیٹڈ کا بورڈ آف ڈائریکٹرز شیر ہولڈرز کے سامنے مارچ 31، 2020 کو ختم ہونے والی سہ ماہی کے عبوری مالی حسابات پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

اس عرصہ میں کوویڈ 19 کی وجہ سے ملک بھر میں لاک ڈاؤن کے باعث معاشی ماحول بدستور چیلنج رہا، مزید یہ کہ 600 حاملہ جانوروں کی حالیہ درآمد نے اپریل میں دودھ دینا شروع کیا۔ جسکے نتیجہ میں تیسری سہ ماہی میں فیڈ کی لاگت میں اضافہ ہوا۔ انتظامیہ کی لاگت میں کمی کے اقدامات کے نتیجہ میں کیش میں اضافہ ہوا۔ انتظامیہ آنے والی سہ ماہی میں خالص مارجن کو بہتر بنانے کے لیے لاگت میں کمی کے اقدامات جاری رکھنے کی خواہاں ہے۔

تیسری سہ ماہی کے لیے مالی کارکردگی کا خلاصہ ذیل میں کیا گیا ہے۔

31 مارچ 2019	31 مارچ 2020	
1,078,620,364	1,304,607,529	سیل
175,801,698	70,584,107	آپریٹنگ منافع
16.30%	5.41%	فروخت کا فیصد
159,573,461	37,104,067	منافع ٹیکس سے پہلے
14.79%	2.84%	فروخت کا فیصد
178,075,170	33,116,137	منافع بعد از ٹیکس
16.51%	2.54%	فروخت کا فیصد

بورڈ اور اس کی کمیٹیز**ڈائریکٹرز کی کل تعداد حسب ذیل ہے:**

06	مرد	a.
01	خواتین	b.

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۔
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

سخت معاشی ماحول اور موجودہ کوویڈ 19 پھیلنے کے باوجود، انتظامیہ کاروبار کی مستقبل کی صلاحیت کے بارے میں پوری طرح پر عزم اور پر امید ہے۔ کمپنی صارفین کو خوش کرنے اور ان کی ضروریات کو اعلیٰ معیار کی مصنوعات اور صارفین کی مرکزی جدت طرازی سے پورا کرتی رہے گی اور پورٹ فولیو میں نئی اشیا کو مزید بہتر کرے گی اور ویلیو چین کی بہتری پر کام کرے گی۔ کمپنی نے حال ہی میں 600 نئی آسٹریلیائی اور امریکی نسل بولسٹین گاٹیں شامل کی ہیں۔ ریوڑ مالی سال 20 کی آخری سہ ماہی میں ہمارے موجودہ دودھ کی پیداوار میں 15000 لیٹر دودھ فی دن شامل کرے گا۔

کوویڈ 19 کی مس میں انتظامیہ نے فارم، پلانٹ، تقسیمی مراکز اور ہیڈ آفس میں وائرس کو روکنے کے لئے تمام ضروری اقدامات کئے ہیں۔ حفظان صحت کمپنی کی اولین ترجیح ہے اور اس طرح کمپنی نے تمام احتیاطی تدابیر اختیار کی ہیں۔



شبی زاہد علی
ڈائریکٹر



بورڈ آف ڈائریکٹرز کی جانب سے
راسخ الہی
چیف ایگزیکٹو ڈائریکٹر
28 اپریل 2020ء

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	NOTE	Un-audited 31 March 2020 Rupees	Audited 30 June 2019 Rupees		NOTE	Un-audited 31 March 2020 Rupees	Audited 30 June 2019 Rupees
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorized share capital				Property, plant and equipment			
165,000,000 (30 June 2019: 150,000,000) ordinary shares of Rupees 10 each				Right-of-use assets			
		<u>1,650,000,000</u>	<u>1,500,000,000</u>	Biological assets			
Issued, subscribed and paid-up share capital				Long term security deposits			
161,333,700 (30 June 2019: 146,667,000) ordinary shares of Rupees 10 each				Deferred income tax asset			
Reserves						<u>2,636,744,207</u>	<u>2,235,909,450</u>
Total equity							
		1,613,337,000	1,466,670,000	CURRENT ASSETS			
		769,531,738	937,349,391	Stores			
		<u>2,382,868,738</u>	<u>2,404,019,391</u>	Inventories			
LIABILITIES				Biological assets			
NON-CURRENT LIABILITIES				Trade debts			
Employees' retirement benefit				Short term advances and other receivables			
Liabilities against assets subject to finance lease				Short term security deposits			
Lease liabilities				Short term prepayments			
Long term financing				Advance income tax			
	4	59,646,111	49,402,851	Sales tax recoverable			
		-	33,961,809	Cash and bank balances			
	5	34,513,416	-			19,302,633	4,084,589
		44,502,412	61,210,420			147,648,690	137,669,642
		<u>138,661,939</u>	<u>144,575,080</u>			2,259,005	1,482,888
CURRENT LIABILITIES						92,635,684	73,773,066
Trade and other payables						41,788,393	49,495,159
Short term borrowings						3,379,186	3,451,586
Accrued mark-up / profit						2,486,949	1,250,205
Current portion of non-current liabilities						106,351,374	83,223,896
Unclaimed dividend						70,800,124	69,103,302
Provision for taxation						80,566,767	274,086,603
		285,906,635	159,398,359			567,218,805	697,620,936
		286,999,433	150,000,000				
		10,767,111	2,866,898				
		72,312,376	62,594,094				
		62,622	-				
		26,384,158	10,076,564				
		<u>682,432,335</u>	<u>384,935,915</u>				
Total liabilities		<u>821,094,274</u>	<u>529,510,995</u>				
CONTINGENCIES AND COMMITMENTS							
	6						
TOTAL EQUITY AND LIABILITIES		<u>3,203,963,012</u>	<u>2,933,530,386</u>	TOTAL ASSETS		<u>3,203,963,012</u>	<u>2,933,530,386</u>

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 NINE MONTHS ENDED 31 MARCH 2020**

NOTE	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2020 Rupees	31 March 2019 Rupees	31 March 2020 Rupees	31 March 2019 Rupees
SALES	1,304,607,529	1,078,620,364	447,573,662	374,180,176
GAIN ARISING ON INITIAL RECOGNITION OF MILK AT FAIR VALUE LESS COSTS TO SELL AT THE TIME OF MILKING	631,627,896	570,823,420	244,063,734	211,220,928
GAINS ARISING FROM CHANGES IN FAIR VALUE LESS COSTS TO SELL OF DAIRY LIVESTOCK	9.1	255,763,769	272,975,133	156,236,673
		2,191,999,194	1,922,418,917	847,874,069
OPERATING COSTS	10	(1,665,629,872)	(1,359,827,826)	(663,211,036)
		526,369,322	562,591,091	184,663,033
ADMINISTRATIVE AND GENERAL EXPENSES		(123,009,201)	(119,195,448)	(39,365,186)
SELLING AND MARKETING EXPENSES		(197,891,190)	(167,376,706)	(65,055,679)
OTHER EXPENSES		(141,700,729)	(115,244,901)	(43,105,112)
		(462,601,120)	(401,817,055)	(147,525,977)
		63,768,202	160,774,036	37,137,056
OTHER INCOME		6,815,905	15,027,662	1,202,894
PROFIT FROM OPERATIONS		70,584,107	175,801,698	38,339,950
FINANCE COST		(33,480,040)	(16,228,237)	(14,666,831)
PROFIT BEFORE TAXATION		37,104,067	159,573,461	23,673,119
TAXATION		(3,987,930)	18,501,709	(7,213,570)
PROFIT AFTER TAXATION		33,116,137	178,075,170	16,459,549
EARNINGS PER SHARE - BASIC AND DILUTED		0.21	1.10	0.10

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2020

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2020 Rupees	31 March 2019 Rupees	31 March 2020 Rupees	31 March 2019 Rupees
PROFIT AFTER TAXATION	33,116,137	178,075,170	16,459,549	86,826,242
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be reclassified to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>33,116,137</u>	<u>178,075,170</u>	<u>24,225,155</u>	<u>86,826,242</u>

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2020**

SHARE CAPITAL	RESERVES			TOTAL
	CAPITAL RESERVE	REVENUE RESERVE	TOTAL RESERVES	
	Share premium	Un- appropriated profit		
-----RUPEES-----				
1,100,000,000	-	331,663,877	331,663,877	1,431,663,877
-	-	(12,586,744)	(12,586,744)	(12,586,744)
1,100,000,000	-	319,077,133	319,077,133	1,419,077,133
366,670,000	403,337,000	-	403,337,000	770,007,000
-	(47,198,414)	-	(47,198,414)	(47,198,414)
366,670,000	356,138,586	-	356,138,586	722,808,586
-	-	178,075,170	178,075,170	178,075,170
-	-	-	-	-
-	-	178,075,170	178,075,170	178,075,170
1,466,670,000	356,138,586	497,152,303	853,290,889	2,319,960,889
-	-	92,024,902	92,024,902	92,024,902
-	-	(7,966,400)	(7,966,400)	(7,966,400)
-	-	84,058,502	84,058,502	84,058,502
1,466,670,000	356,138,586	581,210,805	937,349,391	2,404,019,391
146,667,000	(146,667,000)	-	(146,667,000)	-
-	-	(54,266,790)	(54,266,790)	(54,266,790)
-	-	33,116,137	33,116,137	33,116,137
-	-	-	-	-
-	-	33,116,137	33,116,137	33,116,137
1,613,337,000	209,471,586	560,060,152	769,531,738	2,382,868,738

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2020**

	NINE MONTHS ENDED	
	31 March 2020	31 March 2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	37,104,067	159,573,461
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	43,600,932	46,741,957
Depreciation on right-of-use assets	10,112,569	-
(Gain) / loss on sale of operating fixed assets	(1,682,747)	1,034,272
Gains arising from changes in fair value less costs to sell of dairy livestock	(255,763,769)	(272,975,133)
Loss on sale of dairy livestock - net	75,467,555	63,238,217
Loss due to death of dairy livestock	65,394,789	45,806,172
Profit on bank deposits	(4,302,772)	(9,771,352)
Provision for doubtful trade debts	-	4,800,891
Provision for employees' retirement benefit	10,243,260	8,875,323
Finance cost	33,480,040	16,228,237
Cash generated from operating activities before working capital changes	13,653,924	63,552,045
(Increase) / decrease in current assets:		
Inventories	(9,979,048)	(44,968,317)
Stores	(15,218,044)	(702,019)
Trade debts	(18,862,618)	(19,980,271)
Short term advances and other receivables	7,706,766	7,151,771
Short term prepayments	(1,236,744)	(435,130)
Sales tax recoverable	(1,696,822)	(4,444,560)
Increase / (decrease) in current liabilities:		
Trade and other payables	126,508,276	(25,755,660)
	87,221,766	(89,134,186)
Cash generated from / (used in) operations	100,875,690	(25,582,141)
Finance cost paid	(25,579,827)	(19,350,076)
Income tax paid	(23,127,479)	(20,081,002)
Net increase in security deposits given	(1,591,210)	(1,100,970)
Net cash generated from / (used in) operating activities	50,577,174	(66,114,189)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(95,937,520)	(175,567,913)
Purchase of dairy livestock	(242,319,634)	(61,284,417)
Proceeds from sale of property, plant and equipment	2,077,418	19,000,000
Proceeds from sale of dairy livestock	21,053,336	18,023,375
Return on bank deposits	4,302,772	9,771,352
Net cash used in investing activities	(310,823,628)	(190,057,603)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	136,999,433	(126,709,346)
Liabilities against assets subject to finance lease	-	8,425,610
Lease liabilities - net	(8,949,029)	-
Repayment of long term financing	(7,119,619)	(190,658,000)
Dividend paid	(54,204,168)	-
Proceeds from issue of ordinary shares - net of share issuance costs	-	303,608,920
Net cash from financing activities	66,726,617	(5,332,816)
Net decrease in cash and cash equivalents	(193,519,837)	(261,504,608)
Cash and cash equivalents at the beginning of the period	274,086,603	464,915,451
Cash and cash equivalents at the end of the period	80,566,766	203,410,843

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


CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Un-audited 31 March 2020 Rupees	Audited 30 June 2019 Rupees
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4 LEASE LIABILITIES

Total lease liabilities	87,083,447	-
Less: Current portion shown under current liabilities	(52,570,031)	-
	<u>34,513,416</u>	<u>-</u>

4.1 The interest expense on lease liabilities for the period is Rupees 3.881 million. The total cash outflow for leases for the period ended 31 December 2019 amounted to Rupees 11.815 million.

4.2 Implicit rates against lease liabilities ranged from 15.86% to 16.49% per annum.

5 LONG TERM FINANCING**From banking company -**

Opening balance	71,364,375	239,207,375
Add: Obtained during the period / year	-	22,815,000
Less: Payment during the period / year	(7,119,619)	(190,658,000)
	<u>64,244,756</u>	<u>71,364,375</u>
Less: Current portion shown under current liabilities	(19,742,344)	(10,153,955)
Closing balance	<u>44,502,412</u>	<u>61,210,420</u>

6 CONTINGENCIES AND COMMITMENTS**6.1 Contingencies**

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019 except for the following:

6.1.1 The Competition Commission of Pakistan ("CCP") 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 was 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 submitted a detail reply before the CCP through their advocates, rejecting the contents of filed complaint. On 27 December 2019, CCP has passed an order against the Company and imposed a penalty of Rupees 35 million. The Company writ petition against the order of CCP has been approved to be heard by Honorable Lahore High Court to good effect. An appeal has also been submitted to CCP Tribunal which is pending for hearing. The legal counsel of the Company is confident that there are meritorious grounds to defend the case. Hence, the provision for penalty has not been recognized in these condensed interim financial statements.

6.2 Commitments

6.2.1 Letter of credit other than for capital expenditure of the Company are of Rupees 1.325 million (30 June 2019: Rupees 0.948 million). Letter of credit related to biological assets are of Rupees 44.987 million (30 June 2019: Nil).

6.2.2 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 March 2020 Rupees	Audited 30 June 2019 Rupees
Not later than one year	<u>-</u>	<u>1,407,095</u>

	Un-audited 31 March 2020 Rupees	Audited 30 June 2019 Rupees	
7	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets:			
Owned (Note 7.1)	958,193,616	875,408,869	
Leased (Note 7.2)	-	90,445,979	
	958,193,616	965,854,848	
Capital work-in-progress (Note 7.3)	48,584,475	79,427,305	
	1,006,778,091	1,045,282,153	
7.1	Operating fixed assets - owned		
Opening net book value	875,408,869	554,743,525	
Add: Cost of additions during the period / year (Note 7.1.1)	126,896,122	392,991,126	
Less: Book value of deletions during the period / year (Note 7.1.2)	(510,443)	(19,700,367)	
Less: Depreciation charged during the period / year	(43,600,932)	(52,625,415)	
Closing net book value	958,193,616	875,408,869	
7.1.1	Cost of additions during the period / year		
Buildings on freehold land	69,655,914	273,497,467	
Plant and machinery	45,814,923	62,963,770	
Electric installations	6,220,982	10,892,973	
Office equipment	846,370	482,288	
Tools and equipment	-	11,303,510	
Vehicles	3,602,458	33,632,128	
Furniture	57,975	186,970	
Computers	697,500	17,520	
Arms and ammunition	-	14,500	
	126,896,122	392,991,126	
7.1.2	Book value of deletions during the period / year		
Vehicles	510,443	19,700,367	
7.2	Operating fixed assets - leased		
Opening net book value	90,445,979	75,130,871	
Less: Transferred to right-of-use assets	(90,445,979)	-	
Net book value as at 01 July	-	75,130,871	
Add: Cost of additions during the period / year (Note 7.2.1)	-	28,409,777	
Less: Depreciation charged during the period / year	-	(13,094,669)	
Closing net book value	-	90,445,979	
7.2.1	Cost of additions during the period / year		
Plant and machinery	-	502,537	
Vehicles	-	27,907,240	
	-	28,409,777	
7.3	Capital work-in-progress		
Building on freehold land	48,584,475	6,024,031	
Plant and machinery	-	38,403,274	
Advance for purchase of land	-	35,000,000	
	48,584,475	79,427,305	
8	RIGHT-OF-USE ASSETS		
	Plant and machinery	Vehicles	Total
	-----Rupees-----		
Net carrying amount at 01 July 2019	54,671,949	35,774,030	90,445,979
Net carrying amount at 31 March 2020	55,964,589	33,999,351	89,963,940
Addition during the period	5,499,250	4,131,280	9,630,530
Depreciation expense for the period ended 31 March 2020	4,206,610	5,905,959	10,112,569

8.1 Lease of plant and machinery

The Company obtained plant and machinery on lease for its plant operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are typically made for a fixed period of five years.

8.2 Lease of vehicles

The Company obtained vehicles on lease for supply of goods and for its employees. The average contract duration is five years.

8.3 There is no impairment against right-of-use assets.

Un-audited 31 March 2020 Rupees	Audited 30 June 2019 Rupees
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9 BIOLOGICAL ASSETS

Dairy livestock:

Mature

Immature

776,512,188	698,640,000
615,011,902	356,716,368
<u>1,391,524,090</u>	<u>1,055,356,368</u>

Non-current

Current

1,389,265,085	1,053,873,480
2,259,005	1,482,888
<u>1,391,524,090</u>	<u>1,055,356,368</u>

9.1 Reconciliation of carrying amount of dairy livestock:

Carrying amount at the beginning of the period / year

Purchases during the period / year

1,055,356,368	683,650,370
242,319,634	66,314,417

Fair value gain due to new births

Gain arising from changes in fair value less costs to sell attributable to physical and price changes

19,506,207	15,339,000
<u>236,257,562</u>	<u>438,556,264</u>
255,763,769	453,895,264

Loss due to deaths of dairy livestock

Decrease due to sales of dairy livestock

(65,394,790)	(39,606,121)
(96,520,891)	(108,897,562)

Carrying amount at the end of the period / year, which approximates the fair value less costs to sell

<u>1,391,524,090</u>	<u>1,055,356,368</u>
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9.2 As at 31 March 2020, the Company held 1,580 (30 June 2019: 1,411) mature assets able to produce milk and 1,840 (30 June 2019: 1,095) immature assets that are being raised to produce milk in the future. During the period, the Company produced approximately 8,973,020 (30 June 2019: 12,109,544) gross litres of milk from these biological assets. As at 31 March 2020, the Company also held 50 (30 June 2019: 39) immature male calves.

9.3 The valuation of dairy livestock as at 31 March 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 31 March 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, Australia and United States, have been used as basis of valuation by the independent valuers. The cost of transportation to Pakistan is also considered.

Un-audited				
NINE MONTHS ENDED		QUARTER ENDED		
31 March 2020	31 March 2019	31 March 2020	31 March 2019	
Rupees	Rupees	Rupees	Rupees	
10 OPERATING COSTS				
Raw milk consumed	691,252,318	586,548,309	246,310,695	211,220,928
Cream consumed	4,856,127	-	2,609,034	-
Forage consumed	488,794,117	365,775,119	253,484,407	120,730,535
Stores consumed	2,713,194	1,957,498	1,264,434	852,072
Packing materials consumed	168,091,560	132,456,672	60,045,774	48,209,005
Salaries, wages and other benefits	63,588,357	64,112,246	20,367,953	20,797,610
Oil and lubricants	88,332,078	61,134,813	21,963,427	19,195,327
Utilities	22,495,940	11,209,181	6,407,135	2,342,645
Insurance	792,334	990,300	246,343	573,295
Repair and maintenance	16,779,797	12,578,333	5,273,425	4,098,656
Artificial insemination supplies consumed	6,139,534	1,251,000	1,313,914	110,000
Dairy livestock medication consumed	22,977,462	15,597,075	5,280,036	5,912,370
Dairy supplies consumed	24,905,533	24,053,651	8,662,197	7,680,950
Chemicals consumed	638,533	1,335,262	159,003	261,156
Vehicles' running	4,456,417	6,857,711	2,083,810	1,815,557
Depreciation	36,678,125	30,849,693	12,600,950	11,130,100
Rent, rates and taxes	6,609,738	-	1,483,852	-
Miscellaneous	17,054,361	43,457,196	14,535,522	8,059,570
	1,667,155,525	1,360,164,059	664,091,911	462,989,776
Finished / manufactured goods				
Opening inventory	5,134,274	2,936,442	5,779,052	3,110,683
Closing inventory	(6,659,927)	(3,272,675)	(6,659,927)	(3,272,675)
	(1,525,653)	(336,233)	(880,875)	(161,992)
	1,665,629,872	1,359,827,826	663,211,036	462,827,784

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 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.

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 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 March 2020	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Biological assets	-	1,391,524,090	-	1,391,524,090
Total non-financial assets	-	1,391,524,090	-	1,391,524,090

At 30 June 2019	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Biological assets	-	1,055,356,368	-	1,055,356,368
Total non-financial assets	-	1,055,356,368	-	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 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 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 2019, the fair value of the biological assets was determined by Atlas Exports Pty 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.

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

The members of the Company unanimously passed a resolution to reallocate the unutilized Initial Public Offer (IPO) proceeds of Rupees 96.703 million available in various expenditure heads mentioned under the heading 4.9 'Expansion Plan' in the prospectus dated 13 June 2018 coupled with profit on bank deposits earned on IPO funds of Rupees 13.660 million to expenditure head 'Cows' in their Annual General Meeting duly held on 28 October 2019. As at 31 March 2020, the Company has fully utilized the proceeds of IPO of 36,667,000 ordinary shares as per the following detail:

Purposes Mentioned Under the Heading 4.9 'Expansion Plan' in the Prospectus Dated 13 June 2018	Total funds available before reallocation	Allocation of funds		Total funds available	Total funds utilized till 31 December 2019
		Reallocation of IPO proceeds among expenditure heads	Allocation of profit on bank deposits to IPO proceeds		
-----Rupees-----					
Plant and machinery	133,002,950	(41,342,271)	-	91,660,679	91,660,679
Farm civil works	206,552,161	-	-	206,552,161	206,552,161
Milking Parlor	49,700,000	(26,670,181)	-	23,029,819	23,029,819
Cows	267,500,000	96,703,003	13,659,952	377,862,955	377,862,955
Utilities	24,000,000	(24,000,000)	-	-	-
Miscellaneous farm expenses	49,600,000	(4,690,551)	-	44,909,449	44,909,449
Working capital requirement	215,000,000	-	-	215,000,000	215,000,000
Excess IPO funds:					
- Repayment of long term debt facility	14,666,800	-	-	14,666,800	14,666,800
- Finance working capital	11,000,100	-	-	11,000,100	11,000,100
- Any other activity relating to company's ongoing operations. Decision to be taken by BOD	11,000,100	-	-	11,000,100	11,000,100
Total	982,022,111	-	13,659,952	995,682,063	995,682,063

13.1 IPO proceeds utilization:

	Rupees
Net proceeds from IPO	770,007,000
Profit on deposit	13,659,952
Debt financing	212,015,111
Total funds	995,682,063
Less: Funds utilized till 31 March 2020	995,682,063
Un-utilized funds as on 31 March 2020	-

14 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			
	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Rupees	Rupees	Rupees	Rupees
Associated companies				
Purchase of goods	18,641,499	21,421,103	4,655,310	-
Common facilities cost charged	-	3,000,000	-	-
Purchase of fixed asset	581,000	-	-	-
Other related parties				
Dividend	39,130,466	-	-	-
Remuneration of chief executive and executives	20,945,380	21,190,407	9,287,380	10,000,110

Un-audited	Audited
31 March 2020	30 June 2019
Rupees	Rupees

(ii) Period end balances**Bahera (Private) Limited - associated company**

Trade and other payable	5,492,411	2,328,737
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15 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding annual audited published financial statements of the Company for the year ended 30 June 2019.

16 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on April 28, 2020.

17 Subsequent Events

On March 11, 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the Company's 31 March 2020 financial statements, the Coronavirus outbreak and the related impacts are considered adjusting events. However, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flows in the future.

18 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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