

# **Lucky Foods (Private) Limited**

**Financial Statements  
For the year ended June 30, 2017**

## AUDITORS' REPORT TO THE MEMBERS

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

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

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

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

*Deloitte Yousof Adil*  
Chartered Accountants

**Engagement Partner:**

Hena Sadiq

**Dated:** 12 SEP 2017

**Place:** Karachi

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LUCKY FOODS (PRIVATE) LIMITED  
BALANCE SHEET  
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
<b>ASSETS</b>			
<b>Non current assets</b>			
Property and equipment	4	308,219,139	420,152,808
Biological assets	5	163,053,000	211,630,500
		471,272,139	631,783,308
<b>Current assets</b>			
Trade receivables		1,419,773	357,375
Consumables	6	5,365,529	7,611,759
Loan, advances and other receivable	7	1,605,532	3,166,344
Deposits and prepayments	8	2,218,340	-
Advance tax - net		616,748	656,673
Cash and bank balances	9	2,579,538	818,601
		13,805,460	12,610,752
<b>TOTAL ASSETS</b>		<b>485,077,599</b>	<b>644,394,060</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserve</b>			
Share capital	10	611,211,120	611,211,120
Advance against issue of shares	11	94,444,450	55,555,560
		705,655,570	666,766,680
Unappropriated loss		(240,444,032)	(109,036,239)
<b>TOTAL EQUITY</b>		<b>465,211,538</b>	<b>557,730,441</b>
<b>Deferred liability</b>			
Staff retirement gratuity	12	2,039,208	390,000
<b>Current liabilities</b>			
Creditors, accrued and other payables	13	14,398,974	86,273,619
Running finance under mark-up arrangement	14	3,427,879	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>485,077,599</b>	<b>644,394,060</b>

**CONTINGENCYIES AND COMMITMENTS**

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The annexed notes from 1 to 29 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



DIRECTOR

LUCKY FOODS (PRIVATE) LIMITED  
 PROFIT AND LOSS ACCOUNT  
 FOR THE YEAR ENDED JUNE 30, 2017

		2017	For the period from August 21, 2015 to June 30, 2016
	Note	Rupees	Rupees
Sales		116,314,708	12,466,885
Cost of sales	16	(175,067,164)	(125,756,565)
<b>Gross loss</b>		<u>(58,752,456)</u>	<u>(113,289,680)</u>
Distribution and marketing expenses	17	(11,730,529)	(1,028,278)
Administrative expenses	18	(13,080,357)	(4,037,644)
Other operating expenses	19	(89,357,000)	(5,067,012)
Other income	20	41,712,872	14,565,440
<b>Operating loss</b>		<u>(131,207,470)</u>	<u>(108,857,174)</u>
Finance cost		(8,550)	-
<b>Loss before taxation</b>		<u>(131,216,020)</u>	<u>(108,857,174)</u>
Taxation	21	(191,773)	(179,065)
<b>Loss after taxation</b>		<u>(131,407,793)</u>	<u>(109,036,239)</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year / period</b>		<u><u>(131,407,793)</u></u>	<u><u>(109,036,239)</u></u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

LUCKY FOODS (PRIVATE) LIMITED  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017

	2017	For the period from August 21, 2015 to June 30, 2016
Note	Rupees	Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(131,216,020)	(108,857,174)
Adjustments for		
Depreciation	33,939,322	11,678,364
Gain on fair valuation of biological assets	(39,698,000)	(14,005,861)
Loss on disposal of biological assets	27,837,826	5,067,012
Loss on disposal of property and equipment	6,430,066	-
Land levelling written off	55,089,108	-
Provision for staff retirement benefit	1,649,208	70,230
	<u>85,247,530</u>	<u>2,809,745</u>
Operating cash flows before working capital changes	(45,968,490)	(106,047,429)
(Increase) / decrease in current assets		
Trade receivable	(1,062,398)	-
Consumables	2,246,230	(7,611,759)
Loan, advance and other receivable	1,560,812	(3,166,344)
Deposits and prepayment	(2,218,340)	-
	<u>526,304</u>	<u>(10,778,103)</u>
(Decrease) / increase in current liabilities		
Creditors, accrued and other payables	(71,874,645)	86,593,389
Cash used in operations	(117,316,831)	(30,232,143)
Income tax paid	(151,848)	(835,738)
Net cash used in operating activities	(117,468,679)	(31,067,881)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(34,171,217)	(431,831,172)
Proceeds from disposal of property and equipment	50,646,390	-
Purchase of biological assets	(3,274,000)	(206,743,650)
Proceeds from disposal of biological asset	63,711,674	4,051,999
Net cash generated from / ( used in ) investing activities	76,912,847	(634,522,823)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	611,211,120
Advance received against issuance of shares	38,888,890	55,555,560
Net cash generated from financing activities	38,888,890	666,766,680
<b>Net ( decrease ) / increase in cash and cash equivalents (A+B+C)</b>	(1,666,942)	818,601
Cash and cash equivalent at the beginning of the year / period	818,601	-
Cash and cash equivalents at the end of the year	<u>(848,341)</u>	<u>818,601</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	9 2,579,538	818,601
Running finance under mark-up arrangement	14 (3,427,879)	-
	<u>(848,341)</u>	<u>818,601</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

LUCKY FOODS (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid-up capital	Advance against issue of shares	Unappropriated loss	Total
	----- Rupees -----			
<b>Transaction with owners</b>				
Issue of ordinary shares	611,211,120	-	-	611,211,120
Advance against issue of shares received during the period	-	55,555,560	-	55,555,560
Total comprehensive income for the period				
Loss for the period	-	-	(109,036,239)	(109,036,239)
Other comprehensive income	-	-	-	-
	-	-	(109,036,239)	(109,036,239)
Balance as at June 30, 2016	611,211,120	55,555,560	(109,036,239)	557,730,441
Advance against issue of shares received during the year	-	38,888,890	-	38,888,890
Total comprehensive income for the year				
Loss for the year	-	-	(131,407,793)	(131,407,793)
Other comprehensive income	-	-	-	-
	-	-	(131,407,793)	(131,407,793)
Balance as at June 30, 2017	611,211,120	94,444,450	(240,444,032)	465,211,538

The annexed notes from 1 to 29 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

  
DIRECTOR

4.1 OPERATING FIXED ASSETS

Particulars	Cost		Accumulated Depreciation		Carrying value at June 30, 2017	Depreciation rate (%)		
	At July 01, 2016	Additions / deletions / write off	At June 30, 2017	At July 01, 2016			Charge for the year	At June 30, 2017
Sheds and building	196,807,313	14,862,565 (21,465,943)	190,203,935	4,920,183	19,583,740 (1,275,677)	23,228,246	166,975,689	10
Land levelling	60,001,750	-	-	1,500,044	3,412,598 (4,912,642)	-	-	10
Machinery	10,265,568	18,423,832 (1,500,000)	27,189,400	572,437	2,085,287 (116,960)	2,540,764	24,648,636	10
Electrical installations	-	35,661,445	35,661,445	-	2,081,144	2,081,144	33,580,301	10
Office equipments	4,976,833	-	4,976,833	251,956	865,472	1,117,428	3,859,405	10 - 30
Furniture and fixtures	1,818,703	4,834,000	6,652,703	59,023	619,105	678,128	5,974,575	10
Heavy vehicles	50,966,215	263,658 (41,906,893)	9,324,980	4,253,508	4,645,932 (6,403,743)	2,495,697	6,829,283	20
Passenger vehicles	3,282,895	68,500	3,351,395	121,213	646,044	767,257	2,584,138	20
	328,121,277	74,114,000 (124,874,586)	277,360,691	11,678,364	33,939,322 (12,709,022)	32,908,664	244,452,027	

Particulars	Cost		Depreciation		Carrying value at June 30, 2016	Depreciation rate (%)	
	At July 01, 2016	Additions / transfer from capital work in progress	At June 30, 2016	Charge for the period			At June 30, 2016
Sheds and building	196,807,313	196,807,313	196,807,313	4,920,183	4,920,183	191,887,130	10
Land levelling	60,001,750	60,001,750	60,001,750	1,500,044	1,500,044	58,501,706	10
Machinery	10,265,568	10,265,568	10,265,568	572,437	572,437	9,693,131	10
Office equipments	4,976,833	4,976,833	4,976,833	251,956	251,956	4,724,877	10 - 30
Furniture and fixtures	1,818,703	1,818,703	1,818,703	59,023	59,023	1,759,680	10
Heavy vehicles	50,966,215	50,966,215	50,966,215	4,253,508	4,253,508	46,714,707	20
Passenger vehicles	3,282,895	3,282,895	3,282,895	121,213	121,213	3,161,682	20
	328,121,277	328,121,277	328,121,277	11,678,364	11,678,364	316,442,913	

4.1.1 Sheds and buildings of the Company are on land owned by associated company.

4.1.2 Depreciation charge for the year has been allocated as follows:

	2017	2016
	Rupees	Rupees
Cost of sales	33,318,051	11,582,772
Administrative expenses	621,271	95,592
	33,939,322	11,678,364

**LUCKY FOODS (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**1. STATUS AND NATURE OF BUSINESS**

Lucky Foods (Private) Limited (the Company) was incorporated in Pakistan on August 21, 2015 as a private company limited by shares under the Companies Ordinance, 1984. The principal activity of the Company is to breed, grow and harvest livestock and produce milk and sell it in the local market. The registered office of the Company is situated at office no. 7-A Muhammad Ali Housing Society, East Jamshed Town, Karachi in the province of Sindh. The farm is located at 60 kms on Super Highway (near Karachi) at Nooriabad in the province of Sindh.

The Company is a part of Y.B. Group (the Group) registered under Income Tax Ordinance, 2001 as Group. Y.B. Holdings (Private) Limited is the parent company of the Group.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, these financial statements have been prepared under the Companies Ordinance 1984.

The profit and loss account, cash flow statement and statement of changes in equity for the year ended June 30, 2016 does not represent the full year operation therefore the comparatives are not entirely comparable.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for the valuation of biological assets stated at fair value less cost to sell.

**2.3 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency and rounded to the nearest rupees.

**2.4 Critical accounting estimates and judgments**

The preparation of the financial statements in conformity with approved accounting standards requires the management to make the judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the financial statements or where judgments were exercised in application of accounting policies are as follows:

	<b>Note</b>
- useful lives and residual values of property and equipment	3.1
- fair value of biological assets	3.2



## 2.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2017

The following standards, amendments and interpretations are effective for the year ended June 30, 2017. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	Effective from accounting period beginning on or after January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	Effective from accounting period beginning on or after January 01, 2016

Certain annual improvements have also been made to a number of IFRSs.

### 2.5.1 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	Effective from accounting period beginning on or after January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier adoption is permitted.
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	Effective from accounting period beginning on or after January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	Effective from accounting period beginning on or after January 01, 2017

Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	Effective from accounting period beginning on or after January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign	Effective from accounting period beginning on or after January 01, 2018
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	Effective from accounting period beginning on or after January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below:

#### 3.1 Property and equipment

##### 3.1.1 Operating fixed assets

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any), except for capital work-in-progress which is stated as disclosed in note below 3.1.2.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets, so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to profit and loss account as and when incurred.

Depreciation is charged, from the month when the asset is available for use and ceased from the month of disposal, to profit and loss account applying the reducing balance method.

Depreciation on operating fixed assets is charged to profit and loss account applying the reducing balance method.

The assets' residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end.

##### 3.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less estimated impairment, if any. It consists of expenditure incurred and advances made in respect of fixed assets in the course of their construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use.

#### 3.2 Biological assets

Livestock are measured at cost on initial recognition and at fair value less estimated point-of-sale costs at the end of each reporting period. Fair value of livestock is determined by an independent valuer on the basis of best available estimates for livestock of similar attributes.

Gains or losses arising from changes in fair value less estimated point-of-sale costs of livestock is recognized in the profit and loss account. Gain and loss on disposal of biological asset, if any, is recognized in the profit and loss account, as and when incurred.

### **3.3 Consumables**

Consumables is valued at lower of weighted average cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be incurred to effect such sale.

### **3.4 Trade debts and other receivables**

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

### **3.5 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks and short term running finance.

### **3.6 Taxation**

Income of the Company from principal business activity is subject to 100% income tax credit for a period of 5 years from the date of setting up or commercial production whichever is later in accordance with section 65D of the Income Tax Ordinance, 2001. income tax expense recongnized in profit and loss account is based on taxability of certain income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

### **3.7 Staff retirement benefit**

The Company operates an unfunded gratuity scheme for its confirmed employees who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined under full liability method based on the number of years served and last drawn salary. As at June 30, 2017, only eight employees completed the qualifying period.

### **3.8 Creditors, accrued and other payables**

Creditors, accrued and other payables are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether billed to the Company or not.

### **3.9 Dividend and appropriation to / from reserves**

Dividend distribution to the Company's shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

### **3.10 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and is shown net of discounts and commissions, if any.

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Sales are recorded at the time of delivery of goods to the customers.

Interest income is recognized on time proportionate basis using the effective rate of return.

### **3.11 Financial instruments**

All financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

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### 3.12 Provisions

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

### 3.13 Impairment

#### Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

#### Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except inventories may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised. Reversal of impairment loss is recognised as income.

### 3.14 Off setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

4. PROPERTY AND EQUIPMENT	Note	2017 Rupees	2016 Rupees
Operating fixed assets	4.1	244,452,027	316,442,913
Capital work-in-progress	4.2	63,767,112	103,709,895
		<u>308,219,139</u>	<u>420,152,808</u>

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	Note	2017 Rupees	2016 Rupees
<b>4.2 Capital work-in-progress</b>			
Sheds and other civil work		61,478,712	57,270,295
Advances to contractors		2,288,400	17,300,123
Electrical work		-	23,938,512
Bore		-	5,200,965
	4.2.1	<u>63,767,112</u>	<u>103,709,895</u>

		2017 Rupees	2016 Rupees
<b>4.2.1 Movement in capital work-in-progress</b>			
Opening		103,709,895	-
Incurred during the year / period		25,098,507	360,518,958
Transferred to operating fixed assets		(65,041,290)	(256,809,063)
Closing		<u>63,767,112</u>	<u>103,709,895</u>

## 5. BIOLOGICAL ASSETS

Dairy livestock			
-Mature		162,675,000	211,426,500
-Immature		378,000	204,000
	5.1	<u>163,053,000</u>	<u>211,630,500</u>

### 5.1 Reconciliation of biological assets

Balance at July 1, 2016		211,630,500	-
Purchased during the year / period		3,274,000	206,743,650
Livestock expired / slaughtered		-	(9,119,011)
Sales of livestock		(91,549,500)	-
Gain on fair valuation of livestock due to:			
- new births		378,000	204,000
- price and age change		39,320,000	13,801,861
		<u>39,698,000</u>	<u>14,005,861</u>
Balance at June 30, 2017		<u>163,053,000</u>	<u>211,630,500</u>

5.2 At June 30, 2017, the Company held 933 ( 2016 : 1,245 ) mature livestock (including pregnant livestock) used to produce milk and 84 ( 2016 : 65 ) immature livestock which are being raised to produce milk in the future.

During the year, the Company produced approximately 1,750,000 ( 2016 : 200,000 ) gross litres of milk from mature livestock.

5.3 As at June 30, 2017, the Company held 27 (2016 : 60) breeding bulls.

5.4 The valuation of dairy livestock as at June 30, 2017 has been carried out by an independent valuer. In this regard the valuer examined the physical condition of the livestock, assessed the key assumptions and estimates and relied on the representations made by the Company. Livestock has been valued on the basis of market values of livestock of similar attributes.

5.5 Cost to sell is considered immaterial and has not been taken into account while valuing the biological assets.

	Note	2017 Rupees	2016 Rupees
<b>6. CONSUMABLES</b>			
Feed	16.1	4,500,989	6,243,271
Medicines	16.3	686,040	1,368,488
Stores		178,500	-
		<u>5,365,529</u>	<u>7,611,759</u>

	Note	2017 Rupees	2016 Rupees
<b>7. LOAN, ADVANCES AND OTHER RECEIVABLE</b>			
Advances to suppliers		1,545,831	2,931,134
Loan to employee		53,500	190,000
Interest receivable		6,201	45,210
		<u>1,605,532</u>	<u>3,166,344</u>
<b>8. DEPOSITS AND PREPAYMENT</b>			
Security deposits against shop rent		2,084,000	-
Prepaid insurance		134,340	-
		<u>2,218,340</u>	<u>-</u>
<b>9. CASH AND BANK BALANCES</b>			
Cash in hand		1,032,282	98,077
Cash at banks			
- savings accounts	9.1	1,455,367	720,524
- current accounts		91,889	-
		<u>1,547,256</u>	<u>720,524</u>
		<u>2,579,538</u>	<u>818,601</u>

9.1 These accounts carried markup at the rate ranging between 3.75% and 4% per annum (2016:3.54% and 3.75% per annum).

	2017 Rupees	2016 Rupees
<b>10. SHARE CAPITAL</b>		
<b>Authorized share capital</b>		
70,000,000 ordinary shares of Rs.10 each	<u>700,000,000</u>	<u>700,000,000</u>
<b>Issued, subscribed and paid up capital</b>		
61,121,112 ordinary shares of Rs.10 each fully paid in cash	<u>611,211,120</u>	<u>611,211,120</u>

10.1 The Company has one class of ordinary shares which carry no right to fixed income.

10.2 As at year end, Yunus Textile Mills Limited holds 55,007,997 i.e 90% ( 2016 : 55,007,997 i.e 90% ) shares of the Company.

	Note	2017 Rupees	2016 Rupees
<b>11. ADVANCE AGAINST ISSUE OF SHARES</b>			
<b>From associated companies</b>			
Yunus Textile Mills Limited		85,000,000	50,000,000
Lucky Exim (Private) Limited		9,444,450	5,555,560
		<u>94,444,450</u>	<u>55,555,560</u>
<b>12. STAFF RETIREMENT GRATUITY</b>			
Opening balance		390,000	-
Gratuity as transferred from Y.B. Holdings (Private) Limited		-	319,770
Charge for the year / period		1,649,208	70,230
		<u>2,039,208</u>	<u>390,000</u>

	2017 Rupees	2016 Rupees
<b>13. CREDITORS, ACCRUED AND OTHER PAYABLES</b>		
Creditors against:		
Biological assets	2,770,500	17,294,500
Livestock feed and medicine	2,449,499	2,419,456
Fixed asset	3,000,000	-
Capital work-in-progress	1,407,551	60,983,326
Withholding tax	159,330	1,059,172
Others	4,612,094	4,517,165
	<u>14,398,974</u>	<u>86,273,619</u>

**14. RUNNING FINANCE UNDER MARK-UP ARRANGEMENT**

It represents running finance facility obtained from the banking company upto Rs. 20 million (2016: nil). The effective rate of mark-up is 6.82% per annum (2016: nil). These are secured against hypothecation of fixed assets.

**15. CONTINGENCY AND COMMITMENT**

15.1 There is no contingency or commitment as at June 30, 2017.

		2017	For the period from August 21, 2015 to June 30, 2016
	Note	Rupees	Rupees
<b>16. COST OF SALES</b>			
Feed	16.1	91,518,074	58,484,017
Depreciation	4.1.2	33,318,051	11,582,772
Salaries and wages		26,043,608	28,486,665
Expenses for agriculture produce	16.2	8,204,151	2,892,301
Canteen		6,281,145	5,448,295
Fuel		753,157	257,070
Medicines	16.3	2,869,813	5,642,147
Electricity		2,863,913	2,404,994
Repairs and maintenance		1,363,118	1,895,148
General farm expenses		593,670	1,809,787
Generator rent		283,984	3,426,568
Stores consumed		78,625	840,551
Travelling and conveyance		47,934	1,062,697
Insurance		181,571	219,290
Communication		387,647	514,660
Others		278,703	789,603
		<u>175,067,164</u>	<u>125,756,565</u>
<b>16.1 Feed</b>			
Opening		6,243,271	-
Purchased during the year / period		89,775,792	64,727,288
Closing	6	<u>(4,500,989)</u>	<u>(6,243,271)</u>
		<u>91,518,074</u>	<u>58,484,017</u>

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16.2 It includes electricity, fuel and general expenses related to agriculture produce.

			For the period from August 21, 2015 to June 30, 2016
	Note	2017 Rupees	Rupees
<b>16.3 Medicines</b>			
Opening		1,368,488	-
Purchased during the year / period		2,187,365	7,010,635
Closing	6	<u>(686,040)</u>	<u>(1,368,488)</u>
		<u>2,869,813</u>	<u>5,642,147</u>
<b>17. DISTRIBUTION AND MARKETING EXPENSES</b>			
Shop renovation expense		3,992,776	-
Transportation cost		3,012,628	1,028,278
Salaries and wages		1,508,218	-
Advertisement		981,210	-
Shop rent expense		891,000	-
Shop utilities		371,443	-
Others		973,254	-
		<u>11,730,529</u>	<u>1,028,278</u>
<b>18. ADMINISTRATIVE EXPENSES</b>			
Staff salaries and benefits	18.1	11,604,676	720,875
Depreciation	4.1.2	621,271	95,592
Audit fee		250,000	250,000
Legal and professional		423,681	595,000
Subscription		105,505	49,720
Incorporation and authorised capital increase fee		-	2,154,497
Printing and stationery		58,782	166,880
Bank charges		16,442	5,080
		<u>13,080,357</u>	<u>4,037,644</u>
<b>18.1</b>	Salaries and benefits include Rs. 1.649 million (2016: Rs 0.0319 million) in respect of staff retirement benefits.		
<b>19. OTHER OPERATING EXPENSES</b>			
Loss on disposal of biological assets		27,837,826	5,067,012
Loss on disposal of operating fixed assets		6,430,066	-
Land levelling cost written off		55,089,108	-
		<u>89,357,000</u>	<u>5,067,012</u>
<b>20. OTHER INCOME</b>			
Gain on fair valuation of biological assets		39,698,000	14,005,861
Profit on saving accounts		618,622	559,579
Sale of calves		1,396,250	-
		<u>41,712,872</u>	<u>14,565,440</u>
<b>21. TAXATION</b>			

Income of the Company from principal business activity is subject to 100% income tax credit for a period of 5 years from the date of setting up or commercial production whichever is later in accordance with section 65D of the Income Tax Ordinance, 2001. Current year Tax expense represents tax on interest on saving accounts at the rate of 31%.

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	2017	For the period from August 21, 2015 to June 30, 2016
	Rupees	Rupees
<b>22. REMUNERATION OF CHIEF EXECUTIVE OFFICER</b>		
Chief Executive Officer	7,200,000	5,400,000

**23. RELATED PARTY BALANCES AND TRANSACTIONS**

Related parties comprise of associated companies and directors and key management personnel. Transactions between the Company and the related parties are carried out as per agreed terms.

Transactions and balances with related parties, other than remuneration to key management personnel under the term of their employment, are as follows:

Name of Related Party	Nature of transactions	2017 Rupees	2016 Rupees
<b>Associated companies</b>			
<b>Lucky Cement Limited</b>	Purchase of construction material	103,500	26,096,406
	Purchase of electricity	1,151,451	-
	Miscellaneous	609,066	
	Balance payable	281,550	27,000
<b>ICI Pakistan Limited</b>	Purchase of feed, medicines and chemicals	1,074,072	507,251
	Balance payable	-	67,240
<b>Y.B. Holdings (Private) Limited</b>	Transfer of staff retirement benefits	-	319,770
<b>Lucky Energy (Private) Limited</b>	Purchase of electricity	7,024,699	-
	Balance payable	-	2,404,990

**4. NUMBER OF EMPLOYEES**

	2017	2016
Number of employees at the year / period end	148	262
Average number of employees during the year / period	160	157

**25. FINANCIAL RISK MANAGEMENT**

**25.1 Financial instruments by category**

The accounting policies for financial instruments have been applied to the line items below:

	2017 Rupees	2016 Rupees
<b>Financial assets</b>		
Trade receivable	1,419,773	357,375
Loan, interest and other receivable	59,701	235,210
Deposits	2,084,000	-
Cash and Bank balances	2,579,538	818,601
	<u>6,143,012</u>	<u>1,411,186</u>
<b>Financial liabilities</b>		
Staff retirement gratuity	2,039,208	390,000
Creditors, accrued and other payables	14,398,974	86,273,619
Running finance under mark-up arrangement	3,427,879	-
	<u>19,866,061</u>	<u>86,663,619</u>

## 25.2 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and capital risk. The Company consistently manages its exposure to financial risk in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All related transactions are carried out within the parameters of these policies.

### 25.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, price risk and interest rate risk. Currently the Company is not exposed to currency risk and price risk as the Company do not have any financial instruments in foreign currency or whose fair value is linked with market prices. The exposure to interest rate risk is also immaterial.

### 25.2.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk indicates that relative sensitivity of the company's performance to development affecting a particular industry. The Company operates in dairy industry which is under development in Pakistan and transactions have been carried out on immediate payment basis hence the Company is exposed to limited credit risk .

Company's credit risk comprises of Loan, advances, other receivable (represents interest receivable from a bank).The carrying amount of financial assets represents the maximum credit exposure. Loan to an employee is secured against future salary. Credit risk on bank balances and interest receivable is limited as these are with banks having good credit ratings.

### 25.2.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Shareholders of the Company are continuously providing financial support to the Company for meeting its financial obligations. The following are the contractual maturities of financial liabilities:

Financial liabilities	2017		
	Total amount	Upto one year	more than one year
	..... Rupees .....		
Staff retirement gratuity	2,039,208	-	2,039,208
Running finance under mark-up arrangement	3,427,879	3,427,879	-
Creditors against:			
Biological	2,770,500	2,770,500	-
Livestock feed and medicine	2,449,499	2,449,499	-
Capital work-in-progress	1,407,551	1,407,551	-
Withholding tax	159,330	159,330	-
Others	4,612,094	4,612,094	-
	<u>16,866,061</u>	<u>14,826,853</u>	<u>2,039,208</u>

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Financial liabilities	2016		
	Total amount	Upto one year	more than one year
	Rupees		
Staff retirement gratuity	390,000	-	390,000
Creditors against:			
Biological	17,294,500	17,294,500	-
Livestock feed and medicine	2,419,456	2,419,456	-
Capital work-in-progress	60,983,326	60,983,326	-
Withholding tax	1,059,172	1,059,172	-
Others	4,517,165	4,517,165	-
	<u>86,663,619</u>	<u>86,273,619</u>	<u>390,000</u>

#### 25.2.4 Capital risk

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business and safeguard the Company's ability to continue as a going concern. The Company is in initial phase of development and shareholders of the Company are providing financial support to carrying its operations through capital injections.

The Company finances its operations through equity and management of working capital only. The Company is subject to 100% income tax credit as per Section 65D of the Income Tax Ordinance, 2001 which requires a company to be equity financed in order to avail such benefit.

#### 26. FAIR VALUE OF ASSETS AND FINANCIAL LIABILITIES

26.1 Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

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

##### Fair value hierarchy

The fair values of the financial instruments have been analyzed in various fair value levels as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company did not hold any financial instrument which can be classified under the above mentioned levels.

26.2 The Company's Biological Asset are stated at revalued amounts. The fair value measurement of the Company's biological assets as at June 30, 2017 was performed by Sadruddin Associates (Private) Limited, independent valuer not related to the Company and have appropriate qualification and experience in the fair value measurement of Biological Assets.

	2017			
	Level 1	Level 2	Level 3	Total
	Rupees			
Biological assets at fair value	-	-	163,053,000	163,053,000
	-	-	163,053,000	163,053,000
	2016			
	Level 1	Level 2	Level 3	Total
	Rupees			
Biological assets at fair value	-	-	211,630,500	211,630,500
	-	-	211,630,500	211,630,500

27. RECLASSIFICATION

Comparative figures have been re-arranged and re-classified for the purpose of better presentation, the effect of which is not material.

8. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 12 SEP 2017 by the Board of Directors of the Company.

1. GENERAL

Figures have been rounded off to the nearest Rupee.

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CHIEF EXECUTIVE OFFICER



DIRECTOR