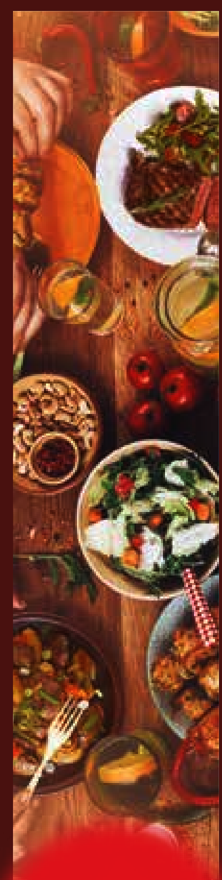


alshaheer

Head Office:
Suite # G/5/5, 3rd Floor, Mansoor Tower, Block 8,
Shahrah-e-Roomi, Clifton, Karachi, Pakistan.
Ph: +92 21 38781100
Fax: +92 21 35877017
Email: info@alshaheer.net
www.alshaheer.net

alshaheer

annual report '16

alshaheer

Contents

About Us

Al Shaheer Corporation is the market leader in Pakistan's large meat industry. It was established as a partnership in 2008, setting up a world class abattoir in Gadap Town, Karachi.

Initially, the company only exported red meat to Dubai, followed by Saudi Arabia to become a trusted supplier of high quality and Halal meat to importers across GCC countries. In 2010, Al Shaheer entered the domestic fresh meat market laying the foundation for the first ever red meat brand in Pakistan – Meat One. All kinds of fresh meat are sold under the umbrella of this brand through company owned outlets. A second brand, Khaas, positioned as an economy brand targeting the neighborhood butcheries, was launched in 2014. Later, a shop-in-shop model was also developed to increase reach by opening meat sections in high traffic superstores. In addition to serving export and retail markets, an Institutional Sales unit was formally launched with an objective of catering exclusively to the needs of bulk consumers, mainly HORECA and offices/institutions, providing high quality meat tailored to the requirements of the consumers.

From a small partnership, the company has grown into a national corporation in just 8 years. The company went public in 2015 and is now listed on the Stock Exchange.

CEO's Message

By the grace of Allah, Al Shaheer Corporation has completed its first year as a publicly listed entity. The start of the year saw an overwhelming response to its IPO, which fuelled strong growth in all SBUs of the company despite negative trends in both the domestic and international meat markets.

During this period, the management and the Board of Directors of the company, to counter any short term pressures on our margins, has put considerable effort into carving out sustainable growth models aimed at bringing about long term value for our shareholders. To this end, we have made significant progress in three key areas:

Talent Development: We have fortified human resources at all levels by hiring the top talent from diversified professional backgrounds and experiences, and invested 4,112 man hours of training across the organization. Employer branding, talent attraction, retention and development will remain a priority in the coming years as well.

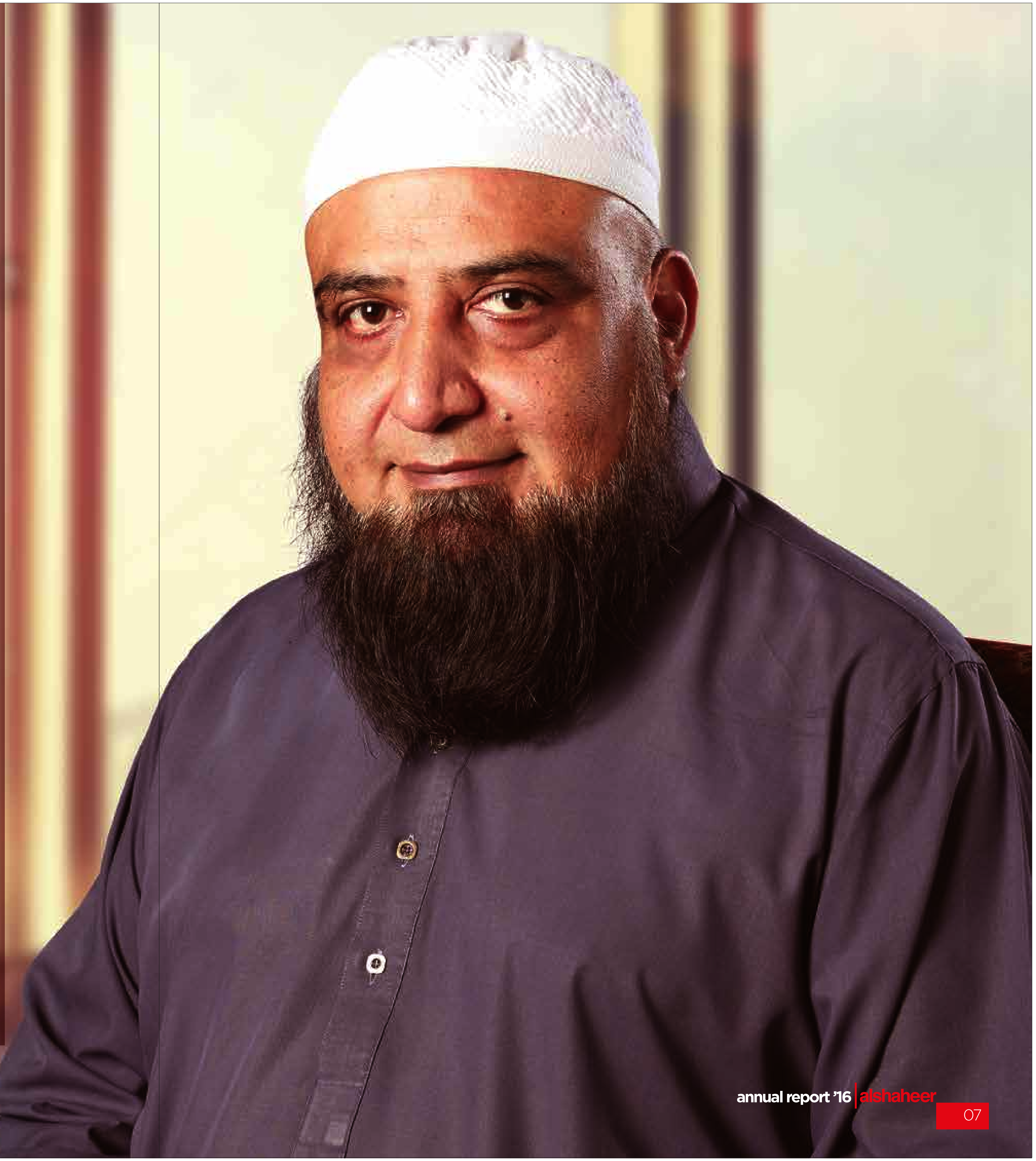
Capability Enhancement: We increased production and storage capacity at our Karachi plant and have achieved peak production levels of 90 tons per day versus 60 tons a year ago. This makes us capable of adequately meeting the growing demand in our local retail, institutional and export channels. In our upcoming poultry plant in Lahore we will have one of the largest cold storage and processed meat production capacities in the country. Our retail expansion opportunities have been significantly augmented by MoUs signed with Shell Pakistan Limited to host Meat One shops and Meat One product dispensers at suitable fuel retail sites. This association of Meat One with one of the world's most iconic brands is expected to add tremendous value to Meat One brand. We have also obtained approval from the UAE government to export frozen & vacuum packed meat, in addition to our existing chilled and fresh meat.

Long-term Profitable Growth: We have identified additional value drivers in the foods segment in both domestic and international markets. The unprofitable Khaas Meat sites were closed down during the year without loss of volume growth, while our presence has increased in Sindh and Punjab through shop-in-shop partnerships with leading grocery stores in Karachi, Lahore & Islamabad. A flagship store has also been opened in Hyderabad for Meat One.

Going forward the scope of business is being expanded into higher margin products, i.e. poultry, as well as fruits and vegetables business through IQF technology.

I am confident that INSHALLAH these efforts will carve out a strong future for Al Shaheer Corporation. I would like to thank our customers, suppliers, employees, agencies, bankers and most importantly our shareholders for their tremendous support.

Kamran Khalili
CEO



Vision

Dominate the meal table offering delightful food solutions to consumers.

Mission

We will delight and vitalize our consumers with food products that meet the highest standards of health, hygiene and fulfilment.

We will achieve this by sourcing the best quality of livestock, purest ingredients and world class manufacturing processes.

We will have excellence in our Shariah compliance standards for all our products, our operations and the way we interact with the communities and environment around us.

We value diversity & teamwork and promote an open informal work environment.

All our actions will clearly exhibit our relentless commitment to ethics, product safety and consumer satisfaction.

Core Values

Integrity
We act honestly, truthfully & fairly with our consumers, suppliers, employees & all stakeholders.

Consumer Focus
We are consumer-oriented, committed to delivering the best experience to our consumers every time.

Teamwork
We develop & empower our people to work as a strong unified team in an open, informal and disciplined environment.

Excellence
We strive to be the best at whatever we do.

Community
We act as a responsible citizen, protecting the environment and contributing to the community in which we operate.

Code of Conduct

Introduction
The Company's General Business Principles govern how Al Shaheer Corporation Limited conducts its affairs. The objectives of the organization are to engage efficiently, responsibly and profitably in Halal and hygienic food business and to participate in the search for, and development of, new products to meet evolving consumer needs and changing lifestyles.

Halal and hygienic food is a basic human requirement that will exist forever. Our role is to ensure that we source, process and deliver this profitably and in environmentally & socially responsible ways. We seek high standards of performance, building a strong, long term and growing position in the competitive environments in which we choose to operate. We aim to work closely with our consumers, partners and policy-makers to continuously strengthen our position and be recognized as a leader in the food categories we operate in.

Sustainable Development

As part of the Business Principles, we commit to contribute to sustainable development. This requires balancing short and long term interests, integrating economic, environmental and social considerations into business decision-making, and investing in people, systems and infrastructure for sustainable advantage.

Responsibilities

Al Shaheer Corporation Limited recognizes five areas of basic responsibilities. It is the duty of management continuously to assess the priorities and discharge these inseparable responsibilities.

a. To shareholders

To protect shareholders' investment, and provide a long-term return competitive with those of other leading companies in the industry.

b. To consumers

To win and maintain consumers by developing and providing products and services which offer value in terms of price, quality, safety and convenience.

c. To employees

To respect rights of our employees and to provide them with good and safe working environment and competitive terms and conditions of employment. To develop leadership that continuously promotes best utilization of talent, to create a conducive work environment where every employee has an equal opportunity to develop his or her skills and talents. To encourage the involvement of employees in planning and strategizing their work and to provide them with appropriate channels and structure.

We recognize that commercial and sustainable success depends on the commitment of all employees and disposition of their energies and efforts in the right direction.

d. To business partners

To seek mutually beneficial relationships with contractors, suppliers and in joint ventures and to promote the application of our General Business Principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships.

e. To society

To conduct business as responsible corporate members of society, to comply with applicable laws and regulations, to support fundamental human rights in line with the legitimate role of business, and to give proper regard to health, safety, security and the environment.

Economic

Long-term profitability is as essential for the company as oxygen to the living being, in order to achieve our higher goals. It is a measure of both efficiency and of the value that consumers place on Al Shaheer Corporation Limited products and services. It supplies the necessary corporate resources for the continuing investment that is required to develop and produce Halal and hygienic supplies to meet & exceed consumer needs. Without profits and a strong financial foundation, it would not be possible to fulfill our higher levels of responsibilities.

Competition

Al Shaheer Corporation Limited supports free enterprise. We believe that healthy competition always results in greater opportunities, better products and services, and in turn, benefits the consumer. We seek to compete fairly and ethically and within the framework of applicable competition laws; we will not prevent others from competing freely with us.

Business Integrity

Al Shaheer Corporation Limited insists on honesty, integrity and fairness in all aspects of our business and expects the same in our relationships with all those with whom we conduct business. The direct or indirect offer, payment, soliciting or acceptance of bribes in any form is unacceptable. Facilitation payments are also bribes and should not be made. Employees must avoid conflicts of interest between their private activities and their role in the conduct of Company business. Employees must declare to their employing Company potential conflicts of interest, if any. All business transactions on behalf of Al Shaheer Corporation Limited must be reflected accurately and fairly in the accounts of the Company in accordance with established procedures and are subject to audit and disclosure.

Health, Safety and the Environment

Al Shaheer Corporation Limited has a systematic approach to health, safety and environmental management in order to ensure continuous well-being of our employees, consumers and public alike. To this end, Al Shaheer Corporation Limited manages these matters as critical business activities, sets standards and targets for improvement, and measures, appraises and reports performance externally. We continually look for ways to reduce the environmental impact of our operations, products and services.

Local Communities

Al Shaheer Corporation Limited aims to be a good corporate citizen by continuously improving the ways in which we contribute, directly or indirectly, to the general well-being of the communities within which we operate. We manage the social impacts of our business activities carefully and work with others to enhance the benefits to local communities, and to mitigate any negative impacts from our activities. In addition, Al Shaheer Corporation Limited takes a constructive interest in social matters, directly or indirectly related to our business.

Communication and Engagement

Al Shaheer Corporation Limited recognizes that regular dialogue and engagement with our stakeholders is essential. We are committed to reporting our performance by providing complete relevant information to legitimately interested parties, subject to any overriding considerations of business confidentiality. In our interactions with employees, business partners and local communities, we seek to listen and respond to them honestly and responsibly.

Compliance

We comply with all applicable laws and regulations of the countries in which we operate.

Living by Our Principles

Our shared core values of integrity, teamwork, consumer focus, fairness and excellence underpin all our activities and are the foundation of our Business Principles. The Business Principles apply to all transactions, large or small, and drive the behavior expected of every employee in Al Shaheer Corporation Limited in the conduct of its business at all times. We are judged by how we act. Our reputation will be upheld if we act in accordance with the law and the Business Principles. We also encourage our business partners to live by these principles.

We encourage our employees to demonstrate leadership, accountability and teamwork, and through these behaviors, contribute to the overall success of Al Shaheer Corporation Limited. It is the responsibility of the leadership to lead by example, to ensure that all employees are aware of these principles, and behave in accordance with the spirit as well as the letter of this statement.

The application of these principles is underpinned by a comprehensive set of assurance procedures which are designed to make sure that our employees understand the principles and confirm that they act in accordance with them. As part of the assurance system, it is also the responsibility of management to provide employees with safe and confidential channels to raise concerns and report instances of noncompliance. In turn, it is the responsibility of the Company employees to report suspected breaches of the Business Principles to the management.

The Business Principles are fundamental to how we conduct our business and living by them is crucial to our continued success.

Board of Directors

Our board of directors play a vital role in representing the interest of our shareholders. All Board members have extensive experience in their respective sectors and continuously guide Company operations in their areas of expertise.

Noorur Rahman Abid

Noor is a Fellow Chartered Accountant from the Institute of Chartered Accountants in England and Wales. He started his career in 1976 in UK with KPMG. He has more than 35 years experience in the profession, across Europe, Middle East and Africa.

Noor was the Assurance Leader for Ernst & Young in Middle East and North Africa from 1999 to 2012. Under Noor's leadership, Ernst & Young audit practice grew from US$ 35 million in 1999, to US$ 210 million in 2012. He was also directly involved in promoting various Corporate Social Responsibility programs at Ernst & Young. He took retirement in June 2012.

At Ernst & Young, Noor advised a number of clients including industrial and commercial companies, retail and investment banks, Islamic banks and sovereign wealth funds, on accounting matters, guidance on controls framework and governance considerations. In this capacity, he regularly engaged and advised the board members, audit committees and senior management of clients across the region. He has had a particular focus on the Islamic banking Industry.

Noor is currently a member of the Board of Directors of Kuwait Finance House, the largest Islamic Bank in Kuwait and Chairman of their Audit Committee, Meezan Bank Pakistan, Arcapita Investment Management Company in Bahrain and Chairman of their Audit and Risk Committee, Dr. Suleiman Fakeeh Hospital, the largest private hospital in Jeddah Saudi Arabia and Chairman of their Audit Committee. Noor is also a Member of the Board of Trustees at Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) in Bahrain.

Noor was declared winner of the World Islamic Banking Conference 2012 Industry Leadership Award in recognition of his contribution to Islamic Banking.

Kamran Khalili

Kamran Khalili is the CEO of Al Shaheer Corporation Ltd. It was his vision to establish a Halal meat processing company. Kamran Khalili took the initiative and started Al Shaheer Corporation from scratch, playing a pivotal role in the company's growth.

Prior to Al Shaheer, Kamran was a member of the Karachi Stock Exchange for around 10 years and CEO of Fortune Securities (Pvt.) Ltd. He has also worked as an Investment Banker in Muslim Commercial Bank, Pakistan.

After receiving an encouraging response from exports, Kamran expanded his vision to provide export quality meat products in the local market as well. In accomplishment of this vision, he took the initiative to introduce a concept meat shop in the local market, Meat One.

Kamran Khalili is an MBA.

M. Qaysar Alam

On the Board of Directors of GS1 and Al Shaheer Corporation Ltd., Member Pakistan Advisory Board ISCEA, President Supply Chain Association of Pakistan. Supply Chain Specialist, Consultant, Trainer and speaker at various business schools and forums.

Worked for 29 years at Unilever Pakistan Ltd., where, for the last 8 years served as Vice President responsible for Supply Chain, its strategies and operations. He was on the Board of Directors, Member of Audit Committees and Management Committee of the Company.

Key architect of Unilever Pakistan's Supply Chain structure and processes making it forward looking, achieving efficiencies in speed, service and cost.

Earlier worked at Exxon Pakistan, ARAMCO SA and taught Petroleum engineering at KU.

Muhammad Ali Ghulam Muhammad

Muhammad Ali is an MBA and an LLM from the University of Toronto. He is an accomplished professional and businessman having worked with distinction in both domestic and internationally reputed organizations like Citibank N.A., Smith New Court Securities London, Indosuez W.I. Carr Securities, Threesixtydegreez LLC USA and Synergy Management Consulting LLC Dubai. Ali is the founder shareholder of Inbox Business Technologies, Converge Technologies, All Agro Real Estate and Al Shaheer Corporation.

Ali has also served as a Chairman of Securities and Exchange Commission of Pakistan and as a Director on the Boards of Karachi Stock Exchange and Engro Chemicals.

Muhammed Amin

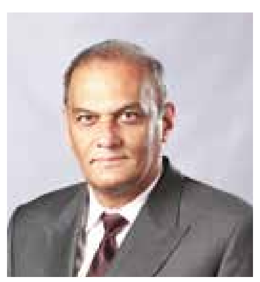
Muhammed Amin is a Chartered Accountant by profession with a work experience of over 30 years at various management levels in Finance, Strategy, Sales, Marketing and General Management. He served as CEO of Mondelez Pakistan Limited (previously Cadbury Pakistan Limited) from 2004 to 2014. Prior to Mondelez, he was associated with Gillette for eleven years at various levels in Pakistan and overseas, the last being Regional Business Director, Gillette Middle East & Africa.

Currently, he heads a startup known as Sunridge Foods (Pvt.) Limited. He is a Director on the Board of Engro Foods Limited and a Governor on the Board of British Overseas School.

Naveed Godil

Naveed Godil is a seasoned entrepreneur and founder of various Industries. He is a Director of the Al Shaheer Corporation Board since inception of the company. Besides Al Shaheer, he is CEO Universal Packaging Company Ltd., International Packaging Films (Pvt.) Ltd., 14th Street Pizza Company (Pvt). Ltd., and NAFT Corporation. Mr. Godil is also Director at Universal Carton Industries LLC UAE and Dazzle FZCO Dubai.

Mr. Godil has done his graduation from Preston University, Karachi.



Rizwan Jamil

Rizwan is a change catalyst and enjoys a track record of having effectively turned around businesses under pressure. He has been instrumental in bringing about organizational and cultural changes in the companies he has worked in, improving speed & effectiveness.

His initial schooling was at St. Patrick's and Karachi Grammar Schools. He completed his MBA in 1985 from the Institute of Business Administration, Karachi University.

22 years with Unilever, Rizwan has gathered a rich experience of Marketing, Sales and Business Management across a large number of business categories. In his last six years at Unilever, he was Head of the Tea Business Unit.

Rizwan later joined Lafarge Pakistan, a subsidiary of the Paris based MNC, global leaders in construction materials. He worked there for over 6 years heading Business Strategy, Innovation & Marketing.

A past Chairman of Pakistan Advertisers Society (PAS), Rizwan has been on the PAS Advertising Awards jury since its inception.

Rukhsana Asghar

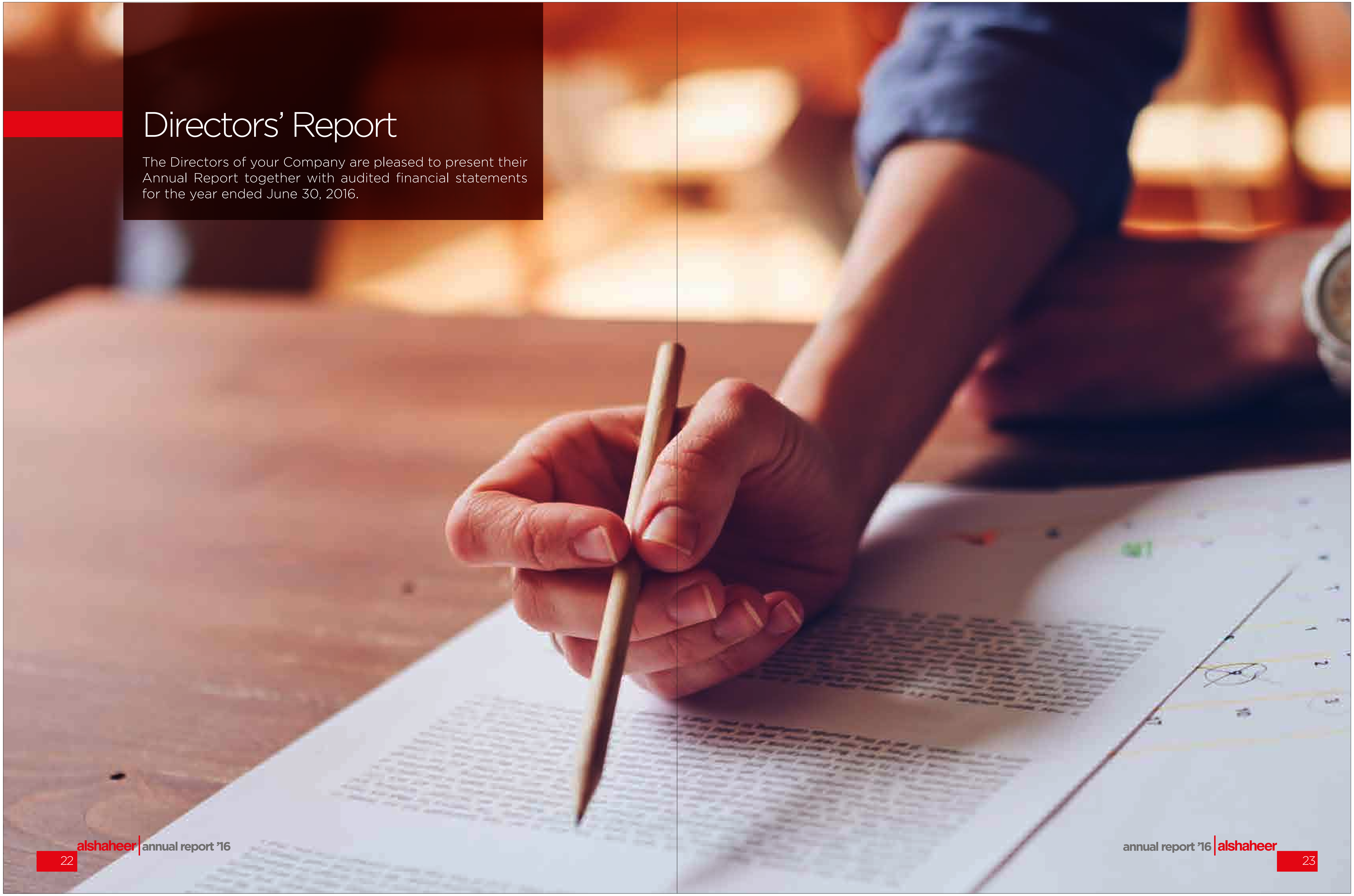
For more than 30 years, Rukhsana has been at the forefront in the field of Human Resources in Pakistan and is one of the leading Human Resource professionals having core experience in senior Human Resource positions with top multinational companies (Unilever, Citibank and UBL) coupled with management consulting experience in the local corporate, multinational and public sectors. Previously held key positions include Group Head Human Resource, SEVP (UBL) & Director Human Resources (Citibank).

Rukhsana Asghar is the Founder and CEO of Fulcrum (Pvt.) Ltd., an HR & Business Consulting Company founded in 2015. As CEO she is responsible for providing leadership and strategic direction for the company. The Company is an ISO 9001-2008 certified Business Consulting Service Company. It meets International Standards for quality management and customer satisfaction, assessed and certified by TUV Austria (External Auditor). It is also certified as Business Edge Training Partners for IFC, a member of the World Bank Group. Its service spectrum includes HR & Management Consultancy, Outsourcing, Recruitment & Executive Search and Training & Development.

Fulcrum is serving over 200 clients, and has about 15,000 employees outsourced to various organizations in the financial and non-financial sectors, including local as well as multinational, and private as well as public sector organizations across Pakistan.

Directors' Report

The Directors of your Company are pleased to present their Annual Report together with audited financial statements for the year ended June 30, 2016.



Operational Performance

Summarized operating performance of the company for the current year is as follows:

	2016 (Rs. M)	2015 (Rs. M)
Sales	6,896	4,985
Cost of Sales	(5,804)	(4,164)
Gross Profit	**1,092**	**820**
Expenses and Taxes	(796)	(643)
Other Income / (Loss)	70	20
Net Profit	**365**	**197**
Basic EPS	3.03	2.41
Diluted EPS	2.95	2.19

In FY 2015-16, the company grew its topline value by 38%. The growth is a healthy mix of domestic and export sales. Mix of domestic sales improved from 24% to 30% in line with our long term strategy to disproportionately grow the domestic business in Pakistan.

Export Performance

The export business grew by 29% despite increased competition and against de-valued currencies of competing countries. This has been a remarkable achievement given that the overall meat export business in Pakistan has only grown by 10.5% while the total food exports from Pakistan have declined by 12.6%.

Meat One

Our premium retail brand, Meat One, grew by 32% over last year and crossed Rs. 1 B in turnover. The Meat One Qurbani Service also achieved a 37% growth showing the increasing trust of consumers on the Meat One brand and an emerging trend for high quality retail environment for meat purchasing. We continued to build equity for the brand through marketing campaigns and consumer promotions throughout the year.

Khaas Meat

The Khaas Meat network underwent a consolidation this year, where unprofitable locations were shut down and selected new opportunities for growth were tapped. We clocked 118% annual growth in Khaas Meat.

Institutional Sales

Our institutional sales channel continues to be a star performer in our domestic business driving 160% growth, while serving some of the most prestigious consumers in the corporate sector, restaurants, embassies, armed forces and secondary food manufacturers.

Future Outlook

In the longer term, we are bullish on the opportunity in the food sector in general and Al Shaheer's growth prospects in particular. In the short term we expect margins to be under pressure. The cost of livestock in Pakistan is continuously increasing. The export markets have become extremely competitive because the currencies of our competing countries (Brazil, India and Australia) have devalued significantly compared to the Pakistani rupee. Our focus will be to retain consumers and grow our topline in export. We do anticipate higher cost efficiencies once our Lahore operations are energized, and the company overheads are allocated on a larger spread of the enterprise.

We are confident on the continued growth of our domestic business. In particular our Meat One and Institutional Sales channel will be the main growth bets. We are already witnessing a stable growth in our organic footfall, and we have a strong product innovation pipeline which is geared to deliver higher value from these channels in the coming years.

Our upcoming poultry and processed meat plant in Lahore is on target for production in the coming fiscal year – this will enable the company to produce high margin products and expand in the general and modern trade segments in Pakistan and abroad.

Corporate Social Responsibility

As a conscientious member of the corporate community, the Company generously contributes to social and charitable causes in the health, education and social sectors.

The Company is involved in charitable donation of meat and funds to welfare and educational institutions. We also operate programs for the livestock farmers on animal health and nutrition to improve the livelihood of the communities. We are committed to local sourcing and local employment at our production facilities, creating jobs and supporting small businesses in rural areas.

Human Resource Policies

The Company hires talented and motivated human resources and provides them a professional working environment to efficiently utilize their capabilities. The Company considers that people are its core strength, who endeavor every day to meet individual challenges and help the Company achieve its targets. The Company has in place a pay for performance culture in order to recognize employees' contribution and reward them accordingly.

Consumer Protection Measures

The Company ensures that meat is packed and dispatched to consumers in a healthy and safe manner. It also complies with major health and safety standards and ensures that the consumers get best value for their money. The company also operates a customer service helpline for deliveries and complaints and offers full replacement guarantee to any dissatisfied consumers.

Business Ethics and Anti-Corruption Measures

The Company is committed to promoting high standards of ethical behavior throughout its business operations. The management has no tolerance for corrupt and fraudulent practices and ensures transparency, integrity and honesty in all aspects of work. The Company expects all its employees to perform services with integrity and professionalism.

Financial Statements

The financial statements of the company have been audited and approved without qualification by the auditors of the company, Ernst & Young Pakistan Chartered Accountants.

Statement on Corporate and Financial Reporting Framework

a) The financial statements, prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.

b) Proper books of account of the company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom have been adequately disclosed and explained.

e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) There are no significant doubts upon the listed company's ability to continue as a going concern.

g) Attendance by each director in the meetings of the Board and its Sub-committees is as follows:

Board / Committee	Board of Directors	Audit Committee	HR Committee
Meetings held during FY 2015-16	4	4	2
Kamran Ahmed Khalili	4	-	-
Rizwan Jamil	4	-	2
Muhammad Ali	4	4	-
Noorur Rahman Abid	4	3	-
Naveed Godil	4	-	-
Rukhsana Asghar	3	-	2
Muhammad Qaysar Alam	3	1	-
Muhammed Amin	1	1	-

h) No trading in the shares of the company was carried out during the year by the Directors, CEO, Company Secretary and their spouses and minor children owing to moratorium imposed by SECP.

i) Pattern of shareholding is annexed with the report.

Bonus Shares

The Board of Directors are proposing a bonus issue of 15% i.e. 15 bonus shares for every 100 shares.

Dividend

Nil

Rights Shares

Nil

Appointment of Auditor

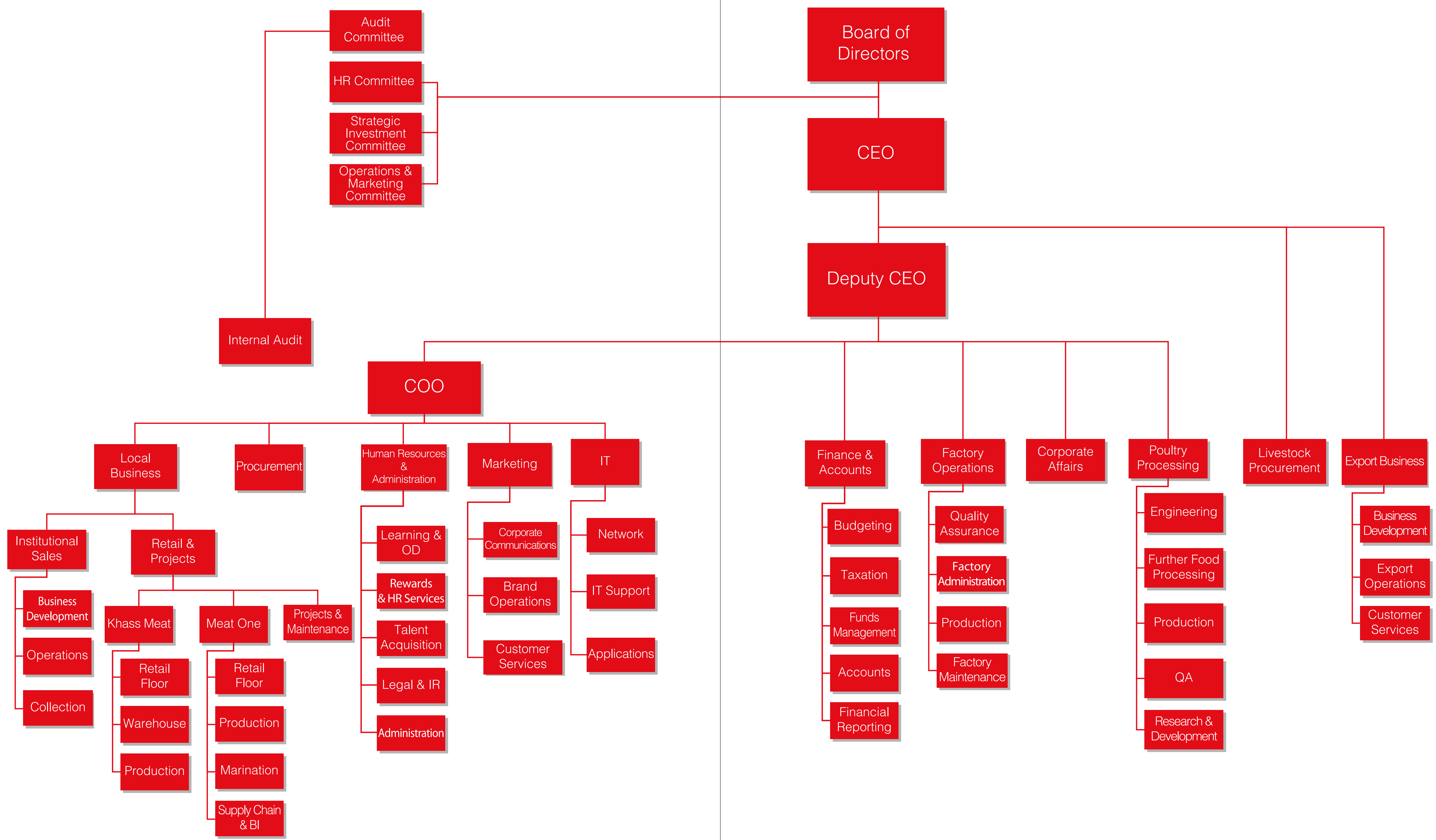
The present auditor M/s. EY Ford Rhodes, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

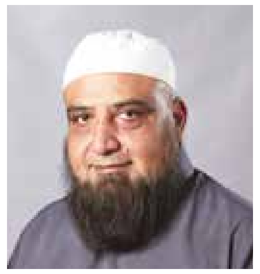
Acknowledgment

The board is thankful to valuable members and bankers for their trust and continued support to the company. The board would also like to place on record its appreciation to all employees of the company for their dedication, diligence and hard work.

Noorur Rahman Abid
Chairman

Management Team


Board of Directors
Audit Committee
HR Committee
Strategic Investment Committee
Operations & Marketing Committee
Internal Audit
CEO
Deputy CEO
COO
Local Business
Institutional Sales
Business Development
Operations
Collection
Retail & Projects
Khass Meat
Retail Floor
Warehouse
Production
Meat One
Retail Floor
Production
Marination
Supply Chain & BI
Projects & Maintenance
Procurement
Human Resources & Administration
Learning & OD
Rewards & HR Services
Talent Acquisition
Legal & IR
Administration
Marketing
Corporate Communications
Brand Operations
Customer Services
IT
Network
IT Support
Applications
Finance & Accounts
Budgeting
Taxation
Funds Management
Accounts
Financial Reporting
Factory Operations
Quality Assurance
Factory Administration
Production
Factory Maintenance
Corporate Affairs
Poultry Processing
Engineering
Further Food Processing
Production
QA
Research & Development
Livestock Procurement
Export Business
Business Development
Export Operations
Customer Services



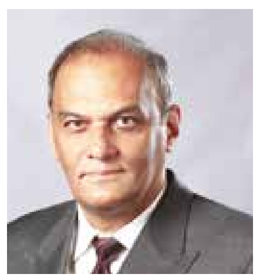
Kamran Khalili
Chief Executive Officer

Kamran Khalili is the CEO of Al Shaheer Corporation Ltd. It was his vision to establish a Halal meat processing company. Kamran Khalili took the initiative and started Al Shaheer Corporation from scratch, playing a pivotal role in the company's growth.

Prior to Al Shaheer, Kamran was a member of the Karachi Stock Exchange for around 10 years and CEO of Fortune Securities (Pvt.) Ltd. He has also worked as an Investment Banker in Muslim Commercial Bank, Pakistan.

After receiving an encouraging response from exports, Kamran expanded his vision to provide export quality meat products in the local market as well. In accomplishment of this vision, he took the initiative to introduce a concept meat shop in the local market, Meat One.

Kamran Khalili is an MBA.



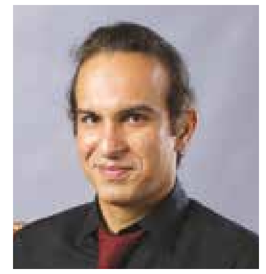
Rizwan Jamil
Deputy Chief Executive Officer

Rizwan is a change catalyst and enjoys a track record of having effectively turned around businesses under pressure. He has been instrumental in bringing about organizational and cultural changes in the companies he has worked in, improving speed & effectiveness.

His initial schooling was at St. Patrick's and Karachi Grammar Schools. He completed his MBA in 1985 from the Institute of Business Administration, Karachi University.
22 years with Unilever, Rizwan has gathered a rich experience of Marketing, Sales and Business Management across a large number of business categories. In his last six years at Unilever, he was Head of the Tea Business Unit.

Rizwan later joined Lafarge Pakistan, a subsidiary of the Paris based MNC, global leaders in construction materials. He worked there for over 6 years heading Business Strategy, Innovation & Marketing.

A past Chairman of Pakistan Advertisers Society (PAS), Rizwan has been on the PAS Advertising Awards jury since its inception.



Khan Kashif Khan
Chief Operating Officer

Khan Kashif Khan is the COO of the organization. He serves the company's Human Resource, Marketing, Retail, Institutional sales, Information Technology, Security and Administration functions. His 22 years of work experience span across global iconic brands and organizations including Royal Dutch Shell, Unilever, British American Tobacco, Cable & Wireless (now part of Vodafone) and Citigroup. His international assignments cover Saudi Arabia, Malaysia and Sri Lanka. A truly motivated sustainable leader, he has done pioneering work in Retail Media, HoReCa, Modern & Traditional Trade and Sustainable Business Initiatives. In his last assignment as Country Market Manager & Chief Marketing Officer for Shell lubricants in KSA, he led his team to deliver record growth, also managing an acquisition, and organically growing B2B & B2C brands.

Kashif is a certified trainer from Earthwatch and UNESCO in Business Planning for World Heritage and has volunteered on environmental projects for the Borneo Rainforest in Malaysia, The Sunderbans in Bangladesh and Jizera Mountains in the Czech Republic. He is a senior member of the Chief Marketing Officers Council Worldwide, and Advisory Board Member of Finsurgents PTE. LTD, Singapore.

Maryam Ali
Chief Financial Officer

Maryam Ali is the Chief Financial Officer of Al Shaheer Corporation. She is a qualified Chartered Accountant and member of the Institute of Chartered Accountants of Pakistan (ICAP). She possesses extensive experience of over 7 years in the field of financial and management accounting, reporting and audit.

Maryam started her career in 2009 with A.F. Ferguson & Co. where she led statutory audits, interim reviews and other assurance engagements for various private, listed and multinational companies. She is associated with Al Shaheer since 2012.

Osama Javed Usmani

Head of HR & Admin

Osama Javed Usmani is the Head of Human Resource in Al Shaheer Corporation Ltd. Prior to this, he worked as Group Head - Human Resource for Pak-Qatar Takaful Group, where he established organization's structure, HR policies & procedures and implemented SAP – HCM.

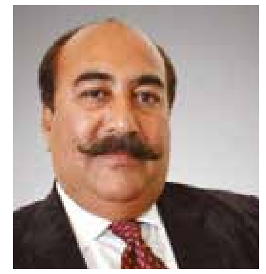
He also worked in TimeLenders, a management consultancy firm, where he gained the experience of Training and Event Management, and attended a number of world renowned training programs related to Leadership, Strategic Visions, etc. Further, he has the experience of working with local and multinational Logistics solution providers, where he looked after business development and strategies. Mr. Osama completed his MBA from IBA in 2005. He is also a certified Neuro-Linguistic Programming Practitioner.

Adnan Hussain

Head of Retail

Adnan is currently engaged with the company as Assistant General Manager – Retail Operations & Marketing. He did his MBA in Marketing from IBA in 2002 and he was associated with Brand Brigade as COO. He brings in rich experience of working with Procter & Gamble mostly in sales. He has also played a part in launching of Warid Telecom.

He is a seasoned sales professional with experience across industries and portfolios. Having worked in different industries, he has been instrumental in new business launches and category turnarounds from Service to FMCG, from consumer essentials to luxury brands.



Shahnawaz Akber Ansari

Senior Manager – Factory

Shahnawaz looks after the factory of Al Shaheer Corporation Ltd. Prior to joining the Company, he has worked in various concerns in Administration, Production and Procurement, for a period accumulating to 20 years. He has been with Al Shaheer since its inception where he started his career as Procurement Manager.

Mohammed Ashraf

Company Secretary

Ashraf has joined Al Shaheer Corporation as Company Secretary. He looks after company's Corporate Affairs and enlisting of the organization as Public Limited company. Ashraf is qualified from Association of Certified Chartered Accountant (ACCA).

Ashraf has professional exposure of more than 20 years as Company Secretary, CFO and Tax Advisor in different foreign & local concerns across Middle East and North Africa (MENA Region) and Pakistan.

Adnan Budhani

Head of Poultry Project

Adnan Budhani looks after the upcoming Poultry/Further Processing project. He is engaged with the company since its early days and is part of the team that launched Meat One in 2010. Prior to the current assignment, Adnan was heading Meat One Retail business till Dec. 2015. He was also responsible for the launch of Khaas Meat in 2014.

Adnan is an MBA from Lahore University of Management Sciences (LUMS) and is also a Candidate for CFA level III examination. Prior to MBA, Adnan worked in TPS Pakistan (Pvt.) Ltd., as Software consultant. He did his graduation from NUCES-FAST in the faculty of Computer Science.

Syed Namood Ali Qabil

Head of Institutional Sales

Namood is heading the company's Institutional Sales department. An IBA post graduate who brings with him more than 13 years of rich and diversified experience from different sectors including media, telecom, and FMCG.

Prior to joining Al Shaheer Corporation in 2011, Mr. Namood worked with Aaj TV, Mobilink, and Habib Oil Mills, within marketing functions. In addition to this, he also has experience working for advertising and brand activation agencies like Bulls Eye and National Marketing Services, under various capacities.

Shoaib Saleem

Head of IT & Systems

Shoaib is currently heading IT & Systems department of the company. He holds a Masters Degree in Computer Sciences. Mr. Shoaib was previously associated with Addvantum Innovative Technologies and was deputed to Royal Saudi Air force as Project Manager.

Shoaib has almost 13 years of experience in Information Technologies & Systems in different positions. He has handled different Projects from ERP implementations to in-house Software Development and Building Database infrastructure at CDC, KASB Bank, Ora-Tech Systems and Venus Distributors.

Business Operations

Meat One, the pioneer in structured meat retailing, commenced operations in August 2010 by providing its consumers with a healthy and hygienic meat option. All starting from one shop at Shamsheer, now Meat One's retail foot print is across Pakistan from Karachi to Islamabad, including Hyderabad, Lahore, and Rawalpindi. Our commitment is to provide hygienic and healthy standard of meat to all our consumers through vast coverage of our flagship, small stores and shop-in-shops present in Local Modern trade and International modern trade channels. Meat One is proud to be working with Shaheen chemist, D Watson, Shell Pakistan and other Trade channels to provide its consumers with convenient access to quality meat.

Al Shaheer Corporation Ltd. is the country's top meat exporter to most of the GCC countries. With export quality meat and high class hygiene standards, Meat One provides its consumers with healthy, Halal and safe meat.

Meat One, through its value supply chain ensures that only the best and fit for consumption meat reaches its retail outlets. Handled within hygienic parameters, the retail staff delivers it to the consumers. Throughout this time, that is from Slaughter house to retail shelf, the meat is kept at 0 – 4 degree Celsius so that it remains fresh and not frozen when it reaches our consumers. This helps not only preserve the meat but enriches the taste and keeps the nutrition locked in.

Brand Promise

Meat One commits to provide its consumers pure Halal meat with no contaminants, no injections and no antimicrobials. Only fresh and hygienic product are supplied with complete honesty and integrity.

Following categories are marketed under the Meat One banner:

Category

1. Mutton
2. Beef
3. Chicken
4. Fish
5. Marinated items

Current Shop Distribution

Meat One is present in 4 cities with 32 outlets in all formats; flagship stores, small retail stores and shop-in-shops in LMTs and IMTs. Meat One maintains the same standard in product quality and hygiene everywhere.

Delivery

As a pioneer in the organized meat industry, we take it upon ourselves to provide our clientele with the best of our products and services by adding the prime value of home delivery. An ideal hassle free delivery service not only contributes to the convenience of our consumers but also follows an effective timely response meeting all goals keeping every façade of our business model satisfied. We are currently providing free delivery service from our outlets. Everyone can connect with us for delivery services at 11-11-6328-1 in all cities where we oprate.

Institutional Sales

The Institutional Sales unit formally started operations in January 2014 with the objective of catering exclusively to the needs of bulk consumers, mainly HORECA and offices/institutions, providing high quality meat tailored to the requirements of the consumers. Having a separate, focused sales team, the unit now caters to a large consumer base in Karachi and Lahore, with its dedicated butcheries in the two cities.

Al Shaheer Corporation has developed a strong clientele of renowned restaurants, hospitals, burger joints and catering services in both cities. The Company also won the tendered business of Pakistan Air Force in southern region in 2015-16 and 2016-17. With an ambition to develop a wider client base, serving best quality meat, plans are to expand these services to Rawalpindi and Islamabad in 2nd quarter 2016-17.

Partners in Healthy Eating

Our export-quality meat products are sold to our corporate and institutional clientele at affordable and competitive rates.

Major clients:

Abbott		AMRELI STEELS	tbs	Tetra Pak	KARACHI CLUB
PACKAGES Limited	arena	Domino's Pizza	DHL	SHAHEEN AIR	PIZZA POINT
Pizza Hut	Getz pharma	Macter		PATEL HOSPITAL	Dalda
The Sauce	NIMCO	TCS	BIGTHICK burgerZ	Pompei	Koffie Chalet
	Atlas Honda	BURGER LAB	Barcelos	Nando's	

Khaas Meat was launched in February 2014 as the second brand of Al Shaheer Corporation Ltd. It is an upgrade to the existing market butcher shops providing high quality Beef, Mutton and Chicken under one roof in a clean and hygienic environment. It caters to SEC B & C through 18 outlets spread across Karachi, Lahore, Rawalpindi and Gujranwala.

Brand Promise

Khaas Meat has been serving the market for the past 2 years now. Animals are sourced from across the country and our vets ensure that they are safe and healthy to be consumed after thorough testing in our microbiological labs. These animals are slaughtered in a Halal way and are further checked to ensure that the health of the animals is complying with international meat standards. Then the meat is transported to our retail outlets.

Category

1. Beef
2. Mutton
3. Chicken

Current Shop Distribution

Khaas is present in 4 cities, Karachi, Lahore, Rawalpindi and Gujranwala. Khaas operates through standalone outlets and through CSD shop-in-shops stores.

Export

Al Shaheer Corporation is a market leader in Pakistan's burgeoning meat industry. Established in 2008 with a vision to become a global leader in the Halal food sector, we have grown from humble beginnings into a company that occupies a leading position as a fresh meat exporter and retailer in Pakistan.

Responding to increased consumer demand for Halal meat products, Al Shaheer serves a wide range of consumers, both internationally and domestically. We export fresh beef and mutton to some of the largest distributors in the Middle East and operate a nationwide network of meat shops, retailing fresh beef, mutton, poultry and marinated products of the highest quality that consumers know and trust.

From a small partnership to a national corporation, we stand committed to serve the needs of our consumers and exceed their expectations.

Factory

Our state-of-the-art abattoir is situated on the outskirts of Pakistan's largest city of Karachi. It is strategically situated with access to international trade routes via the country's largest airport and sea port. The abattoir, which is one of the most modern of its kind in Pakistan, is certified to export to some of the largest regional markets around the globe and qualifies as a high throughput facility with a daily slaughtering capacity of 800 cattle and 1000 mutton.

Value Supply Chain

From sparkling, air-conditioned stores that eliminate the risk of meat going bad on the shelves, to a closely-monitored supply chain, Al Shaheer Corporation Ltd., is rapidly changing meat shopping in Pakistan, transforming the once-dreaded experience of visiting the butcher into a comfortable, hygienic experience.

We take care to ensure only the best, export-quality meat makes it to the consumer's table. Before the Halal slaughtering of the meat, it is ensured that all animals are examined by veterinarians and are thoroughly cleaned. The meat is examined once again after slaughter, to ensure that only the freshest and healthiest meat make it to the stores. All our outlets are based on international hygiene standards, with a state-of-the-art abattoir in Karachi receiving a HACCP (Hazard Analysis and Critical Control Points) certification. Indeed, even in transport, every step is taken to ensure the quality of the meat is not compromised. A special fleet of chilled trucks transports all meat to our retail outlets, in all the cities we operate in, keeping it fresh in controlled temperature, but never frozen so it retains the nutrition and reaches the consumer in best way possible, as fresh as it could get.

PROCUREMENT OF LIVESTOCK

Ensure truck hygiene standards before loading & the animals are taken care of during transportation

RECEIVING OF LIVESTOCK

Ensuring hygienic standards of animal receiving areas

Antemortem inspection at receiving by Vetenarian Officer (VO) & Shariah compliance inspection by Shariah Compliance Officer (SCO)

TAGGING & HOLDING OF LIVESTOCK

Microbiological testing of animal feed and water reservoirs

Antemortem inspection before slaughtering by VO & Shariah compliance inspection by SCO

HALAL SLAUGHTERING

Microbiological testing of animal contact surfaces, knifes, worker's hand swabs and slaughtering areas

Halal slaughtering monitored by Shariah compliance officer by SCO & sanitization practices inspected by quality control officer (QCO)

PACKAGING FOR RETAIL OUTLETS

Ensure hygiene standrads of processing area

Postmortem inspection by VO & sensory evaluation of meat by quality control officer (QCO)

CHILLING & PACKING

Microbiological testing of chilled meat and chillers

Temperature monitoring & physical inspection of meat by QCO & SCO

Corporate Governance

Stakeholder Interests

Al Shaheer Corporation Ltd. is pursuing to adopt the best corporate governance practices to maintain the proper balance in allocation of rights, powers, duties and responsibilities among managers, the Board of Directors and shareholders.

The foremost objective of our business is to create economic and social value for our stakeholders. The extended support of our stakeholders towards our growth and existence is valuable for the Company. We cannot hold our purpose without input from the stakeholders.

Shareholders

Safeguarding our shareholders' interest is our prime responsibility. Our shareholders' interest revolves around good returns, profitability, growth and regulatory compliances. We respond to our shareholders' expectations through improvement in business mechanics, effective governance and corporate reporting framework. Annual General Meetings and statutory reporting are the most effective means of our engagement with our shareholders. Support of shareholders is critical in achieving the Company objectives.

Investor Relations

The Company has a policy which sets out the principles in providing the shareholders and prospective investors with necessary information to make well informed investment decisions and to ensure a level playing field.

To keep transparency in the relation between the Company and its shareholders, the website of Al Shaheer Corporation Ltd. contains all the major financial information needed for investors' decision making in a separate tab of "Investor Relations" (http://www.alshaheer.net/investor-relations/).

Consumers and Suppliers

Sustaining and developing long term relationships with our consumers and suppliers forms the key of our business success. Our sales and marketing team remain in close contact with our stakeholders to resolve issues on a priority basis. We continue to engage with our consumers and suppliers through meetings, market visits and communications.

Our supply chain management team is in continuous contact with suppliers and vendors to resolve all queries for on time deliveries of livestock and other supplies. Cooperation of our suppliers gives us an extra edge over our competitors.

Banks and other Lenders

We value our relationship with our financial partners and lenders. Periodic briefings, quarterly financial reporting, Head Office and factory visits are the main means for our engagement with this category of stakeholders.

Regulators

Our commitment to compliance with laws and regulations is evident from our Corporate team's continued efforts for efficient and effective legal and regulatory obedience. The engagement includes submission of periodic reports, responding to enquiries and meetings as and when required. Active engagement with regulators improves level of compliance.

Employees

Our company has extensive employee engagement schemes in place. The employees' issues revolve around work life balance, training and development and rewards. Employee meetings are on regular intervals in the form of quarterly town halls, celebrating sports day and team building activities. Employee engagement improves the level of dedication and hard work.

Media

Ads and campaigns are launched in media based on marketing requirements. Interaction with media improves the brand image of the company.

Board of Directors

The Board of Directors consists of qualified individuals possessing knowledge, experience and skills in various professions, with the leadership and vision to provide oversight to the company. The Board is assisted by two Committees, namely the Audit Committee and the Human Resource Committee, to support its decision-making in their respective domains:

Audit Committee

Mr. Muhammed Amin	Chairman
Mr. Muhammad Ali	Member
Mr. Noorur Rahman Abid	Member

The Audit Committee comprises of two Non-Executive and one Independent Non-Executive Director. The members of the audit committee possess relevant financial expertise and experience. The Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Internal Auditor (CIA) and the external auditor attend Audit Committee meetings by invitation. The Audit Committee also separately meets the Chief Internal Auditor (CIA) and external auditor at least once a year without the presence of the Management.

Meetings of the Audit Committee are held at least once every quarter. The Committee reviews the annual financial statements in the presence of external auditor. The recommendations of the Audit Committee are then submitted for approval of financial results of the Company by the Board. During the year 2015-16, the Audit Committee held four (4) meetings. The minutes of the meetings of the Audit Committee are provided to all the members, Directors and the Chief Financial Officer. The Chief Internal Auditor will attend the Audit Committee meetings regularly and meets the Audit Committee without the presence of the Management, at least once a year, to point out various risks, their intensity and suggestions for mitigating risks and improvement areas. The business risks identified are then referred to the respective departments and mitigating actions are then implemented.

Human Resource Committee

Ms. Rukhsana Asghar	Chairperson
Mr. Noorur Rahman Abid	Member

The Human Resource Committee (HRC) comprises of two members. Both the Chairman and the member are Non-Executive Directors. Meetings are conducted at such frequency as the Chairman may determine. The minutes of the meetings of the HRC meeting are provided to all members and Directors. The Committee held one (1) meeting during the year.

Offices of the Chairman & CEO

Being a corporate governance compliant company, Al Shaheer Corporation Ltd. designates separate persons for the positions of the Chairman of the Board of Directors and the office of the Chief Executive with clear division of roles and responsibility.

Roles of the Chairman & CEO

The Chairman and the Chief Executive have separate and distinct roles. The Chairman has all the powers vested under the Code of Corporate Governance and presides over Board meetings. The Chief Executive performs his duties under the powers vested by the law and the Board and recommends and implements the business plans and is responsible for overall control and operation of the company.

Directors' Orientation and Training

All the Directors of the Company are well experienced and have diverse backgrounds. At the time of induction of any new director, he or she is given proper orientation about the operations of the Company and his/her fiduciary responsibilities. Six Directors of the Company are also certified under the Directors Training Program offered by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Business Administration (IBA).

Evaluation of Board Performance

Board Evaluation Mechanism facilitates the Board of Directors to evaluate and assess its performance for providing strategic leadership and oversight to the management. Accordingly, procedures are being developed based on emerging and leading practices to assist in the self-assessment of individual directors and the full Board's performance.

Report of the Audit Committee

Meetings of the Audit Committee are held at least once every quarter. Four meetings of the Audit Committee were held during the year 2015-2016. Based on reviews and discussions in these meetings, the Audit Committee reports that:

- The Company has adhered, without any material departure, with both the mandatory and voluntary provisions of the Stock Exchanges of Pakistan, Code of Corporate Governance, Company's code of conduct and values and the best practices of governance throughout the year.

- The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the auditors of the Company.

- The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.

- Appropriate accounting policies have been consistently applied. Applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate for shareholder needs.

- The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984, and applicable International Accounting Standards and International Financial Reporting Standards notified by SECP.

- The Chief Executive Officer and the Chief Financial Officer have signed the financial statements of the Company. They acknowledge their responsibility for the true and fair presentation of the financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishment and maintenance of sound internal control system of the Company.

- The Audit Committee has reviewed and approved all related party transactions.

- The Company's system of internal control is sound in design and is continually evaluated for effectiveness and adequacy.

- For appraisal of internal controls and monitoring compliance, the Company has in place an Internal Audit department. The Audit Committee reviewed the resources of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function.

- The Audit Committee on the basis of the internal audit reports reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management responses. This has ensured the continual evaluation of controls and improved compliance.

- Head of Internal Audit Department has direct access to the Audit Committee.

- The external auditor M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants were allowed direct access to the Audit Committee and necessary coordination with internal auditors was ensured. Major findings arising from audits and any matters that the external auditor wished to highlight were freely discussed with them.

Muhammed Amin
Chairman – Audit Committee
Dated: 21st September 2016

Statement of Compliance
With the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations No. 35 Chapter XI of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

- The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the board includes:

Independent Directors	Mr. Noorur Rahman Abid Mr. Muhammad Ali Ms. Rukhsana Asghar Mr. Muhammad Qaysar Alam
Non-Executive Directors	Mr. Muhammed Amin Mr. Naveed Godil
Executive Directors	Mr. Kamran Ahmed Khalili (CEO) Mr. Rizwan Jamil

  The independent directors meet the criteria of independence under clause i (b) of the Code of Corporate Governance.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

- All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

- Mr. Muhammed Amin was co-opted on 10th April, 2016 against a casual vacancy.

- The company has prepared a "Code of Conduct" the scope of which will be further extended to cover all areas. It will be ensured that appropriate steps are taken to disseminate it throughout the company along with its supporting policies and procedures.

- The board has approved a Corporate Vision and Mission and the overall Corporate strategy. Operating policies are being updated and complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

- The meetings of the Board were presided over by the Chairman who is an independent non-executive director. The board met at least once every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

- The Directors of Al Shaheer Corporation Ltd. are professionally qualified and experienced persons and are well aware of their duties and their responsibilities. Six Directors of the Company are also certified under the Directors Training Program offered by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Business Administration (IBA).

- The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

- The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.

- The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

- The Directors, CEO and Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

- The company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.

- The board has formed an Audit Committee. It comprises of three members who are non-executive directors. The Chairman of the committee is an independent director.

- The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

- The board has formed an HR Committee. It comprises of two members, the Chairman is a Non-Executive Director and one member who is an Executive Director.

- The board has set up an effective internal audit function.

- The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

- The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

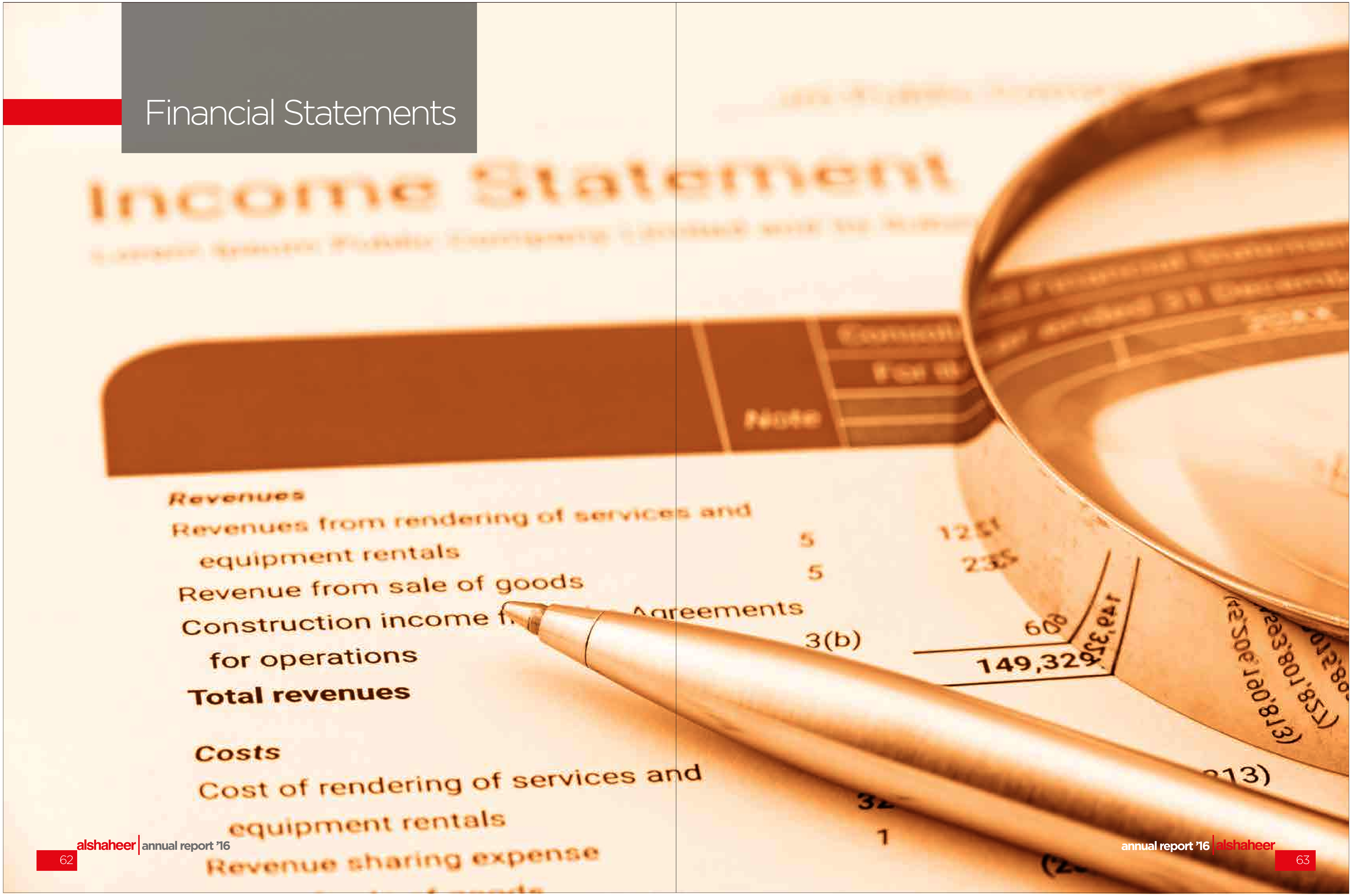
- The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

- Material/price sensitive information has been disseminated among all market participants through the stock exchange.

- We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.

Noorur Rahman Abid
Chairman – Board of Directors
Dated: 22nd September 2016

Financial Statements



Standalone Financial Statements 2016

Auditor's Report to the Members

We have audited the annexed balance sheet of **Al Shaheer Corporation Limited** (the Company) as at **30 June 2016** and the related profit and loss account, statement of comprehensive income, 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 conduct 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, except for the changes as stated in note 3.2 to the accompanying financial statement with which we concur;

   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, statement of comprehensive income, 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 **30 June 2016** and of the profit, its comprehensive, 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 (XVIII of 1980).

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Karachi

Dated: September 22, 2016

Name of the Engagement Partner: Shariq Ali Zaidi

Balance Sheet

AS AT 30 JUNE 2016

	Note	2016	2015
		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**2,581,434,386**	1,142,070,716
Intangible assets	5	**3,838,634**	2,736,336
		2,585,273,020	1,144,807,052
Long-term investment	6	**55,700,000**	35,700,000
Long-term deposit	7	**-**	13,400,000
Deferred tax asset	8	**129,077,978**	51,616,979
		2,770,050,998	1,245,524,031
CURRENT ASSETS			
Fuel and lubricants		**602,655**	3,441,275
Stock-in-trade	9	**167,654,709**	31,179,079
Trade debts	10	**1,096,688,030**	527,345,804
Loans and advances	11	**421,593,833**	543,640,769
Trade deposits and short-term prepayments	12	**22,300,341**	21,500,540
Short-term investments	13	**215,892,784**	-
Other receivables	14	**179,502,500**	161,786,886
Taxation - net		**76,224,622**	28,428,346
Cash and bank balances	15	**25,064,036**	1,812,348,955
		2,205,523,510	3,129,671,654
TOTAL ASSETS		**4,975,574,508**	4,375,195,685
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2015: 150,000,000) ordinary shares of Rs. 10/- each		**1,500,000,000**	1,500,000,000
Issued, subscribed and paid-up capital	16	**1,235,803,710**	665,410,160
Share premium account		**1,693,075,947**	-
Unappropriated profit		**698,586,419**	285,557,861
Total equity		**3,627,466,076**	950,968,021
Advance against issue of shares		**-**	1,781,250,000
Surplus on revaluation of fixed assets	17	**197,077,671**	216,302,218
NON-CURRENT LIABILITIES			
Long-term financing	18	**29,551,867**	36,072,965
Deferred liabilities	19	**28,297,298**	18,054,095
		57,849,165	54,127,060
CURRENT LIABILITIES			
Trade and other payables	20	**1,048,751,131**	1,262,666,924
Accrued mark-up	21	**3,677,596**	16,912,936
Current portion of long-term financing	18	**33,188,576**	77,684,637
Due to a related party	22	**7,564,293**	15,283,889
		1,093,181,596	1,372,548,386
TOTAL EQUITY AND LIABILITIES		**4,975,574,508**	4,375,195,685
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive

Director

Profit and Loss Account

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		(Rupees)	
Turnover - net	24	**6,895,579,685**	4,984,751,918
Cost of sales	25	**(5,803,805,005)**	(4,164,378,091)
Gross profit		**1,091,774,680**	820,373,827
Administrative and distribution costs	26	**(739,560,314)**	(543,977,296)
Other operating expenses	27	**(26,045,867)**	(33,584,018)
		(765,606,181)	(577,561,314)
Operating profit		**326,168,499**	242,812,513
Other income	28	**69,638,031**	19,871,798
Finance costs	29	**(53,866,886)**	(95,251,840)
Profit before taxation		**341,939,644**	167,432,471
Taxation	30	**22,637,488**	29,453,060
Profit for the year		**364,577,132**	196,885,531
Earnings per share – Basic	31	**3.03**	2.41
Earnings per share – Diluted	31	**2.95**	2.19

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive

Director

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		(Rupees)	
Profit for the year		**364,577,132**	196,885,531
Other comprehensive income:			
Other comprehensive income not to be reclassified to profit and loss account in subsequent years			
Remeasurement (loss) / gain on defined benefit plan	19.1.2	**(10,058,428)**	184,960
Income tax effect		**2,164,109**	(59,187)
Other comprehensive (loss) / income for the year, net of tax		**(7,894,319)**	125,773
Total comprehensive income for the year		**356,682,813**	197,011,304

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive

Director

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**341,939,644**	167,432,471
Adjustments for:			
Depreciation	4.2	**71,191,631**	87,659,400
Amortisation	5	**859,305**	1,287,879
Provision for defined benefit plan - gratuity	19.1.3	**8,454,075**	7,354,685
Workers' Profits Participation Fund (WPPF)	27	**18,364,106**	8,048,661
Workers' Welfare Fund	27	**6,978,360**	3,058,491
Reversal of provision for doubtful debts	28	**(22,476,866)**	22,476,866
Gain on disposal of property, plant and equipment	28	**(11,852,451)**	(188,590)
Gain on remeasurement of short-term investments	28	**(8,396,419)**	-
Gain on disposal of short-term investments	28	**(3,229,789)**	-
Finance costs	29	**53,866,886**	95,251,840
		113,758,838	224,949,232
Operating profit before working capital changes		**455,698,482**	392,381,703
Decrease / (increase) in current assets:			
Fuels and lubricants		**2,838,620**	2,758,863
Stock-in-trade		**(136,475,630)**	9,622,124
Trade debts		**(546,865,360)**	(48,292,154)
Loans and advances		**122,046,937**	(413,378,288)
Trade deposits and short-term prepayments		**(799,801)**	(1,398,422)
Other receivables		**(17,715,614)**	(135,804,496)
		(576,970,848)	(586,492,373)
(Decrease) / increase in current liabilities:			
Trade and other payables		**(228,741,528)**	535,486,683
Due to a related party		**(7,719,597)**	(77,238,653)
		(236,461,124)	458,248,030
Cash flows (used in) / from operations		**(357,733,490)**	264,137,360
Long-term deposit - net		**13,400,000**	(13,400,000)
Taxes paid		**(93,163,910)**	(48,749,876)
Gratuity paid	19.1.2	**(8,269,300)**	(2,321,180)
WPPF paid	20.6	**(10,516,731)**	(11,261,709)
Net cash flows (used in) / from operating activities		**(456,283,431)**	188,404,595
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
- operating fixed assets - net of transfer from capital work-in-progress	4.1	**(386,120,697)**	(50,082,464)
- capital work-in-progress	4.3.1	**(1,161,104,353)**	(66,720,687)
- intangible assets	5	**(1,961,603)**	(1,402,547)
Sale proceeds from disposal of property, plant and equipment	4.4	**48,522,200**	3,376,150
Investment made in Subsidiary Company	6	**(20,000,000)**	(35,700,000)
Short-term investments - net		**(204,266,576)**	-
Net cash flows used in investing activities		**(1,724,931,029)**	(150,529,548)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**593,750,000**	349,594,108
Advance against issue of shares - net		**-**	1,569,779,321
Share issue costs paid		**(81,701,074)**	(40,054,283)
Long-term financing - net		**(51,017,159)**	(27,575,734)
Finance costs paid		**(67,102,226)**	(94,109,431)
Net cash flows from financing activities		**393,929,541**	1,757,633,981
Net (decrease) / increase in cash and cash equivalents		**(1,787,284,919)**	1,795,509,028
Cash and cash equivalents at the beginning of the year		**1,812,348,955**	16,839,927
Cash and cash equivalents at the end of the year	15	**25,064,036**	1,812,348,955
Cash and cash equivalents			
Cash and bank balances	15	**25,064,036**	1,812,348,955

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive

Director

Statement of Changes In Equity

AS AT 30 JUNE 2016

	Issued, subscribed and paid-up capital	Capital reserves Share premium account	Revevue reserves Unappropriated profit	Total
	(Rupees)			
As at 01 July 2014	260,015,000	-	155,959,348	415,974,348
Profit for the year	-	-	196,885,531	196,885,531
Other comprehensive income for the year, net of tax	-	-	125,773	125,773
Total comprehensive income for the year	-	-	197,011,304	197,011,304
Issue of right shares (note 16.1)				
- 2,745,759 shares at premium of Rs. 59.23 per share	27,457,590	162,631,306	-	190,088,896
- 2,193,416 shares at premium of Rs. 62.72 per share	21,934,160	137,571,052	-	159,505,212
	49,391,750	300,202,358	-	349,594,108
Issue of 35,600,341 bonus shares at 115.06% (note 16.3)	356,003,410	(300,202,358)	(55,801,052)	-
Surplus on revaluation of fixed assets realised on account of incremental depreciation charged on related assets, net of deferred tax	-	-	25,509,459	25,509,459
Share issuance cost, net of deferred tax	-	-	(37,121,198)	(37,121,198)
As at 30 June 2015	**665,410,160**	**-**	**285,557,861**	**950,968,021**
Profit for the year	-	-	364,577,132	364,577,132
Other comprehensive income for the year, net of tax	-	-	(7,894,319)	(7,894,319)
Total comprehensive income for the year	-	-	356,682,813	356,682,813
Issue of 25,000,000 ordinary shares at premium of Rs.85 per share (notes 1.2 & 16.1)	250,000,000	2,125,000,000	-	2,375,000,000
Issue of 32,039,355 bonus shares at 35% (note 16.3)	320,393,550	(320,393,550)	-	-
Surplus on revaluation of fixed assets realised on account of incremental depreciation charged on related assets, net of deferred tax	-	-	19,224,547	19,224,547
Share issuance cost, net of deferred tax	-	(74,409,305)	-	(74,409,305)
Transfer of share issuance cost, net of deferred tax	-	(37,121,198)	37,121,198	-
As at 30 June 2016	**1,235,803,710**	**1,693,075,947**	**698,586,419**	**3,627,466,076**

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive

Director

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

1. THE COMPANY AND ITS OPERATIONS

1.1 Al Shaheer Corporation Limited (the Company) was incorporated as a private limited company in Pakistan on 30 June 2012 under the Companies Ordinance, 1984. The Company was formed as result of amalgamation of two firms having common partners namely, 'Al Shaheer Corporation' and 'MeatOne', which stands as merged on 30 June 2012 and the Company commenced its operations from 01 July 2012 by continuing homogenous line of business of said firms. In 2015, the Company changed its status from private limited company to public company and accordingly the name of the Company changed to Al Shaheer Corporation Limited. The registered office of the Company is situated at Suite No. G/5/5, 3rd floor, Mansoor Tower, Block-8, Shahrah-e-Roomi, Clifton, Karachi. The Company is engaged in trading of different kinds of Halal meat including goat, cow, chicken and fish, both for local and export sales through chain of retail stores.

1.2 On 24 August 2015, the Company enlisted on Pakistan Stock Exchange Limited through issue of 25 million ordinary shares of Rs. 10/- each. Out of the total issue of 25 million ordinary shares, 18.750 million ordinary shares have been subscribed through book building process by high net worth individuals and institutional investors and 6.250 million ordinary shares have been subscribed by the general public through initial public offering.

1.3 As of balance sheet date, the Company owns 51% ordinary shares in Al Shaheer Farms (Private) Limited (the Subsidiary Company).

1.4 These financial statements are the separate financial statements of the Company in which the investment in the Subsidiary Company has been accounted at cost less accumulated impairment losses, if any.

2. 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 (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention except for certain classes of property, plant and equipment (i.e. freehold land, buildings, plant and machinery, furniture and fixture, office equipment, tools and equipment) which have been measured at revalued amounts, defined benefit plan carried at present value and short-term investments at fair value.

3.2 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New and Revised Standards

The Company has adopted the following new and revised standards to IFRSs which became effective for the current year:

IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint Arrangements
IFRS 12 – Disclosure of Interests in Other Entities
IFRS 13 – Fair Value Measurement
IAS 27 (Revised 2011) – Separate Financial Statements
IAS 28 (Revised) – Investment in associates and joint ventures
The adoption of the above standards did not have any material effect on these financial statements.

3.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Judgments, estimates and assumptions are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, the management has made the following judgments, estimates and assumptions which are significant to the financial statements:

Property, plant and equipment and intangible assets

The Company reviews the appropriateness of the rate of depreciation / amortisation, depreciation / amortisation method, useful life and residual value used in the calculation of depreciation / amortisation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in estimates in future might affect the carrying amount of respective classes of property, plant and equipment and intangible assets, with a corresponding effect on the depreciation / amortisation charge and impairment.

During the year, the Company has reviewed the residual value, useful life and depreciation method of property, plant and equipment. For this purpose, the Company also obtained technical services from an independent valuer. As a result, the following changes have been made in the estimates:

- the useful life of plant and machinery have changed from 5 to 20 years.
- depreciation method of property, plant and equipment is changed from straight line method to reducing balance method to reflect the expected pattern of consumption of the future economic benefits embodied in the asset.
- residual values of property, plant and equipment.

Surplus on revaluation of fixed assets

The Company reviews the appropriateness of the revaluation of fixed assets (carried at revalued amounts) periodically for the purpose of ensuring that the carrying amount of the same does not differ materially from its fair value. In making this assessment, the Company uses the technical resources available with the Company. The revaluation exercise is carried out by independent professional valuers using various significant assumptions. Any change in assessment in future might affect the carrying amount of respective classes of fixed assets, with corresponding effect on surplus on revaluation of fixed assets.

Provision for doubtful debts and other receivables

The Company reviews its doubtful trade debts and other receivable at each reporting date to assess whether provision for impairment is required. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

Purchases

The management of the Company considers that it procures only the meat and other items saleable in the ordinary course of business at a net price adjusted for residues. Owing to the nature of the industry in which the Company operates, it facilitates its suppliers in disposing off such materials. The Company accordingly procures only the meat at a price discounted against such facilitation / disposals i.e. purchase cost of meat net of proceeds from sale of residues and skin etc., in these financial statements. The management is also of the view that it does not carry the risks and rewards related to such by-products which actually relate

to the suppliers and not the Company. With regard to the own purchases of livestock, the Company considers recovery against these residues to be an ancillary activity and not a sale in ordinary course of business.

Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. With regard to deferred tax, the Company applies various assumptions on future projections and applicability of different tax regime, as well as recoverability of various deferred tax asset.

Post retirement employee benefits

The cost of defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rate and future salary increases. Due to long-term nature of the plan, such estimates are subject to significant uncertainty.

Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of future events can not be predicted with certainty. These are based on the availability of latest information, estimates of value of contingent assets / liabilities which may differ on occurrence / non occurrence of uncertain future events.

Other areas where judgments, estimates and assumptions involved are disclosed in respective notes to these financial statements

3.4 Property, plant and equipment

Owned

Property, plant and equipment except for motor vehicles and computers and accessories are stated at revalued amounts, which are the fair value at the date of revaluation. These are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any, recognised subsequent to the date of revaluation.

Vehicles and computers are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to profit and loss account using reducing balance method so as to write off the historical cost of the assets over their estimated useful lives at the rates specified in note 4 to these financial statements. Depreciation is charged from the month the asset is available for use upto the month of derecognition.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount at the balance sheet date. Accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Capital stores and spare parts held by the Company for replacement of major items of plant and machinery are stated at cost less accumulated impairment losses, if any. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements, if any, are capitalized, if the recognition criteria is met.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The residual values, useful lives and method of depreciation of property plant and equipment are reviewed annually and are adjusted prospectively, if appropriate. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account in the period in which they arise. When revalued assets are sold, the relevant remaining surplus is transferred directly by the Company to its profit and loss account.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and consists of expenditure incurred and advances made in respect of operating fixed assets and intangible assets in the course of their acquisition, erection, construction and installation. The assets are transferred to relevant category of operating fixed assets or intangible assets when they are available for use.

3.5 Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of such assets can also be measured reliably.

Generally, costs associated with developing and maintaining the computer software programmes are recognized as expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefit exceeding the cost beyond one year, are recognized as intangible asset. Direct costs include the purchase cost of software and related overhead cost.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged on a straight line basis over the useful lives of the assets at the rates specified in note 5 of these financial statements.

Amortisation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted, if appropriate.

3.6 Investments

The management of the Company determines the appropriate classification of investments at the time of purchase. The investments of the Company, upon initial recognition, are classified as investment in subsidiaries at cost, investment at fair value through profit or loss, held-to-maturity investment or available-for-sale investment, as appropriate.

Investment in subsidiaries

Investment in subsidiaries are stated at cost less provision for impairment, if any. A reversal of an impairment loss on subsidiary is recognised as it arises provided the increased carrying value does not exceed cost.

Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturity, where management has both the positive intent and ability to hold to maturity are classified as held-to-maturity. Held-to-maturity investments are initially measured at fair value plus directly attributable transaction costs and are subsequently stated at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss account, when the investments are derecognised or impaired, as well as through the amortisation process. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

At fair value through profit or loss

An investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are classified as held for trading if they are acquired for the purpose of selling and repurchasing in near term. Held for trading assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. Financial instruments are designated at fair value through profit or loss, if the Company manages such investments and makes sales and purchase decision based on their fair value in accordance with the Company's investment strategy.

All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. All transaction costs are recognised directly in profit and loss account.

At subsequent dates these investments are measured at fair value, determined on the basis of prevailing market prices, with any resulting gain or loss recognised directly in the profit and loss account.

Available for sale investments

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities are those which are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or in response to changes in the market conditions.

At initial recognition, available-for-sale financial assets are measured at fair value plus directly attributable transaction costs. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each balance sheet date. The Company has not classified any financial assets as available-for-sale at year end.

3.7 Fuels and lubricants

Fuels and lubricants are stated at cost i.e. invoice price.

3.8 Stock-in-trade

Stock-in-trade are valued at lower of cost and net realizable value. The cost is determined on weighted average basis and is computed by using the average cost for the last month of the reporting period. Net realizable value is the estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of stock comprise of cost of purchase, cost of conversion and other cost incurred in bringing the stock to their present location and condition.

The Company's stock comprise of livestock and finished goods.

3.9 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful trade debts and other receivables based on review of outstanding amounts. An estimate provision for doubtful debt is made when collection of the full amount is no longer probable. Balances considered bad and irrecoverable are written off, as and when identified.

3.10 Impairment

Financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Any impairment losses on financial assets including financial assets carried at amortised cost are recognised in profit and loss account.

Non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs to sell of the asset.

In determining fair value less costs to sell, the recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit and loss account.

3.11 Loans and advances

These are stated at cost less provision for doubtful balance, if any, as the impact of fair value is immaterial.

3.12 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purposes of cash flow statement, cash and cash equivalents comprises cash in hand, bank balances, short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and book overdraft (cheques issued pending clearance), if any.

3.13 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets is credited to the "Surplus on Revaluation of Fixed Assets Account" shown below equity in the balance sheet in accordance with the requirements of Section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan (SECP) SRO 45(1)/2003 dated 13 January 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to suchassets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets Account" to accumulated profit through Statement of Changes in Equity to record realisation of surplus to the extent of the incremental depreciation charge for the year.

3.14 Post retirement benefits - defined benefit plan

The Company operates an unfunded gratuity scheme for employees who qualify for staff gratuity. Staff gratuity scheme benefits are payable to staff on completion of prescribed qualifying period of service under the scheme. Provisions are made periodically, on the basis of actuarial valuations. Actuarial gains and losses for defined benefit plan are recognised in full in the period in which they occur in 'other comprehensive income'. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods. The past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or terminations.

The scheme is governed by the trust deeds and rules and all matters pertaining to the scheme including contributions to the scheme and payment to outgoing members are dealt with in accordance with the trust deeds and rules. The liabilities under the scheme in respect of members in service on the valuation date on a going concern basis and having regard to projected future salary increases, are covered by the Fund on the valuation date, the total balance sheet reserve as of the valuation date, future contributions to the Fund, and future projected investment income of the Fund. As far as possible the contribution to the Fund should remain reasonably stable as a percentage of salaries, under the Projected Unit Credit Method employed.

3.15 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, in accordance with the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is recognized using the balance sheet method, on all temporary differences arising at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset and liabilities, using the enacted or substantially enacted rates of taxation. In this regards effects of deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release 27 (ATR-27) of ICAP.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits, to the extent that it is probable that the future taxable profits will be available against which the deductible temporary differences, carry forward of unused tax losses and unused tax credits can be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax is charged to the profit and loss account. Deferred tax relating to items recognised directly in the other comprehensive income or equity is recognised in the other comprehensive income or equity respectively, and not in profit and loss account.

Further, the Company recognises deferred tax asset / liability or deficit / surplus on revaluation of property plant and equipment which is adjusted against the related deficit / surplus.

3.16 Trade and other payables

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

3.17 Ijarah contracts

Leases under Shariah compliant Ijarah contracts, irrespective of whether a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as Ijarah. Rentals under these arrangements are charged to profit and loss account on straight line basis over the lease term.

Sales and leaseback on Ijarah

In case of sale and lease back transaction on Ijarah basis, any profit or loss is recognized immediately. If the sale price is below fair value, loss is recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used.

3.18 Provisions

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

3.19 Foreign currency translations

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to profit and loss currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e translation difference on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss respectively).

3.20 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account.

3.21 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

3.22 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates, and sales tax or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. The Company has concluded that it is acting as a principal in all its revenue arrangements. The following are the specific recognition criteria that must be met before revenue is recognised:

- Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer which generally coincides with dispatch of goods to customers.

- Income on deposits and other financial assets is recognised on accrual basis using effective interest method.

- Dividend is recognised when right to entitlement is established.

3.23 Functional and presentation currency

These financial statements are presented in Pakistani Rupees (Pak Rupees), which is the Company's functional and presentation currency.

3.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to decision-maker. The decision-maker is responsible for allocating resources and assessing performance of the operating segments.

3.25 Borrowing costs

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

3.26 Dividend and appropriation of reserves

Dividends and appropriation to reserves are recognised to the financial statement in the period in which these are approved. However, if these are approved after the reporting period but before the financial statements are authorised for issue, they are disclosed in the notes to the financial statements.

3.27 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (accounting periods beginning on or after)
IFRS 2 –	Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 –	Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 –	Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	Not yet finalised
IFRS 11 –	Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 –	Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 7 –	Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 –	Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017

IAS 16 –	Property, Plant and Equipment - Clarification of Acceptable Method of Depreciation (Amendment)	01 January 2016
IAS 16 –	Property, Plant and Equipment and IAS 41 Agriculture: Agriculture - Bearer Plants (Amendment)	01 January 2016
IAS 27 –	Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	IASB Effective date (accounting periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

	Note	2016	2015
		(Rupees)	
4. Property, plant and equipment			
Operating fixed assets	4.1	**1,171,895,413**	707,398,013
Capital work-in-progress	4.3	**1,409,538,973**	434,672,703
		2,581,434,386	1,142,070,716

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2016

4.1 Operating fixed assets

	GROSS CARRYING VALUE					
	As at 01 July 2015	Additions	Transfers	(Disposals)	As at 30 June 2016	Rate
	(Rupees)					
Owned						
Leasehold land	77,941,473	408,513,840 **	-	(32,812,400)	453,642,913	-
Building	154,995,536 ***	4,861,911	-	-	159,857,447	10%
Plant and machinery	238,993,260	11,020,304	(20,850,802)	-	229,162,762	5% - 20%
Furniture and fixture	115,252,882	40,107,703	-	-	155,360,585	10%
Motor vehicles	68,984,812 *	65,721,254 **	-	(7,258,347)	127,447,719	15%
Office equipment	123,516,310	30,793,471	20,850,802	(224,640)	174,935,943	15%
Tools and equipment	20,623,900	3,089,293	-	-	23,713,193	10%
Computers and accessories	10,469,282	8,251,004	-	-	18,720,286	10%
2016	810,777,455	572,358,780	-	(40,295,387)	1,342,840,848	

	GROSS CARRYING VALUE					
	As at 01 July 2014	Additions	Transfers	(Disposals)	As at 30 June 2015	Rate
	(Rupees)					
Owned						
Leasehold land	77,941,473	-	-	-	77,941,473	-
Buildings	152,562,498 ***	2,433,038	-	-	154,995,536	20% - 33%
Plant and machinery	222,326,924	16,666,336 **	-	-	238,993,260	20% - 33%
Furniture and fixture	102,613,204	12,639,678	-	-	115,252,882	20%
Motor vehicles	58,535,819 *	13,955,086 *	-	(3,506,093)	68,984,812	20% - 33%
Office equipment	97,478,594	26,622,521 **	-	(584,805)	123,516,310	20%
Tools and equipment	19,757,025	866,875	-	-	20,623,900	20% - 33%
Computers and accessories	8,835,954	1,675,328	-	(42,000)	10,469,282	33%
2015	740,051,491	74,858,862	-	(4,132,898)	810,777,455	

* Included herein is assets costing Rs. 11.279 million under diminishing musharaka arrangements.

** Included herein assets transferred from capital work-in-progress to operating fixed assets. (note 4.3.1)

*** Included herein Head office building having cost and accumulated depreciation of Rs. 50 million and Rs. 10.7 million respectively, in possession of the Company, however, the title of the same is in process of transfering in the name of the Company.

	ACCUMULATED DEPRECIATION					NET BOOK VALUE
	As at 01 July 2015	Transfers	Charge for the year	(On disposals)	As at 30 June 2016	As at 30 June 2016
	(Rupees)					
Owned						
Leasehold land	-	-	-	-	-	453,642,913
Buildings	17,699,492	-	13,927,194	-	31,626,686	128,230,761
Plant and machinery	25,490,061	(2,738,686)	10,965,687	-	33,717,062	195,445,700
Furniture and fixture	12,635,722	-	11,801,505	-	24,437,227	130,923,358
Motor vehicles	23,545,059	-	10,502,788	(3,573,300)	30,474,547	96,973,172
Office equipment	19,248,886	2,738,686	20,455,599	(52,338)	42,390,833	132,545,110
Tools and equipment	2,272,801	-	1,959,132	-	4,231,933	19,481,260
Computers and accessories	2,487,421	-	1,579,726	-	4,067,147	14,653,139
	103,379,442	-	71,191,631	(3,625,638)	170,945,435	1,71,895,413

	ACCUMULATED DEPRECIATION					NET BOOK VALUE
	As at 01 July 2014	(On transfers)	Charge for the year	(On disposals)	As at 30 June 2015	As at 30 June 2015
	(Rupees)					
Owned						
Leasehold land	-	-	-	-	-	77,941,473
Building	-	-	17,699,492	-	17,699,492	137,296,044
Plant and machinery	-	-	25,490,061	-	25,490,061	213,503,199
Furniture and fixture	-	-	12,635,722	-	12,635,722	102,617,160
Motor vehicles	15,125,549	-	9,207,833	(788,323)	23,545,059	45,439,753
Office equipment	-	-	19,401,701	(152,815)	19,248,886	104,267,424
Tools and equipment	-	-	2,272,801	-	2,272,801	18,351,099
Computers and accessories	1,539,831	-	951,790	(4,200)	2,487,421	7,981,861
	16,665,380	-	87,659,400	(945,338)	103,379,442	707,398,013

4.1.1 The Company has carried out the review of useful life of plant and machinery through an independent valuer namely Sadruddin Associates (Private) Limited on 30 June 2016. As a result, the expected remaining useful life of plant and machinery increases from 5 years to 20 years. Further, the Company has changed method of depreciation from straight line mehod to reducing balance method for all classes of property, plant and equipment. The above changes in accounting estimate has been accounted for in accordance with the requirements of International Accounting Standards 8 - Accounting Policies, Change in Accounting Estimates and Errors. Had there been no change in estimate, the profit for the year and property, plant and equipment would be lower by Rs. 32.9 million.

4.2 Depreciation for the year has been allocated as follows:

	Note	2016	2015
		(Rupees)	
Cost of sales	25	**29,345,380**	41,698,235
Administrative and distribution cost	26	**41,846,251**	45,961,165
		71,191,631	87,659,400

4.3 Capital work-in-progress

	2016	2015
Land	**38,667,046**	41,035,046
Civil works	**14,899,436**	4,512,276
Equipment and machinery	**978,936,780**	212,205,065
Advance to suppliers and contractors	**361,330,881**	161,215,486
Intangible asset under development	**15,704,830**	15,704,830
	1,409,538,973	434,672,703

4.3.1 The movement in capital work-in-progress is as follows:

	Land	Civil works	Equipment and machinery	Advance to suppliers and contractors	Intangible asset under development	Total
	(Rupees)					
As at 01 July 2015	41,035,046	4,512,276	212,205,065	161,215,486	15,704,830	434,672,703
Addition during the year	168,047,500	10,387,160	782,554,298	200,115,395	-	1,161,104,353
Transfers during the year	(170,415,500)	-		(15,822,583)	-	(186,238,083)
As at 30 June 2016	**38,667,046**	**14,899,436**	**994,759,363**	**345,508,298**	**15,704,830**	**1,409,538,973**

4.4 The details of operating fixed assets disposed off during the year are as follows:

	Cost / revalued amount	Accumulated depreciation	Written down value	Net sale proceeds	Gain on disposals	Mode of disposal	Particulars of buyers
	(Rupees)						
Owned							
Land							
Plot at Lahore Sakin Dogar-e-Khurd Dakh Khana Barki	32,812,400	-	32,812,400	43,200,000	10,387,600	Negotiation	Khalid Hussain (Residence - Lahore Cantt)
Motor vehicles							
Suzuki Cultus	310,237	196,611	113,626	300,000	186,374	Negotiation	Nadeem Ali (individual)
ISUZU Truck	2,284,975	1,529,703	755,272	1,250,000	494,728	Negotiation	Liaquat Danish (individual)
Toyota Hilux Mobile	2,020,395	1,004,561	1,015,834	1,325,000	309,166	Negotiation	Amjad Hussain (individual)
Toyota Corolla	1,662,500	419,986	1,242,514	1,575,000	332,486	Insurance claim	Pak-Kuwait Takaful Company Ltd., Karachi
Toyota Vitz	980,240	422,439	557,801	750,000	192,199	Negotiation	Ghayasuddin (employee of the Company)
	7,258,347	3,573,300	3,685,047	5,200,000	1,514,953		
Office equipment							
Laptop - HP pro book 4540	81,900	32,620	49,280	42,000	(7,280)	Negotiation	Muhammad Ali (ex-employee of the Company)
Samsung Note 3	55,000	7,597	47,403	39,600	(7,803)	Insurance claim	Pak-Kuwait Takaful Company Ltd., Karachi
Aggregate amount assets disposed off having book value less than Rs. 50,000	87,740	12,121	75,619	40,600	(35,019)	Negotiation	Various
	224,640	52,338	172,302	122,200	(50,102)		
2016	**40,295,387**	**3,625,638**	**36,669,749**	**48,522,200**	**11,852,451**		
2015	4,132,898	945,338	3,187,560	3,376,150	188,590		

5. INTANGIBLE ASSETS

	COST			Rate	ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at 01 July	Additions (note 6.1)	As at 30 June		As at 01 July	For the year	As at 30 June	As at 30 June
	(Rupees)				(Rupees)			
Computer software	6,074,688	1,961,603	8,036,291	25%	3,338,352	859,305	4,197,657	3,838,634
2016	**6,074,688**	**1,961,603**	**8,036,291**		**3,338,352**	**859,305**	**4,197,657**	**3,838,634**
2015	4,672,141	1,402,547	6,074,688		2,050,473	1,287,879	3,338,352	2,736,336

5.1 Represents additions of softwares for the Company's retail outlets.

6. LONG-TERM INVESTMENT

	Note	2016	2015
Subsidiary company, unquoted - at cost		(Rupees)	
Al Shaheer Farms (Private) Limited 5,570,000 ordinary shares of Rs. 10 each	6.1	**55,700,000**	**35,700,000**

6.1 Represents investment in Al Shaheer Farms (Private) Limited (the Subsidiary Company) which intends to carry business of farming including agricultural, poultry, horticultural and dairy and to purchase, acquire, keep, maintain, breed, sell or otherwise dispose of all kinds of cattle, cows, buffaloes, poultry and other forms of live stock. The Subsidiary Company was incorporated on 02 March 2015 and as of 30 June 2016, has not commenced its business operations.

During the year, the Company has further invested Rs. 20 million against right issue upon approval of shareholders of the Company in an Annual General Meeting.

The book value per share is Rs. 8.58/- each based on the latest available audited financial statements for the year ended 30 June 2016. Currently, the Subsidiary Company is in start up phase and financially supported by the Company to activate its full potential in order to make adequate profits and generate positive cash flows. Accordingly, no impairment in value of investment is recognised as of the balance sheet date.

7. LONG-TERM DEPOSIT

	Note	2016	2015
		(Rupees)	
Cash margin against bank guarantees		-	13,400,000

8. DEFERRED TAX ASSET - NET

	Note	2016	2015
Deferred tax assets on deductible temporary differences:			
Unabsorbed tax losses		140,407,997	76,170,512
Unused tax credits		1,666,634	1,666,634
Defined benefit plan		6,361,828	3,677,126
		148,436,459	81,514,272
Deferred tax liabilities on taxable temporary differences:			
Property, plant and equipment		(491,595)	(8,689,932)
Surplus on revaluation of fixed assets		(18,866,886)	(21,207,361)
		(19,358,481)	(29,897,293)
	8.1	129,077,978	51,616,979

8.1 The deferred tax asset is recognised in line with the accounting policy as disclosed in note 3.15 to these financial statements based on the future projections of the Company.

9. STOCK-IN-TRADE

	Note	2016	2015
		(Rupees)	
Livestock		118,696,795	9,686,672
Finished goods		48,957,914	21,492,407
		167,654,709	31,179,079

10. TRADE DEBTS - Unsecured

	Note	2016	2015
Considered good			
Overseas		812,421,265	358,549,297
Local		284,266,765	168,796,507
	10.1 & 10.2	1,096,688,030	527,345,804
Considered doubtful			
Overseas		-	15,331,482
Local		-	7,145,385
	10.3	-	22,476,867
Less: Provision for doubtful debts	10.4	-	22,476,867
		1,096,688,030	527,345,804

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2016

10.1 These are non-interest bearing and generally on an average term of 30 days.

10.2 As of the balance sheet date, the ageing analysis of unimpaired trade debts are as follows:

	Neither past due nor impaired	Past due but not impaired: > 30 days up to 90 days	> 90 days up to 180 days	> 180 days up to 360 days	> 360 days	Total
	(Rupees)					
2016	383,865,654	518,830,879	106,903,594	80,501,967	6,585,936	1,096,688,030
2015	366,476,491	133,054,043	1,128,586	26,686,684	-	527,345,804

10.3 During the year, the Company has made a provision of Rs. Nil (2015: Rs. 22.477) million against the long outstanding balances.

10.4 The movement in provision for doubtful debts is as follows:

	Note	2016	2015
		(Rupees)	
Opening balance		22,476,867	-
Provision made during the year		-	22,476,867
Reversal made during the year		(22,476,867)	-
Closing balance		-	22,476,867

11. LOANS AND ADVANCES

	Note	2016	2015
		(Rupees)	
Considered good			
Secured			
Loans to employees:			
Executives		3,931,689	4,359,609
Employees		4,558,467	5,603,131
		8,490,156	9,962,740
Unsecured			
Advances to			
Suppliers		342,134,313	499,355,798
Employees against purchases	11.1	28,890,473	9,666,220
Service providers and other vendors		28,346,704	24,576,816
Employees		13,732,187	79,195
		413,103,677	533,678,029
	11.2	421,593,833	543,640,769

11.1 Represents advances given to employees to meet business expenses, which are settled, as and when the expenses are incurred.

11.2 These are non-interest bearing and generally on an average term of 1 to 6 months.

12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2016	2015
		(Rupees)	
Trade deposits	12.1	**2,848,990**	9,604,081
Prepayments			
- rent		**13,046,362**	8,363,568
- takaful		**4,642,993**	3,532,891
- others		**1,761,996**	-
		19,451,351	11,896,459
		22,300,341	21,500,540

12.1 These are non-interest bearing and generally on an average term of 1 to 6 months.

13. SHORT-TERM INVESTMENTS

	2016	2015
At fair value through profit or loss:		
Investment designated at fair value through profit or loss - mutual funds	**215,892,784**	-

14. OTHER RECEIVABLES

	Note	2016	2015
		(Rupees)	
Unsecured, considered good			
Sales tax receivables		98,510,235	33,286,920
Receivable from shareholders	14.1	17,800,200	17,800,200
Receivable from:			
- Subsidiary Company	14.2	7,916,420	-
- against disposal of assets	14.3	38,200,000	-
- banks		6,083,466	7,981,907
- others		10,992,179	102,717,859
		63,192,065	110,699,766
		179,502,500	161,786,887

14.1 Represents amount receivable from shareholders on account of tax on bonus shares issued during the year 2015.

14.2 Represents receivable against payments made on behalf of the Subsidiary Company.

14.3 Represents amount receivable on account of disposal of Lahore property as disclosed in note 4.4 to these financial statements. The amount has been subsequently received in full.

15. CASH AND BANK BALANCES

	Note	2016	2015
		(Rupees)	
Cash in hand		**30,656,240**	12,547,961
With banks:			
Saving accounts - local currency (islamic banking)	15.1	**9,523,524**	1,400,553
Current accounts			
- local currency	15.2	**12,783,438**	1,833,169,478
- foreign currency		**52,375**	50,875
		22,359,337	1,834,620,906
Book overdraft		**(27,951,541)**	(34,819,912)
	15.3	**25,064,036**	1,812,348,955

15.1 These carry profit at the rates ranging between 3.27% to 6.5% (2015: 4% to 5%) per annum.

15.2 Includes Rs. 9.506 (2015: Rs. 10.000) million kept in a separate bank account in respect of security deposits received from customers. These balances are non-interest bearing.

15.3 Included herein balances amounting to Rs. 19.801 million are held in accounts maintained under islamic banking.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016	2015	Ordinary shares of Rs. 10 each	Note	2016	2015
Number of shares				(Rupees)	
29,940,675	4,940,675	Issued for cash	16.1	**299,406,750**	49,406,750
		Issued for consideration			
26,000,000	26,000,000	other than cash	16.2	**260,000,000**	260,000,000
67,639,696	35,600,341	Issued as bonus shares	16.3	**676,396,960**	356,003,410
123,580,371	66,541,016			**1,235,803,710**	665,410,160

16.1 During the year, the Company enlisted on Pakistan Stock Exchange Limited through issue of 25 million ordinary shares having face value of Rs. 10/- at a premium of Rs. 85/- each as disclosed in note 1.2 to these financial statements.

16.2 Represents shares issued at a face value of Rs. 10 each against transfer of net assets from the amalgamted firms to the Company as disclosed in note 1.1 to these financial statements.

16.3 During the year, the Company has issued 32,039,355 bonus shares (2015: 35,600,341 bonus shares) of Rs. 10/- each from the share premium account (2015: Rs. 300.202 million from share premium account and Rs. 55.801 were transferred from unappropriated profit).

17. SURPLUS ON REVALUATION OF FIXED ASSETS

	Note	2016	2015
		(Rupees)	
As at 01 July		**237,509,579**	267,524,432
Transfer to unappropriated profit on account of:			
- incremental depreciation during the year		**(19,071,082)**	(30,003,848)
- disposal of fixed assets during the year		**(2,493,940)**	(11,005)
		215,944,557	237,509,579
Deferred tax			
As at 01 July		**(21,207,361)**	(25,712,755)
Deferred tax on incremental depreciation		**1,677,745**	3,726,220
Adjustment due to change in tax rate		**662,730**	779,174
		(18,866,886)	(21,207,361)
		197,077,671	216,302,218

18. LONG-TERM FINANCING

	Note	2016	2015
Diminishing musharaka - islamic banking			
Summit Bank Limited	18.1	**7,916,665**	39,583,333
Askari Bank Limited	18.2	**22,166,660**	34,833,332
Dubai Islamic Bank Pakistan Limited		**-**	30,000,000
Habib Metropolitan Bank Limited	18.3	**13,344,918**	9,340,937
Burj Bank Limited	18.4	**19,312,200**	-
		62,740,443	113,757,602
Less: current maturity shown under current liabilities		**(33,188,576)**	(77,684,637)
		29,551,867	36,072,965

18.1 The Company had obtained diminishing musharaka facility having a limit of Rs. 47.5 million (2015 :47.5 million) in respect of purchase of fixed assets for a period of 18 months. It carries profit at the rate of 3 months KIBOR + 2% per annum. The facility is secured by ranking charge of Rs. 71.585 million on plant and machinery installed at Deh Shah Mureed-Tappo Songal- Gadap Town, Karachi, in the name of a bank. The musharaka units are to be purchased commencing from 09 March 2015 on the basis of percentages set out in the musharaka agreement.

18.2 The Company had obtained diminishing musharaka facility having a limit of Rs. 38 million (2015: Rs. 38 million) in respect of purchase of fixed assets for a period of 4 years. It carries profit at the rate of 3 months KIBOR + 2% per annum. The facility is secured by exclusive charges of Rs. 51 million (2015: Rs. 51 million) over plant and machinery of the Company, in the name of a bank. The musharaka units are to be purchased commencing from 27 February 2014 on the basis of percentages set out in the musharaka agreement.

18.3 During the year, the Company has renewed diminishing musharaka facility having a limit of Rs. 15.744 million (2015: 19.888 million) in respect of purchase of motor vehicles for a period of 3 years. It carries profit at the rate of 6 months KIBOR + 2% per annum. The facility is secured by registration of vehicles in the name of a bank and personal guarantees of the CEO / major shareholder. The musharaka units are to be purchased commencing from 29 October 2014 on the basis of percentages set out in the musharaka agreement.

18.4 During the year, the Company had obtained diminishing musharaka facility having a limit of Rs. 45 million (2015: Nil) in respect of purchase of motor vehicles for a period of 3 years. It carries profit the rate of 6 months KIBOR + 1.9% per annum. The facility is secured by registration of vehicles in the name of a commercial bank. The musharaka units are to be purchased commencing from 10 February 2016 on the basis of percentages set out in the musharaka agreement.

	Note	2016	2015
19. DEFERRED LIABILITIES		(Rupees)	
Defined benefit plan - gratuity	19.1	**28,297,298**	18,054,095
19.1 Staff gratuity	19.1.2	**28,297,298**	18,054,095

As stated in note 3.14 to these financial statements, the Company operates an unfunded gratuity scheme. The latest actuarial valuation was carried out as at 30 June 2016 using the Projected Unit Credit method.

19.1.1 Significant actuarial assumptions

The following are the significant actuarial assumptions used in the actuarial valuation:

	2016	2015
Expected rate of increase in salary (per annum)	**6.00%**	8.25%
Discount rate (per annum)	**6.00%**	8.25%
Expected mortality rate	**70% of EFU 61-66 mortality table**	70% of EFU 61-66 mortality table
Expected withdrawal rate	**Age Dependent**	Age Dependent

	Note	2016	2015
		(Rupees)	
19.1.2 Movement in net liability / present value of defined benefits obligation			
As at 01 July		**18,054,095**	13,205,550
Charge for the year	19.1.3	**8,454,075**	7,354,685
Payments to outgoing employees		**(8,269,300)**	(2,321,180)
Remeasurement gain / (loss) recognised in other comprehensive income		**10,058,428**	(184,960)
As at 30 June		**28,297,298**	18,054,095
19.1.3 Charge for the year			
Current service cost		**7,305,721**	5,849,065
Interest cost		**1,148,354**	1,505,620
		8,454,075	7,354,685

19.1.4 Sensitivity analysis

A sensitivity analysis for the above principal actuarial assumptions as of the balance sheet date showing how the defined benefit obligation would have been affected by changes in the said assumptions is as follows:

	2016	
	1% Increase	1% Decrease
	(Rupees)	
Discount rate	**(840,676)**	903,299
Salary rate	**894,554**	(848,413)

19.1.5 Description of the risks to the Company

The defined benefit plan exposes the Company to the following risks:

Mortality risks - The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Final salary risks - The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks – The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

20. TRADE AND OTHER PAYABLES

	Note	2016	2015
		(Rupees)	
Creditors:			
Trade		138,138,258	157,399,455
Non-trade		38,256,025	54,306,242
		176,394,283	211,705,697
Murabaha - islamic banking			
Summit Bank Limited	20.1	259,000,000	443,750,000
Habib Metropolitan Bank Limited	20.2	226,603,060	227,529,667
Dubai Islamic Bank Pakistan Limited	20.3	198,979,856	137,000,000
Askari Bank Limited	20.4	50,000,000	50,000,000
Meezan Bank Limited		-	30,000,000
		734,582,916	888,279,667
Accrued liabilities		28,270,400	20,646,661
Advance from customers		26,208,600	27,219,267
Withholding tax payable	20.5	22,894,039	37,927,950
Workers' Profits Participation Fund	20.6	15,896,036	8,048,661
Workers' Welfare Fund		12,751,127	5,398,803
Payable against purchase of capital work-in-progress		-	43,100,419
Retention money		12,020,256	10,000,000
Other payables		19,733,474	10,339,799
		1,048,751,131	1,262,666,924

20.1 The Company has obtained murabaha financing facility having a limit Rs. 275 million (2015: Rs. 500 million) out of which Rs. 8.08 million (2015: Rs. 56.25 million) remains unutilized as at balance sheet date. It carries profit at the rate of 6 months KIBOR + 2% per annum.Out of the total facility, Rs. 64 million is secured by specific charge over plant and machinery, Rs. 50 million is secured by second charge over receivables. The remaining facility is secured by charge over Gadap Land amounting to Rs. 367 million.

20.2 Represents murabaha facility (foreign exchange) having a limit of Rs. 230 million (2015: Rs. 230 million), out of which Rs. 2.452 million (2015: Rs. 2.47 million) remains unutilized as at balance sheet date. It carries profit at the rate of relevant LIBOR + 2% per annum. The facility is secured by first pari passu charge over receivables and first exclusive charge over specific plant and machinery of the Company duly insured in bank's favor.

20.3 "Represents murabaha facility having a limit of Rs. 200 million (2015: 167 million), out of which Rs. 1.02 million (2015: 20 million) remains unutilized as at balance sheet date. The limits includes both local as well as foreign currency murabaha carrying profit at the rate of KIBOR + 2.5% and LIBOR + 1.5% respectively. Out of the total facility, Rs. 157 million is secured by the first registered pari passu hypothecation charge over receivables including trade receivables with 25% margin.

The facility is secured against exclusive charge over specific plant and machinery of Rs. 43 million, property of Rs. 50 million and personal guarantees of CEO.

20.4 Represents murabaha facility having a limit of Rs. 50 million (2015: 50 million) which is fully utilized as at balance sheet date. It carries profit at the rate of relevant KIBOR + 2% per annum. The facility is secured against 1st pari passu hypothecation charge of Rs. 67 million over stocks and book debts of the Comapny, duly registered with SECP.

20.5 Included herein witholding tax payable on bonus shares (note 16.3).

20.6 Workers' Profits Participation Fund (WPPF)

	2016	2015
	(Rupees)	
As at 01 July	8,048,661	11,261,709
Charge for the year	18,364,106	8,048,661
Paid during the year	(10,516,731)	(11,261,709)
	15,896,036	8,048,661

21. ACCRUED MARK-UP

	2016	2015
Accrued mark-up on:		
- Long-term financing	147,353	541,031
- Murabaha	3,530,243	16,371,905
	3,677,596	16,912,936

22. DUE TO A RELATED PARTY

Represents interest free loan obtained from Chief Executive of the Company at the time of incorporation of the Company in 2012. The loan is unsecured and is repayable on demand.

23. CONTINGENCIES AND COMMITMENTS

	2016	2015
	(Rupees)	
23.1 Contingencies		
Guarantees issued by banks on behalf of the Company.	36,118,611	28,000,000
Post dated cheques	33,155,528	66,418,962
23.2 Commitments		
Letter of credits	55,500,000	-
Capital Commitments		
23.2.1 Narji Trading LLC (Trading Company)	-	15,698,906
23.2.2 National Industrial Parks (Development and management company)		
Total Price of Plot	19,967,000	41,329,500
Paid till 30 June 2015	-	(21,362,500)
	19,967,000	19,967,000
23.2.3 Shahab & Company (Contractor)		
Total contract value	283,843,450	-
Paid / adjusted during the year	(135,732,787)	-
	148,110,663	-

23.2.4 Ijarah commitments

The Company has entered into Ijarah agreements with a commercial bank in respect of purchase of vehicles for a period of 3 years. Ijarah payments due under these agreements are payable in monthly installments latest by January 2017. Taxes and repairs are to be borne by the Company (lessee), however, major repairs and insurance costs are to be borne by the lessors. Future minimal rentals payable under Ijarah agreements as at year end are as follows:

	Note	2016	2015
		(Rupees)	
Within one year		**649,136**	3,965,780
24. TURNOVER - net			
Local sales		**2,151,352,218**	1,281,778,846
Sales discount		**(88,052,247)**	(57,190,958)
Sales return		**(23,154,590)**	(7,847,163)
		2,040,145,381	1,216,740,725
Export sales		**4,855,434,304**	3,768,011,193
		6,895,579,685	4,984,751,918
25. COST OF SALES			
Livestock and meat cost			
Opening stock		**9,686,672**	18,705,081
Purchases		**4,978,387,748**	3,403,651,731
Recovery against livestock residuals - net		**(110,325,485)**	(129,864,535)
Closing stock		**(118,696,795)**	(9,686,672)
		4,759,052,140	3,282,805,605
Conversion cost			
Salaries, wages and other benefits	25.1	**104,609,406**	74,741,448
Electricity, diesel and related expenses		**39,883,024**	52,557,128
Repairs and maintenance		**18,472,286**	16,933,900
Depreciation	4.2	**29,345,380**	41,698,235
Cargo		**736,287,906**	575,142,340
Clearing and forwarding		**43,695,210**	35,520,100
Freight		**-**	10,200
Packing material		**71,091,853**	57,596,501
Livestock food		**2,838,110**	7,437,698
Marination		**6,999,516**	5,691,143
Others		**16,157,062**	10,881,214
		1,069,379,753	878,209,907
Cost of goods available for sale		**5,828,431,893**	4,161,015,512
Finished goods and fuels and lubricants			
Opening stock		**24,933,681**	28,296,260
Closing stock		**(49,560,569)**	(24,933,681)
		(24,626,888)	3,362,579
		5,803,805,005	4,164,378,091

25.1 Includes Rs. 8.454 million (2015: Rs. 7.355 million) in respect of staff retirement benefits.

26. ADMINISTRATIVE AND DISTRIBUTION COSTS

	Note	2016	2015
		(Rupees)	
Salaries, wages and other benefits		**223,299,248**	150,969,329
Electricity, diesel and related expenses		**42,632,202**	47,240,755
Repair and maintenance		**18,944,004**	5,523,588
Fuel and vehicle maintenance		**32,485,456**	24,112,679
Travelling and conveyance		**28,848,374**	13,662,098
Telephone and communication		**17,068,224**	12,727,886
Marketing and advertisement		**75,570,202**	75,050,406
Rent, rates and taxes		**133,758,736**	86,009,143
Food		**14,149,104**	13,907,080
Depreciation	4.2	**41,846,251**	45,961,165
Amortization	5	**859,305**	1,287,879
Legal and professional		**8,167,980**	9,922,204
Donation	26.1	**12,146,835**	13,186,382
Office supplies		**15,740,023**	7,640,299
Postage and courier		**1,541,803**	356,929
Takaful		**9,543,240**	3,142,729
Staff welfare		**17,196,572**	6,601,626
Security		**603,044**	378,255
Training		**1,099,913**	627,201
Cleaning		**8,909,792**	6,714,039
Commission on credit card facilities		**6,250,995**	4,005,209
Shelf rentals		**7,280,632**	2,742,621
Auditors' remuneration	26.2	**2,045,000**	2,100,225
Ijarah rentals		**2,286,783**	3,202,138
Advances written off		**6,921,015**	-
Others		**9,762,926**	6,905,431
		738,957,659	543,977,296

26.1 No director of the Company or his spouse has interest in any donee.

26.2 Auditors' remuneration

	2016	2015
Audit fee - standalone	**1,000,000**	650,000
Audit fee - consolidated	**300,000**	250,000
Half yearly review	**450,000**	475,000
Certifications and other services	**77,000**	562,740
Out of pocket expenses	**218,000**	162,485
	2,045,000	2,100,225

27 OTHER OPERATING EXPENSES

	2016	2015
Workers' Welfare Fund	**6,978,360**	3,058,491
Workers' Profits Participation Fund	**18,364,106**	8,048,661
Provision for doubtful debts	**-**	22,476,866
Loss on forward contracts	**703,401**	-
	26,045,867	33,584,018

28. OTHER INCOME

	Note	2016	2015
		(Rupees)	
Income from financial assets			
Gain on forward contracts		**-**	5,609,288
Profit on saving accounts		**4,731,189**	199,680
Gain on remeasurement of short-term investments		**8,396,419**	-
Gain on disposal of short-term investments		**3,229,789**	-
Dividend income		**7,762,500**	-
		24,119,897	5,808,968
Income from assets other than financial assets			
Exchange gain - net		**9,703,176**	12,958,513
Reversal of provision for doubtful debts		**22,476,866**	-
Liabilities no longer payable written back		**-**	665,238
Gain on disposal of property, plant and equipment		**11,852,451**	188,590
Others		**1,485,641**	250,489
		45,518,134	14,062,830
		69,638,031	19,871,798

29. FINANCE COSTS

	2016	2015
Mark-up on long-term financing	**7,536,090**	15,369,817
Profit on murabaha	**25,509,894**	62,365,365
Bank charges	**20,820,902**	17,516,658
	53,866,886	95,251,840

30. TAXATION

	Note	2016	2015
		(Rupees)	
Current		**45,085,122**	33,344,656
Prior		**282,512**	(59,184)
		45,367,634	33,285,472
Deferred		**(68,005,122)**	(62,738,532)
	30.1	**(22,637,488)**	(29,453,060)

30.1 Relationship between tax charge and accounting profit

	2016	2015
Profit before tax	**341,939,644**	167,432,471
Tax at applicable rate of 32% (2015: 33%)	**108,848,691**	55,252,715
Tax effect of income under final tax regime	**(114,887,680)**	(100,855,582)
Provision against withholding tax on purchases	**-**	3,690,655
Prior year charge	**282,512**	(59,184)
Effect of change in tax rate on opening deferred tax asset	**(817,531)**	(424,105)
Permanent difference	**(18,095,027)**	11,768,872
Others	**2,031,547**	1,173,568
	(22,637,488)	(29,453,060)
Average effective tax rate	**0%**	0%

30.2 The return of income for the tax year 2015 has been filed which is deemed to be an assessment order in view of the provisions of Section 120 of the Income Tax Ordinance, 2001.

30.3 The Finance Act, 2015 has introduced certain amendments relating to taxation of companies. As per these amendments, super tax at the rate of 3 percent of the taxable income has been levied and applies retrospectively for the tax year 2015, however it does not apply on the Company as the income of the Company is lower than the prescribed limit. In addition, a tax on every listed company at the rate of 10 percent of such undistributed reserves which exceed the amount of its paid up capital has also been levied. However, this tax shall not apply in case of a public company having undistributed reserves less than 100% of its paid up capital.

31 EARNINGS PER SHARE - basic and diluted

	Note	2016	2015
		(Rupees)	
Profit for the year after taxation (Rupees)		**364,577,132**	196,885,531
Weighted average number of ordinary shares of Rs. 10/- each - basic		**120,352,913**	81,858,960
Weighted average number of ordinary shares of Rs. 10/- each - diluted		**123,580,372**	89,830,372
Basic earnings per share (Rupees)	31.1	**3.03**	2.41
Diluted earnings per share (Rupees)	31.1	**2.95**	2.19

31.1 During the year, the Company has issued 35% bonus shares as stated in note 16.2 to these financial statements, which has resulted in restatement of basic and diluted earnings per share for the year ended 30 June 2015.

32. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements in expenses and included in capital expenditure for the year in respect of remuneration, including benefit, to the Chief Executive, Directors and Executives of the Company are as follows:

	Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
	(Rupees)					
Managerial remuneration	**12,000,000**	12,000,000	**6,600,000**	-	**69,923,800**	67,361,429
Bonus	**-**	-	**-**	-	**8,903,555**	-
Gratuity	**-**	-	**-**	-	**4,601,100**	-
Board meeting fees	**525,000**	-	**2,235,000**	1,275,000	**-**	-
	12,525,000	12,000,000	**8,835,000**	1,275,000	**83,428,455**	67,361,429
Number of person	**1**	1	**7**	7	**35**	34

32.1 Included herein Rs. 1,845,000 paid to non-executive directors on account of board meeting fees.

33. RELATED PARTY DISCLOSURE

The related parties include group companies, retirement benefit funds, companies where directors also hold directorship, directors and key management personnel. The related party status of outstanding balances as at 30 June 2016 and 2015 are disclosed in respective notes to these financial statements, wherever applicable. Transactions with related parties other than remuneration and benefits to key management personnel are as follows:

	2016	2015
	(Rupees)	
Nature of transaction		
Subsidiary Company		
Investment made during the year	**20,000,000**	35,700,000
Payments made on behalf of the Subsidiary Company (payable/ subsequently reimbursed)	**7,916,420**	54,943,664
Key management personnel		
Settlement of liabilities by Chief Executive on behalf of the Company or by the Company on behalf of Chief Executive - net	**7,719,596**	77,238,653

34. INFORMATION ABOUT OPERATING SEGMENT

For management purposes, the activities of the Company are organized into one operating segment i.e. trading of halal meat through retail outlets and exports. The Company operates in said reportable operating segment based on nature of product, risk and returns, organisational and management structure and interim financial reporting systems.

The management monitors the operating results of its business units regularly for the purpose of decisions making about resource allocation and performance assessment. Segment performance is evaluated based on certain key performance indicators, including business volume, gross profit and reduction in operating costs.

The information with respect to sales and customers are stated below:

- Sales from exports represent 70.41% (2015: 75.59%) of total revenue of the Company.
- No customer of the Company constitutes more than 10% of the Company's total revenue related to aforesaid segments.
- Non-current assets of the Company are confined within Pakistan and consist of property, plant and equipment, intangible assets, long-term investment and deposits.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2016

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2016. The Company's Board of Directors oversees the management of these risks which are summarized below:

35.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. The sensitivity analysis in the following sections relate to the position as at 30 June 2016 and 2015.

35.1.1 Interest rate

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term financing arrangement at floating interest rates to meet its business operations and working capital requirements. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company’s profit before tax (through impact on floating rate borrowings). There is no direct impact on the Company’s equity. This analysis excludes the impact of movement in market variables on the carrying values of provisions and non-financial assets and liabilities of the Company:

	Increase / decrease in basis points	Effect on profit before tax Rupees
2016	**+100**	**(7,973,234)**
	-100	**7,973,234**
2015	+100	(10,020,373)
	-100	10,020,373

35.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company’s exposure to the risk of changes in foreign currency exchange rates risk primarily relates to the Company’s operating activities i.e. bank accounts and receivables / payables in foreign currencies. The Company manages its foreign currency risk by effective fund management and taking forward contracts.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate. As at 30 June 2016 and 2015, if Pakistani Rupee (Pak Rupee) had weakened / strengthened by 10 percent against the US Dollar, with all other variables held constant, on the Group’s profit before tax (due to changes in the fair value of monetary assets and liabilities) are as follows:

	Increase / decrease in US Dollar to Pak	Effect on profit before tax
	(Rupees)	
2016	**10%**	**78,642,519**
	-10%	**(78,642,519)**
2015	10%	37,352,389
	-10%	(37,352,389)

35.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investments securities. The Company manages the price risk through diversification and placing limits on individual and total equity instruments. As of balance sheet date, the Company is only exposed to equity price risk in respect of investment in its subsidiary company (note 6).

35.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharging an obligation. Out of the financial assets of Rs. 1,745.149 million (2015: Rs. 3,078.793 million) the financial assets which are subject to credit risk amounted to Rs. 893.860 million (2015: .2,906.909 million). The Company's credit risk is primarily attributable to its trade debts, advances to suppliers/vendors, other receivables and bank balances. The Company has a large number of customers, including local and overseas corporate and individuals, due to large number and diversity of its customer base, concentration of credit risk with respect to trade debts and other receivables is limited. The Company minimize its credit exposure on advances to suppliers / vendors, who have long standing with the Company and with bank balances having good credit ratings.

The credit quality of financial assets that are past due but not impaired is disclosed in note 10 to these financial statements. As at balance sheet date, there are no financial assets that would otherwise be past due or impaired whose terms have been renegotiated. The Company monitors the credit policy of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	Note	Carrying value 2016	2015
		(Rupees)	
Long-term deposit	7	**-**	13,400,000
Trade debts	10	**383,865,654**	366,476,491
Loans and advances	11	**421,593,833**	554,307,750
Trade deposits	12	**2,848,990**	9,604,081
Other receivables	14	**63,192,065**	128,499,966
Bank balances	15	**22,359,337**	1,834,620,906
		893,859,879	2,906,909,194

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Date of Rating	Bank Rating agency	Rating Short-term	Rating Long-term	2016 Amount
			(Rupees)		
Askari Bank Limited	June 2016	PACRA	A1+	AA+	**7,941,851**
Bank Alfalah Limited	June 2016	PACRA	A1+	AA	**545,076**
Bank Al-Habib Limited	June 2016	PACRA	A1+	AA+	**29,051**
BankIslami Pakistan Limited	May 2016	PACRA	A1	A+	**61,235**
Burj Bank Limited	May 2016	JCR-VIS	A-2	BBB+	**5,451**
Dubai Islamic Bank Pakistan Limited	June 2016	JCR-VIS	A-1	A+	**10,212,563**
Habib Bank Limited	June 2016	JCR-VIS	A-1+	AAA	**222,329**
Habib Metropolitan Bank Limited	June 2016	PACRA	A1+	AA+	**944,390**
MCB Bank Limited	June 2016	PACRA	A1+	AAA	**579,604**
Meezan Bank Limited	June 2016	JCR-VIS	A-1+	AA	**702,908**
Silk Bank Limited	June 2016	JCR-VIS	A-1+	A-	**19,869**
Standard Chartered Bank Limited	June 2016	PACRA	A1+	AAA	**25,266**
Summit Bank	June 2016	JCR-VIS	A-1	A-	**1,069,744**
					22,359,337

35.3 Liquidity Risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations with the financial liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility by maintaining sufficient bank balances and committed credit lines.

The table below summarises the maturity profile of the Company's financial liabilities at 30 June 2016 and 2015 based on contractual undiscounted payment dates and present market interest rates:

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
			(Rupees)		
2016					
Long-term financing	**-**	**19,428,875**	**13,759,701**	**29,551,867**	**62,740,443**
Trade and other payables	**-**	**984,835,566**	**41,021,526**	**-**	**1,025,857,092**
Accrued mark-up	**-**	**3,677,596**	**-**	**-**	**3,677,596**
Due to related party	**7,564,293**	**-**	**-**	**-**	**7,564,293**
	7,564,293	**1,007,942,037**	**54,781,227**	**29,551,867**	**1,099,839,424**

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
			(Rupees)		
2015					
Long-term financing	-	19,421,160	58,263,477	36,072,965	113,757,602
Trade and other payables	-	1,176,291,509	48,447,465	-	1,224,738,974
Accrued mark-up	-	16,912,936	-	-	16,912,936
Due to related party	15,283,889	-	-	-	15,283,889
	15,283,889	1,212,625,605	106,710,942	36,072,965	1,370,693,401

35.4 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying amounts of all the financial instruments reflected in these financial statements approximate to their fair value.

35.4.1 Fair value of hierarchy

The following table provides the fair value measurement hierarchy of Company's assets as of balance sheet date:

Assets measured at fair value	Date of valuation	Fair value measurement using			
		Total	Quoted price in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
		(Rupees)			
Property, plant and equipment					
Freehold land					
Buildings	30 June 2014	453,642,913	-	453,642,913	-
Plant and machinery	30 June 2014	128,230,761	-	128,230,761	-
Furniture and fixtures	30 June 2014	195,445,700	-	195,445,700	-
Office equipments	30 June 2014	130,923,358	-	130,923,358	-
Tools and equipment	30 June 2014	132,545,110	-	132,545,110	-
	30 June 2014	19,481,260	-	19,481,260	-
		1,060,269,102	-	1,060,269,102	-
Short-term investment					
Investment designated at fair value through profit or loss	30 June 2016	215,892,784	215,892,784	-	-

35.5 Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investments projects to support its business sustainability and future development and maximize its shareholders value. No changes were made in the objectives, policies or processes during the year ended 30 June 2016.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital and reserves. The gearing ratio as at 30 June 2016 and 2015 are as follows:

	Note	2016	2015
		(Rupees)	
Long-term financing		62,740,443	113,757,602
Trade and other payables	20	1,048,751,131	1,262,666,924
Accrued markup	21	3,677,596	16,912,936
Due to a related party	22	7,564,293	15,283,889
Total debt		1,122,733,463	1,408,621,351
Less: Cash and bank balances	15	25,064,036	1,812,348,955
Net debt		1,097,669,427	(403,727,604)
Share capital		1,235,803,710	665,410,160
Share premium account		1,693,075,947	-
Reserves - unappropriated profit		698,586,419	285,557,861
Total equity		3,627,466,076	950,968,021
Total capital and net debt		4,725,135,503	547,240,417
Gearing ratio		23%	0%

36. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for the purpose of better presentation and comparison. Significant reclassifications made during the year are as follows:

Component	From	Notes to the financial statements 2015	To	Rupees
Balance Sheet	**Loans and advances** Advances - to suppliers	4	**Property, plant and equipment** Capital work-in-progress	10,666,981

37. NUMBER OF PERSONS EMPLOYED

	Note	2016	2015
		(Rupees)	
Persons employed as of 30 June		**794**	642
Average persons employed during the year		**718**	543

38. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company in their meeting held on September 22, 2016 has declared issue of bonus shares in proportion of 15 shares for every 100 shares held.

39. DATE OF AUTHORISATION FOR ISSUE

39.1 The Board of Directors of the Company authorised these financial statements for issue on September 22, 2016.

40. GENERAL

40.1 Amounts have been rounded off to the nearest rupee, unless otherwise stated.

40.2 Due to nature of the Company's business, the production capacity is not relevant.

Chief Executive

Director

Consolidated Financial Statements 2016

Auditor's Report on Consolidated Financial Statements to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **Al Shaheer Corporation Limited (the Holding Company)** and its subsidiary company namely Al Shaheer Farms (Private) Limited (togather referred to as Group) as at **30 June 2016** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Holding Company and its subsidiary company. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary company as at **30 June 2016** and the results of their operations for the year then ended.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Karachi

Dated: September 22, 2016

Name of the Engagement Partner: Shariq Ali Zaidi

Consolidated Balance Sheet

AS AT 30 JUNE 2015

	Note	2016	2015
		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,650,348,313	1,204,341,076
Intangible assets	6	3,838,634	2,736,336
		2,654,186,947	1,207,077,412
Long-term deposit	7	-	13,400,000
Deferred tax asset	8	129,077,978	51,616,979
		2,783,264,925	1,272,094,391
CURRENT ASSETS			
Fuel and lubricants		602,655	3,441,275
Consumables	9	14,300,112	-
Stock-in-trade	10	167,654,709	31,179,079
Trade debts	11	1,096,688,030	527,345,804
Loans and advances	12	426,608,566	548,655,502
Trade deposits and short-term prepayments	13	22,300,341	21,500,540
Short-term investments	14	215,892,784	-
Other receivables	15	172,038,418	161,786,886
Taxation - net		76,244,456	28,428,346
Cash and bank balances	16	25,216,231	1,812,353,955
		2,217,546,302	3,134,691,387
TOTAL ASSETS		5,000,811,227	4,406,785,778
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2015: 150,000,000) ordinary shares of Rs. 10/- each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital	17	1,235,803,710	665,410,160
Share premium account		1,693,074,852	-
Unappropriated profit		693,515,405	284,073,808
		3,622,393,967	949,483,968
Non-controlling interest		29,427,849	32,874,146
Total equity		3,651,821,816	982,358,114
Advance against issue of shares		-	1,781,250,000
Surplus on revaluation of fixed assets	18	197,077,671	216,302,218
NON-CURRENT LIABILITIES			
Long-term financing	19	29,551,867	36,072,965
Deferred liabilities	20	28,297,298	18,054,095
		57,849,165	54,127,060
CURRENT LIABILITIES			
Trade and other payables	21	1,049,632,110	1,262,866,924
Accrued mark-up	22	3,677,596	16,912,936
Current portion of long-term financing	19	33,188,576	77,684,637
Due to a related party	23	7,564,293	15,283,889
		1,094,062,575	1,372,748,386
TOTAL EQUITY AND LIABILITIES		5,000,811,227	4,406,785,778
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		(Rupees)	
Turnover - net	25	6,895,579,685	4,984,751,918
Cost of sales	26	(5,803,805,005)	(4,164,378,091)
Gross profit		1,091,774,680	820,373,827
Administration and distribution costs	27	(746,593,573)	(546,887,203)
Other operating expenses	28	(26,045,867)	(33,584,018)
		(772,639,440)	(580,471,221)
Operating profit		319,135,240	239,902,606
Other income	29	69,638,031	19,871,798
Finance costs	30	(53,866,886)	(95,251,840)
Profit before tax		334,906,385	164,522,564
Taxation	31	22,637,488	29,453,060
Profit for the year		357,543,873	193,975,624
Attributable to:			
Owners of the Holding Company		360,990,170	195,401,478
Non-controlling interests		(3,446,297)	(1,425,854)
		357,543,873	193,975,624
Earnings per share – basic	32	3.00	2.41
Earnings per share – diluted	32	2.92	2.19

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		(Rupees)	
Profit for the year		**357,543,873**	193,975,624
Other comprehensive income:			
Other comprehensive income not to be reclassified to profit and loss account in subsequent years			
Remeasurement gain on defined benefit plan	20.1.2	**(10,058,428)**	184,960
Income tax effect		**2,164,109**	(59,187)
Other comprehensive income for the year, net of tax		**(7,894,319)**	125,773
Total comprehensive income for the year		**349,649,554**	194,101,397
Attributable to:			
Owners of the Holding Company		**353,095,851**	195,527,251
Non-controlling interests		**(3,446,297)**	(1,425,854)
		349,649,554	194,101,397

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Cash Flows Statement

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**334,906,385**	164,522,564
Adjustments for:			
Depreciation	5.2	**71,191,631**	87,659,400
Amortisation	6	**859,305**	1,287,879
Provision for defined benefit plan - gratuity	20.1.3	**8,454,075**	7,354,685
Workers' Profits Participation Fund (WPPF)	28	**18,364,106**	8,048,661
Workers' Welfare Fund	28	**6,978,360**	3,058,491
Reversal of provision for doubtful debts	29	**(22,476,866)**	22,476,866
Gain on disposal of property, plant and equipment	29	**(11,852,451)**	(188,590)
Gain on remeasurement of short-term investments	29	**(8,396,419)**	-
Gain on disposal of short-term investments	29	**(3,229,789)**	-
Finance costs	30	**53,866,886**	95,251,840
		113,758,838	224,949,232
Operating profit before working capital changes		**448,665,223**	389,471,796
Decrease / (increase) in current assets:			
Fuel and lubricants		**2,838,620**	2,758,863
Consumables		**(14,300,112)**	-
Stock-in-trade		**(136,475,630)**	9,622,124
Trade debts		**(546,865,359)**	(48,292,154)
Loans and advances		**122,046,936**	(418,393,021)
Trade deposits and short-term prepayments		**(799,801)**	(1,398,422)
Other receivables		**(10,251,532)**	(135,804,496)
		(583,806,878)	(591,507,106)
(Decrease) / increase in current liabilities:			
Trade and other payables		**(228,060,549)**	535,686,683
Due to a related party		**(7,719,596)**	(77,238,653)
		(235,780,145)	458,448,030
Cash flows (used in) / generated from operations		**(370,921,800)**	256,412,720
Long-term deposit - net		**13,400,000**	(13,400,000)
Taxes paid		**(93,184,839)**	(48,749,876)
Gratuity paid	20.1.2	**(8,269,300)**	(2,321,180)
WPPF paid	21.6	**(10,516,731)**	(11,261,709)
Net cash flows (used in) / generated from operating activities		**(469,492,670)**	180,679,955
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to:			
- operating fixed assets - net of transfer from capital work-in-progress	5.1	**(386,120,697)**	(50,082,464)
- capital work-in-progress	5.3.1	**(1,167,747,920)**	(128,991,047)
- intangible assets	6	**(1,961,603)**	(1,402,547)
Sale proceeds from disposal of property, plant and equipment	5.4	**48,522,200**	3,376,150
Short-term investments - net		**(204,266,576)**	-
Net cash flows used in investing activities		**(1,711,574,596)**	(177,099,908)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**593,750,000**	349,594,108
Proceeds from issue of shares to non-controlling interests		**-**	34,300,000
Advance against issue of shares - net		**-**	1,569,779,321
Share issue costs paid		**(81,701,072)**	(40,054,283)
Long-term financing - net		**(51,017,159)**	(27,575,734)
Finance costs paid		**(67,102,227)**	(94,109,431)
Net cash flows from financing activities		**393,929,542**	1,791,933,981
Net (decrease) / increase in cash and cash equivalents		**(1,787,137,724)**	1,795,514,028
Cash and cash equivalents at the beginning of the year		**1,812,353,955**	16,839,927
Cash and cash equivalents at the end of the year	16	**25,216,231**	1,812,353,955
Cash and cash equivalents			
Cash and bank balances	16	**25,216,231**	1,812,353,955

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Statement of Changes in Equity

AS AT 30 JUNE 2016

	Issued, subscribed and paid-up capital	Capital reserve Share premium	Revenue reserve Unappropriated profit	Non-controlling interests	Total
	(Rupees)				
As at 01 July 2014	260,015,000	-	155,959,348	-	415,974,348
Profit for the year	-	-	195,401,478	(1,425,854)	193,975,624
Other comprehensive income for the year, net of tax	-	-	125,773		125,773
Total comprehensive income for the year	-	-	195,527,251	(1,425,854)	194,101,397
Issue of right shares (note 17.1)					
- 2,745,759 shares at premium of Rs. 59.23 per share	27,457,590	162,631,306	-	-	190,088,896
- 2,193,416 shares at premium of Rs. 62.72 per share	21,934,160	137,571,052	-	-	159,505,212
	49,391,750	300,202,358	-	-	349,594,108
Issue of 35,600,341 bonus shares at 115.06% (note 17.3)	356,003,410	(300,202,358)	(55,801,052)	-	-
Surplus on revaluation of fixed assets realised on account of incremental depreciation charged on related assets, net of deferred tax	-	-	25,509,459	-	25,509,459
Shares issued to non-controlling interest (note 1.2)				34,300,000	34,300,000
Share issuance cost, net of deferred tax	-	-	(37,121,198)	-	(37,121,198)
As at 30 June 2015	**665,410,160**	**-**	**284,073,808**	**32,874,146**	**982,358,114**
Profit for the year	-	-	360,990,170	(3,446,297)	357,543,873
Other comprehensive income for the year, net of tax	-	-	(7,894,319)	-	(7,894,319)
Total comprehensive income for the year	-	-	353,095,851	(3,446,297)	349,649,554
Issue of 25,000,000 ordinary shares at premium of Rs. 85 per share (notes 1.1 & 17.1)	250,000,000	2,125,000,000	-	-	2,375,000,000
Issue of 32,039,355 bonus shares at 35% (note 17.3)	320,393,550	(320,393,550)	-	-	
Surplus on revaluation of fixed assets realised on account of incremental depreciation charged on related assets, net of deferred tax	-	-	19,224,548	-	19,224,548
Share issuance cost, net of deferred tax	-	(74,410,400)	-	-	(74,410,400)
Transfer of share issuance cost, net of deferred tax	-	(37,121,198)	37,121,198	-	-
As at 30 June 2016	**1,235,803,710**	**1,693,074,852**	**693,515,405**	**29,427,849**	**3,651,821,816**

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chief Executive **Director**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

1. LEGAL STATUS AND OPERATIONS OF THE GROUP

The Group consists of Al Shaheer Corporation Limited (the Holding Company) and its subsidiary company Al Shaheer Farms (Private) Limited (the Subsidiary Company) that have been consolidated in these consolidated financial statements. Brief profiles of the Holding Company and its Subsidiary Company are as follows:

1.1 Holding Company

Al Shaheer Corporation Limited (the Holding Company) was incorporated as a private limited company in Pakistan on 30 June 2012 under the Companies Ordinance, 1984. The Holding Company was formed as result of amalgamation of two firms having common partners namely, 'Al Shaheer Corporation' and 'MeatOne', which stands as merged on 30 June 2012 and the Company commenced its operations from 01 July 2012 by continuing homogenous line of business of said firms. In 2015, the Holding Company changed its status from private limited company to public limited company and accordingly, the name of the Holding Company changed to Al Shaheer Corporation Limited. The registered office of the Holding Company is situated at Suite No. G/5/5, 3rd floor, Mansoor Tower, Block-8, Shahrah-e-Roomi, Clifton, Karachi. The Holding Company is engaged in trading of different kinds of Halal meat including goat, cow, chicken and fish, both for export market and local sales through chain of retail stores.

On 24 August 2015, the Holding Company enlisted on Pakistan Stock Exchange Limited through the issue of 25 million ordinary shares of Rs.10/- each. Out of the total issue of 25 million ordinary shares, 18.750 million ordinary shares have been subscribed through book building process by high net worth individuals and institutional investors and 6.250 million ordinary shares have been subscribed by the general public through initial public offering.

1.2 Subsidiary Company

The Subsidiary Company was incorporated in Pakistan as a private limited company on 02 March 2015 under the Companies Ordinance, 1984. The principal activity of the Subsidiary Company is to carry on all kinds of farming including agricultural, poultry, horticultural and dairy and to purchase, acquire, keep, maintain, breed, sell or otherwise dispose of all kinds of cattle and other form of live stocks. The registered office of the Subsidiary Company is situated at Suite No. G/5/5, 3rd Floor, Mansoor Tower, Block-8, Shahrah-e-Roomi, Clifton, Karachi, Pakistan. As of the balance sheet date, the Holding Company has 51% shareholding in the Subsidiary Company.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) and Islamic Financial Accounting standards (IFAS) issued by Institute of Chartered Accountant of Pakistan (ICAP) 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.

3. BASIS OF PREPARATION

These consolidated financial statements have been prepared under the historical cost convention except for certain classes of property, plant and equipment (i.e. freehold land, buildings, plant and machinery, furniture and fixture, office equipment, tools and equipment) which have been measured at revalued amounts, defined benefit plan carried at present value and short-term investments at fair value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Holding Company and its Subsidiary Company as at 30 June 2016, here-in-after referred to as 'the Group'.

Subsidiaries

Subsidiaries are those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities income and expenses of a subsidiary acquired or disposed off during the year are included in the profit and loss account from the date the Group gains control until the date the Group ceases to control the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition is recorded as goodwill. If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account.

The assets, liabilities, income and expenses of subsidiary company are consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiary company's shareholders' equity in the consolidated financial statements.

All intra-group transactions, balances, income, expenses and unrealised gains and losses on transactions between Group companies are eliminated in full.

The subsidiary has same reporting period as that of the Holding Company, however, the accounting policies of subsidiary have been changed to confirm with accounting policies of the Group, wherever needed.

When the ownership of a subsidiary is less than 100 percent and, therefore, a non-controlling interest (NCI) exists, the NCI is allocated on its share of the total comprehensive income / loss of the period, even if that results in a deficit balance.

A change in the ownership interest of subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group looses control over subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognised in equity, and recognises fair value of consideration received, any investment retained, surplus or deficit in the profit and loss, and reclassifies the Holding company share of component previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate.

4.2 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except as described below:

New and Revised Standards

The Company has adopted the following new and revised standards to IFRSs which became effective for the current year:

IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities
IFRS 13 – Fair Value Measurement
IAS 27 (Revised 2011) – Separate Financial Statements
IAS 28 (Revised) – Investment in associates and joint ventures

The adoption of the above standards did not have any material effect on these financial statements.

4.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Judgments, estimates and assumptions are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, the management has made the following judgments, estimates and assumptions which are significant to these consolidated financial statements:

Property, plant and equipment and Intangible assets

The Group reviews the appropriateness of the rate of depreciation / amortisation, depreciation / amortisation method, useful life and residual value used in the calculation of depreciation / amortisation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Group uses the technical resources available with the Group. Any change in estimates in future might affect the carrying amount of respective item of property, plant and equipment and intangible assets, with a corresponding effect on the depreciation / amortisation charge and impairment.

During the year, the Holding Company has reviewed the residual value, useful life and depreciation method of property, plant and equipment. For this purpose, the Holding Company also obtained technical services from an independent valuer. As a result, the following changes have been made in the estimates:

- the useful life of plant and machinery have changed from 5 to 20 years.
- depreciation method of property, plant and equipment is changed from straight line method to reducing balance method to reflect the expected pattern of consumption of the future economic benefits embodied in the asset.
- residual values of property, plant and equipment.

Surplus on revaluation of fixed assets

The Group reviews the appropriateness of the revaluation of fixed assets (carried at revalued amounts) periodically for the purpose of ensuring that the carrying amount of the same does not differ materially from its fair value. In making this assessment, the Group uses the technical resources available with the Group. The revaluation exercise is carried out by independent professional valuers using various significant assumptions. Any change in assessment in future might affect the carrying amount of respective item of fixed assets, with a corresponding effect on surplus on revaluation of fixed assets.

Provision for doubtful debts and other receivables

The Group reviews its doubtful trade debts and other receivables at each reporting date to assess whether provision for impairment should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

Purchases

The management of the Group considers that it procures the meat and other items saleable in the ordinary course of business are procured at a net price adjusted for residues. Owing to the nature of the industry in which the Group operates, it facilitates its suppliers in disposing off such materials. The Group accordingly procures only the meat at a price discounted against such facilitation / disposals i.e. purchase cost of meat net of proceeds from sale of residues and skin etc. in the consolidated financial statements. The management is also of the view that it does not carry the risks and rewards related to such by-products which actually relate to the suppliers and not the Group. With regard to the own purchases of livestock, the Group considers recovery against these residues to be an ancillary activity and not a sale in ordinary course of business.

Taxation

In making the estimate for income tax payable by the Group, the Group takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. With regard to deferred tax, the Group applies various assumptions on future projections and applicability of different tax regime, as well as recoverability of various deferred tax asset.

Post retirement benefits

The cost of defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rate and future salary increases. Due to long-term nature of the plan, such estimates are subject to significant uncertainty.

Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of future events can not be predicted with certainty. These are based on the availability of latest information, estimates of value of contingent assets / liabilities which may differ on occurrence / non occurrence of uncertain future events.

Other areas where judgments, estimates and assumptions involved are disclosed in respective notes to these consolidated financial statements.

4.4 Property, plant and equipment

Owned

Property, plant and equipment except for motor vehicles and computers and accessories are stated at revalued amounts, which are the fair value at the date of revaluation. These are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any, recognised subsequent to the date of revaluation.

Vehicles and computers are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to consolidated profit and loss account using reducing balance method so as to write off the historical cost of the assets over their estimated useful lives at the rates specified in note 5 to these consolidated financial statements. Depreciation is charged from the month the asset is available for use upto the month of derecognition.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount at the balance sheet date. Accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Capital stores and spare parts held by the Group for replacement of major items of plant and machinery are stated at cost less accumulated impairment losses, if any. Maintenance and normal repairs are charged to consolidated profit and loss account as and when incurred. Major renewals and improvements, if any, are capitalized, if the recognition criteria is met.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The residual values, useful lives and method of depreciation of property plant and equipment are reviewed annually and are adjusted prospectively, if appropriate. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the consolidated profit and loss account in the period in which they arise. When revalued assets are sold, the relevant remaining surplus is transferred directly by the Group to its consolidated profit and loss account.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and consists of expenditure incurred and advances made in respect of operating fixed assets and intangible assets in the course of their acquisition, erection, construction and installation. The assets are transferred to relevant category of operating fixed assets or intangible assets when they are available for use.

4.5 Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of such assets can also be measured reliably.

Generally, costs associated with developing and maintaining the computer software programmes are recognized as expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefit exceeding the cost beyond one year, are recognized as intangible asset. Direct costs include the purchase cost of software and related overhead cost.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged on a straight line basis over the useful lives of the assets at the rates specified in note 6 of these consolidated financial statements.

Amortisation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted, if appropriate.

4.6 Investments

The management of the Group determines the appropriate classification of investments at the time of purchase. The investments of the Group, upon initial recognition, are classified as investment at fair value through profit or loss, held-to-maturity investment or available-for-sale investment, as appropriate.

Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturity, where management has both the positive intent and ability to hold to maturity are classified as held-to-maturity. Held-to-maturity investments are initially measured at fair value plus directly attributable transaction costs and are subsequently stated at amortised cost using the effective interest method. Gains and losses are recognised in consolidated profit and loss account, when the investments are derecognised or impaired, as well as through the amortisation process. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

At fair value through profit or loss

An investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are classified as held for trading if they are acquired for the purpose of selling and repurchasing in near term. Held for trading assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. Financial instruments are designated at fair value through profit or loss, if the Group manages such investments and makes sales and purchase decision based on their fair value in accordance with the Group's investment strategy.

All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. All transaction costs are recognised directly in profit and loss account. At subsequent dates these investments are measured at fair value, determined on the basis of prevailing market prices, with any resulting gain or loss recognised directly in the consolidated profit and loss account.

Available-for-sale investments

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities are those which are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or in response to changes in the market conditions.

At initial recognition, available-for-sale financial assets are measured at fair value plus directly attributable transaction costs. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each balance sheet date. The Group has not classified any financial assets as available-for-sale at year end.

4.7 Fuel and lubricants

Fuel and lubricants are stated at cost i.e. invoice price.

4.8 Consumables – animal feed

Consumables as stated at invoice value plus other charges paid thereon.

4.8 Stock-in-trade

Stock-in-trade are valued at lower of cost and net realizable value. The cost is determined on weighted average basis and is computed by using the average cost for the last month of the reporting period. Net realizable value is the estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of stock comprise of cost of purchase, cost of conversion and other cost incurred in bringing the stock to their present location and condition.

The Group's stock comprise of livestock and finished goods.

4.9 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful trade debts and other receivables based on review of outstanding amounts. An estimate provision for doubtful debt is made when collection of the full amount is no longer probable. Balances considered bad and irrecoverable are written off, as and when identified.

4.10 Impairment

Financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Any impairment losses on financial assets including financial assets carried at amortised cost are recognised in consolidated profit and loss account.

Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

"In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs to sell of the asset.

In determining fair value less costs to sell, the recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated profit and loss account.

4.11 Loans and advances

These are stated at cost less provision for doubtful balance, if any, as the impact of fair value is immaterial.

4.12 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purposes of cash flow statement, cash and cash equivalents comprises cash in hand, bank balances, short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and book overdraft (cheques issued pending clearance), if any.

4.13 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets is credited to the "Surplus on Revaluation of Fixed Assets Account" shown below equity in the balance sheet in accordance with the requirements of Section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Group has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan (SECP) SRO 45(1)/2003 dated 13 January 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the consolidated profit and loss account; and

- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets Account" to accumulated profit through Statement of Changes in Equity to record realisation of surplus to the extent of the incremental depreciation charge for the year.

4.14 Post retirement benefits - defined benefit plan

The Group operates an unfunded gratuity scheme for employees who qualify for staff gratuity. Staff gratuity scheme benefits are payable to staff on completion of prescribed qualifying period of service under the scheme. Provisions are made periodically, on the basis of actuarial valuations. Actuarial gains and losses for defined benefit plan are recognised in full in the period in which they occur in 'other comprehensive income'. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods. The past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Group has recognised related restructuring or terminations.

The scheme is governed by the trust deeds and rules and all matters pertaining to the scheme including contributions to the scheme and payment to outgoing members are dealt with in accordance with the trust deeds and rules. The liabilities under the scheme in respect of members in service on the valuation date on a going concern basis and having regard to projected future salary increases, are covered by the Fund on the valuation date, the total balance sheet reserve as of the valuation date, future contributions to the Fund, and future projected investment income of the Fund. As far as possible the contribution to the Fund should remain reasonably stable as a percentage of salaries, under the Projected Unit Credit Method employed.

4.15 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, in accordance with the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is recognized using the balance sheet method, on all temporary differences arising at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset and liabilities, using the enacted or substantially enacted rates of taxation. In this regards effects of deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release 27 (ATR-27) of ICAP.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits, to the extent that it is probable that the future taxable profits will be available against which the deductible temporary differences, carry forward of unused tax losses and unused tax credits can be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date. Deferred tax on items pertaining to income under final tax regime has not been recognised.

Deferred tax is charged to the profit and loss account. Deferred tax relating to items recognised directly in the other comprehensive income or equity is recognised in the other comprehensive income or equity respectively, and not in profit and loss account.

Further, the Group recognises deferred tax asset / liability or deficit / surplus on revaluation of property plant and equipment which is adjusted against the related deficit / surplus.

4.16 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Group.

4.17 Ijarah contracts

Leases under Shariah compliant Ijarah contracts, irrespective of whether a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as Ijarah. Rentals under these arrangements are charged to consolidated profit and loss account on straight line basis over the lease term.

Sales and leaseback on Ijarah

In case of sale and lease back transaction on Ijarah basis, any profit or loss is recognized immediately. If the sale price is below fair value, loss is recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used.

4.18 Provisions

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

4.19 Foreign currency translations

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to profit and loss currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value was determined. The gain or loss arising on re-translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation difference on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss respectively).

4.20 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. All financial assets are derecognised at the time when the Group loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account.

4.21 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet if the Group has legally enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

4.22 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates, and sales tax or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. The Group has concluded that it is acting as a principal in all its revenue arrangements. The following are the specific recognition criteria that must be met before revenue is recognised:

- Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer which generally coincides with dispatch of goods to customers.
- Income on deposits and other financial assets is recognised on accrual basis using effective interest method.
- Dividend is recognised when right to entitlement is established.

4.23 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees (Pak Rupees), which is the Group's functional and presentation currency.

4.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to decision-maker. The decision-maker is responsible for allocating resources and assessing performance of the operating segments.

4.25 Borrowing costs

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

4.26 Dividend and appropriation of reserves

Dividends and appropriation to reserves are recognised to the consolidated financial statement in the period in which these are approved. However, if these are approved after the reporting period but before the consolidated financial statements are authorised for issue, they are disclosed in the notes to the consolidated financial statements.

4.27 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (accounting periods beginning on or after)
IFRS 2 –	Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments	01 January 2018
IFRS 10 –	Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 –	Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	Not yet finalised
IFRS 11 –	Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 –	Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 7 –	Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 –	Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 16 –	Property, Plant and Equipment - Clarification of Acceptable Method of Depreciation (Amendment)	01 January 2016
IAS 16 –	Property, Plant and Equipment and IAS 41 Agriculture: Agriculture - Bearer Plants (Amendment)	01 January 2016
IAS 27 –	Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The above standards and amendments are not expected to have any material impact on the Group's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

		IASB Effective date (accounting periods beginning on or after)
IFRS 9 –	Financial Instruments: Classification and Measurement	01 January 2018
FRS 14 –	Regulatory Deferral Accounts	01 January 2016
FRS 15 –	Revenue from Contracts with Customers	01 January 2018
FRS 16 –	Leases	01 January 2019

The Group expects that above new standards will not have any material impact on the Group's financial statements in the period of initial application.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
		(Rupees)	
Operating fixed assets	5.1	**1,171,895,413**	707,398,013
Capital work-in-progress	5.3	**1,478,452,900**	496,943,063
		2,650,348,313	1,204,341,076

5.1 Operating fixed assets

	GROSS CARRYING VALUE					
	As at 01 July 2015	Additions	Transfers	(Disposals)	As at 30 June 2016	Rate
	(Rupees)					
Owned						
Leasehold land	77,941,473	408,513,840 **	-	(32,812,400)	453,642,913	-
Building	154,995,536 ***	4,861,911	-	-	159,857,447	10%
Plant and machinery	238,993,260	11,020,304	(20,850,802)	-	229,162,762	5% - 20%
Furniture and fixture	115,252,882	40,107,703	-	-	155,360,585	10%
Motor vehicles	68,984,812 *	65,721,254 **	-	(7,258,347)	127,447,719	15%
Office equipment	123,516,310	30,793,471	20,850,802	(224,640)	174,935,943	15%
Tools and equipment	20,623,900	3,089,293	-	-	23,713,193	10%
Computers and accessories	10,469,282	8,251,004	-	-	18,720,286	10%
2016	810,777,455	572,358,780	-	(40,295,387)	1,342,840,848	

	GROSS CARRYING VALUE					
	As at 01 July 2014	Additions	Transfer	(Disposals)	As at 30 June 2015	Rate
	(Rupees)					
Owned						
Leasehold land	77,941,473	-	-	-	77,941,473	-
Buildings	152,562,498 ***	2,433,038	-	-	154,995,536	20% - 33%
Plant and machinery	222,326,924	16,666,336 **	-	-	238,993,260	20% - 33%
Furniture and fixture	102,613,204	12,639,678	-	-	115,252,882	20%
Motor vehicles	58,535,819 *	13,955,086 *	-	(3,506,093)	68,984,812	20% - 33%
Office equipment	97,478,594	26,622,521 **	-	(584,805)	123,516,310	20%
Tools and equipment	19,757,025	866,875	-	-	20,623,900	20% - 33%
Computers and accessories	8,835,954	1,675,328	-	(42,000)	10,469,282	33%
2015	740,051,491	74,858,862	-	(4,132,898)	810,777,455	

* Included herein is assets costing Rs. 11.279 million under diminishing musharaka arrangements.
** Included herein assets transferred from capital work-in-progress to operating fixed assets. (note 5.3.1)
*** Included herein Head office building having cost and accumulated depreciation of Rs. 50 million and Rs. 10.7 million respectively, in possession of the Holding Company, however, the title of the same is in process of transfering in the name of the Holding Company.

	ACCUMULATED DEPRECIATION					NET BOOK VALUE
	As at 01 July 2015	Transfer	Charge for the year	(On disposals)	As at 30 June 2016	As at 30 June 2016
	(Rupees)					
Owned						
Leasehold land	**-**	**-**	**-**	**-**	**-**	**453,642,913**
Building	**17,699,492**	**-**	**13,927,194**	**-**	**31,626,686**	**128,230,761**
Plant and machinery	**25,490,061**	**(2,738,686)**	**10,965,687**	**-**	**33,717,062**	**195,445,700**
Furniture and fixture	**12,635,722**	**-**	**11,801,505**	**-**	**24,437,227**	**130,923,358**
Motor vehicles	**23,545,059**	**-**	**10,502,788**	**(3,573,300)**	**30,474,547**	**96,973,172**
Office equipment	**19,248,886**	**2,738,686**	**20,455,599**	**(52,338)**	**42,390,833**	**132,545,110**
Tools and equipment	**2,272,801**	**-**	**1,959,132**	**-**	**4,231,933**	**19,481,260**
Computers and accessories	**2,487,421**	**-**	**1,579,726**	**-**	**4,067,147**	**14,653,139**
	103,379,442	**-**	**71,191,631**	**(3,625,638)**	**170,945,435**	**1,171,895,413**

	ACCUMULATED DEPRECIATION					NET BOOK VALUE
	As at 01 July 2015	Transfer	Charge for the year	(On disposals)	As at 30 June 2016	As at 30 June 2015
	(Rupees)					
Owned						
Leasehold land	-	-	-	-	-	77,941,473
Building	-	-	17,699,492	-	17,699,492	137,296,044
Plant and machinery	-	-	25,490,061	-	25,490,061	213,503,199
Furniture and fixture	-	-	12,635,722	-	12,635,722	102,617,160
Motor vehicles	15,125,549	-	9,207,833	(788,323)	23,545,059	45,439,753
Office equipment	-	-	19,401,701	(152,815)	19,248,886	104,267,424
Tools and equipment	-	-	2,272,801	-	2,272,801	18,351,099
Computers and accessories	1,539,831	-	951,790	(4,200)	2,487,421	7,981,861
	16,665,380	-	87,659,400	(945,338)	103,379,442	707,398,013

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2016

5.1.1 The Holding Company has carried out the review of useful life of plant and machinery through an independent valuer namely Sadruddin Associates (Private) Limited on 30 June 2016. As a result, the expected remaining useful life of plant and machinery increases from 5 years to 20 years. Further, the Holding Company has changed method of depreciation from straight line mehod to reducing balance method for all classes of property, plant and equipment. The above changes in accounting estimate has been accounted for in accordance with the requirements of International Accounting Standards 8 - Accounting Policies, Change in Accounting Estimates and Errors. Had there been no change in estimate, the profit for the year and property, plant and equipment would be lower by Rs. 32.9 million.

5.2 Depreciation for the year has been allocated as follows:

	Note	2016	2015
		(Rupees)	
Cost of sales	26	**29,345,380**	35,003,827
Administrative and distribution cost	27	**41,846,251**	21,247,932
		71,191,631	56,251,759

5.3 Capital work-in-progress

	Note	2016	2015
Land		**38,667,046**	41,035,046
Civil works	5.3.2	**82,438,644**	65,407,917
Equipment and machinery		**996,134,082**	213,579,784
Advance to suppliers and contractors		**345,508,298**	161,215,486
Intangible asset under development		**15,704,830**	15,704,830
		1,478,452,900	496,943,063

5.3.1 The movement in capital work-in-progress is as follows:

	Land	Civil works	Equipment and machinery	Advance to suppliers and contractors	Intangible assets under development	Total
	(Rupees)					
As at 01 July 2015	41,035,046	65,407,917	213,579,784	161,215,486	15,704,830	496,943,063
Addition during the year	168,047,500	17,030,727	782,554,298	200,115,395	-	1,230,018,280
Transfers to operating fixed assets	(170,415,500)	-	-	(15,822,583)	-	(186,238,083)
As of 30 June 2016	**38,667,046**	**82,438,644**	**996,134,082**	**345,508,298**	**15,704,830**	**1,478,452,900**

5.3.2 Included here in Rs. 67.539 (2015 Rs. 60.895.539) million in respect of civil works related to farming business on the land being purchased by the Holding Company. Accordingly, legal formalities are underway to transfer the title in the name of the Holding Company.

5.4 The details of operating fixed assets disposed off during the year are as follows:

	Cost / revalued amount	Accumulated depreciation	Written down value	Net sale proceeds	Gain on disposals	Mode of disposal	Particulars of buyers
	(Rupees)						
Owned							
Land							
Plot at Lahore Sakin Dogar-e-Khurd Dakh Khana Barki	32,812,400	-	32,812,400	43,200,000	10,387,600	Negotiation	Khalid Hussain (Residence - Lahore Cantt)
Motor vehicles							
Suzuki Cultus	310,237	196,611	113,626	300,000	186,374	Negotiation	Nadeem Ali (individual)
ISUZU Truck	2,284,975	1,529,703	755,272	1,250,000	494,728	Negotiation	Liaquat Danish (individual)
Toyota Hilux Mobile	2,020,395	1,004,561	1,015,834	1,325,000	309,166	Negotiation	Amjad Hussain (individual)
Toyota Corolla	1,662,500	419,986	1,242,514	1,575,000	332,486	Insurance claim	Pak-Kuwait Takaful Company Ltd., Karachi
Toyota Vitz	980,240	422,439	557,801	750,000	192,199	Negotiation	Ghayasuddin (employee of the Group)
	7,258,347	3,573,300	3,685,047	5,200,000	1,514,953		
Office equipment							
Laptop - HP pro book 4540	81,900	32,620	49,280	42,000	(7,280)	Negotiation	Muhammad Ali (ex-employee of the Group)
Samsung Note 3	55,000	7,597	47,403	39,600	(7,803)	Insurance claim	Pak-Kuwait Takaful Company Ltd., Karachi
Aggregate amount assets disposed off having book value less than Rs. 50,000	87,740	12,121	75,619	40,600	(35,019)	Negotiation	Various
	224,640	52,338	172,302	122,200	(50,102)		
2016	**40,295,387**	**3,625,638**	**36,669,749**	**48,522,200**	**11,852,451**		
2015	4,132,898	945,338	3,187,560	3,376,150	188,590		

6. INTANGIBLE ASSETS

	COST			Rate	ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at 01 July	Additions (note 6.1)	As at 30 June		As at 01 July	For the year	As at 30 June	As at 30 June
	(Rupees)				(Rupees)			
Computer software	6,074,688	1,961,603	8,036,291	25%	3,338,352	859,305	4,197,657	3,838,634
2016	**6,074,688**	**1,961,603**	**8,036,291**		**3,338,352**	**859,305**	**4,197,657**	**3,838,634**
2014	4,672,141	1,402,547	6,074,688		2,050,473	1,287,879	3,338,352	2,736,336

6.1 Represents additions of softwares for the Holding Company's retail outlets.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
7. LONG-TERM DEPOSIT			
		(Rupees)	
Cash margin against bank guarantees		-	13,400,000
8. DEFERRED TAX ASSET - NET			
Deferred tax assets on deductible temporary differences:			
Unabsorbed tax losses		**140,407,997**	76,170,512
Unused tax credits		**1,666,634**	1,666,634
Defined benefit plan		**6,361,828**	3,677,126
		148,436,459	81,514,272
Deferred tax liabilities on taxable temporary differences:			
Property, plant and equipment		**(491,595)**	(8,689,932)
Surplus on revaluation of fixed assets		**(18,866,886)**	(21,207,361)
		(19,358,481)	(29,897,293)
	8.1	**129,07,978**	51,616,979

8.1 The deferred tax asset is recognised in line with the accounting policy as disclosed in note 4.15 to these consolidated financial statements based on the future projections of the Group.

8.2 Deferred tax asset on unused tax losses amounting to Rs. 309,788/- has not been recognised in these consolidated financial statements due to uncertainty about the future profitability of the Subsidiary Company.

9 CONSUMABLES

Represents stock of animal feed purchased for future consumption. These are mechanically processed feed having consumption cycle of 6 to 12 months.

	Note	2016	2015
10. STOCK-IN-TRADE			
		(Rupees)	
Livestock		**118,696,795**	9,686,672
Finished goods		**48,957,914**	21,492,407
		167,654,709	31,179,079
11. TRADE DEBTS - Unsecured			
Considered good			
Overseas		**812,421,265**	358,549,297
Local		**284,266,765**	168,796,507
	11.1 & 11.2	**1,096,688,030**	527,345,804
Considered doubtful			
Overseas		**-**	13,581,305
Local		**-**	8,895,561
		-	22,476,866
Less: Provision for doubtful debts	11.3	**-**	(22,476,866)
		1,096,688,030	527,345,804

11.1 These are non-interest bearing and generally on an average term of 30 days.

11.2 As of the balance sheet date, the ageing analysis of unimpaired trade debts are as follows:

	Neither past due nor impaired	Past due but not impaired > 30 days up to 90 days	> 90 days up to 180 days	> 180 days up to 360 days	> 360 days	Total
	(Rupees)					
2016	**383,865,654**	**518,830,879**	**106,903,594**	**80,501,967**	**6,585,936**	**1,096,688,030**
2015	366,476,491	133,054,043	1,128,586	26,686,684	-	527,345,804

11.3 The movement in provision for doubtful debts is as follows:

	Note	2016	2015
Opening balance		**22,476,867**	-
Provision made during the year		**-**	22,476,867
Reversal made during the year		**(22,476,867)**	-
Closing balance		**-**	22,476,867

12. LOANS AND ADVANCES

	Note	2016	2015
Considered good			
Secured			
Loans to employees			
Executives		**3,931,689**	4,359,609
Employees		**4,558,467**	5,603,131
		8,490,156	9,962,740
Unsecured			
Advances to			
Suppliers	12.1	**347,149,046**	499,355,798
Employees against purchases		**28,890,473**	9,666,220
Service providers and other vendors		**28,346,704**	24,576,816
Employees		**13,732,187**	5,093,928
		418,118,410	538,692,762
	12.2	**426,608,566**	548,655,502

12.1 Represents advances given to employees to meet business expenses, which are settled, as and when the expenses are incurred.

12.2 These are non-interest bearing and generally on an average term of 1 to 6 months.

13. TRADE DEPOSITS AND SHORTS-TERM PREPAYMENTS

	2016	2015
	(Rupees)	
Trade deposits	**2,848,990**	9,604,081
Prepayments		
- rent	**13,046,362**	8,363,568
- takaful	**4,642,993**	3,532,891
- others	**1,761,996**	-
	19,451,351	11,896,459
	22,300,341	21,500,540

13.1 These are non-interest bearing and generally on an average term of 1 to 6 months.

14. SHORT-TERM INVESTMENTS

	Note	2016	2015
		(Rupees)	
Investment at fair value through profit or loss:			
Investment designated at fair value through profit or loss - mutual funds		**215,892,784**	-

15. OTHER RECEIVABLES

	Note	2016	2015
Unsecured, considered good			
Sales tax receivables		**98,962,573**	33,286,920
Receivable from shareholders	15.1	**17,800,200**	17,800,200
Receivable from:			
- against disposal of assets	15.2	**38,200,000**	-
- banks		**6,083,466**	7,981,907
- others		**10,992,179**	102,717,859
		55,275,645	110,699,766
		172,038,418	161,786,886

15.1 Included herein receivable from shareholders of the Holding Company on account of tax on bonus shares issued during the year 2015 (note 21).

15.2 Represents amount receivable on account of disposal of Lahore property as disclosed in note 5.4 to these consolidated financial statements. The amount has been subsequently received in full.

16. CASH AND BANK BALANCES

	Note	2016	2015
		(Rupees)	
Cash in hand		**30,704,435**	12,547,961
With banks:			
Saving accounts - local currency (islamic banking)	16.1	**9,523,524**	1,400,553
Current accounts			
- local currency	16.2	**12,887,438**	1,833,174,478
- foreign currency		**52,375**	50,875
		22,463,337	1,834,625,906
Book overdraft		**(27,951,541)**	(34,819,912)
	16.3	**25,216,231**	1,812,353,955

16.1 These carry profit at the rates ranging between 3.27% to 6.5% (2015: 4% to 5%) per annum.

16.2 Includes Rs. 9.506 (2015: Rs. 10.000) million kept in a separate bank account in respect of security deposits received from customers. These balances are non-interest bearing.

16.3 Included herein balances amounting to Rs. 19.801 million held in accounts maintained under islamic banking.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016	2015			2016	2015
Number of Shares		Ordinary shares of Rs. 10 each	Note	(Rupees)	
29,940,675	4,940,675	Issued for cash	17.1	**299,406,750**	49,406,750
26,000,000	26,000,000	Issued for consideration other than cash	17.2	**260,000,000**	260,000,000
67,639,696	35,600,341	Issued as bonus shares	17.3	**676,396,960**	356,003,410
123,580,371	66,541,016			**1,235,803,710**	665,410,160

17.1 During the year, the Holding Company enlisted on Pakistan Stock Exchange Limited through issue of 25 million ordinary shares having face value of Rs. 10/- at a premium of Rs. 85/- each as disclosed in note 1.1 to these consolidated financial statements.

17.2 Represents shares issued at a face value of Rs. 10 each against transfer of net assets from the amalgamted firms to the Holding Company as disclosed in note 1.1 to these consolidated financial statements.

17.3 During the year, the Holding Company has issued 32,039,355 bonus shares (2015: 35,600,341 bonus shares) of Rs. 10/- each from the share premium account (2015: Rs. 300.202 million from share premium account and Rs. 55.801 were transferred from unappropriated profit).

18. SURPLUS ON REVALUATION OF FIXED ASSETS

	2016	2015
	(Rupees)	
As at 01 July	**237,509,579**	267,524,432
Transfer to unappropriated profit on account of:		
- incremental depreciation during the year	**(19,071,082)**	(30,003,848)
- disposal of fixed assets during the year	**(2,493,940)**	(11,005)
	215,944,557	237,509,579
Deferred tax		
As at 01 July	**(21,207,361)**	(25,712,755)
Deferred tax on incremental depreciation	**1,677,745**	3,726,220
Adjustment due to change in tax rate	**662,730**	779,174
	(18,866,886)	(21,207,361)
	197,077,671	216,302,218

19. LONG-TERM FINANCING

	Note	2016	2015
		(Rupees)	
Diminishing Musharaka - Islamic banking			
Summit Bank Limited	19.1	**7,916,665**	39,583,333
Askari Bank Limited	19.2	**22,166,660**	34,833,332
Dubai Islamic Bank Pakistan Limited		**-**	30,000,000
Habib Metropolitan Bank Limited	19.3	**13,344,918**	9,340,937
Burj Bank Limited	19.4	**19,312,200**	-
		62,740,443	113,757,602
Less: current maturity shown under current liabilities		**(33,188,576)**	(77,684,637)
		29,551,867	36,072,965

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2016

19.1 The Holding Company had obtained diminishing musharaka facility having a limit of Rs. 47.5 million (2015 :47.5 million) in respect of purchase of fixed assets for a period of 18 months. It carries profit at the rate of 3 months KIBOR + 2% per annum. The facility is secured by ranking charge of Rs. 71.585 million on plant and machinery installed at Deh Shah Mureed-Tappo Songal- Gadap Town, Karachi, in the name of a bank. The musharaka units are to be purchased commencing from 09 March 2015 on the basis of percentages set out in the musharaka agreement.

19.2 The Holding Company had obtained diminishing musharaka facility having a limit of Rs. 38 million (2015: Rs. 38 million) in respect of purchase of fixed assets for a period of 4 years. It carries profit at the rate of 3 months KIBOR + 2% per annum. The facility is secured by exclusive charges of Rs. 51 million (2015: Rs. 51 million) over plant and machinery of the Company, in the name of a bank. The musharaka units are to be purchased commencing from 27 February 2014 on the basis of percentages set out in the musharaka agreement.

19.3 During the year, the Holding Company has renewed diminishing musharaka facility having a limit of Rs. 15.744 million (2015: 19.888 million) in respect of purchase of motor vehicles for a period of 3 years. It carries profit at the rate of 6 months KIBOR + 2% per annum. The facility is secured by registration of vehicles in the name of a bank and personal guarantees of the CEO / major shareholder. The musharaka units are to be purchased commencing from 29 October 2014 on the basis of percentages set out in the musharaka agreement.

19.4 During the year, the Holding Company had obtained diminishing musharaka facility having a limit of Rs. 45 million (2015: Nil) in respect of purchase of motor vehicles for a period of 3 years. It carries profit at the rate of 6 months KIBOR + 1.9% per annum. The facility is secured by registration of vehicles in the name of a commercial bank. The musharaka units are to be purchased commencing from 10 February 2016 on the basis of percentages set out in the musharaka agreement.

20. DEFERRED LIABILITIES

	Note	2016	2015
		(Rupees)	
Defined benefit plan - gratuity	20.1	**28,297,298**	18,054,095
20.1 Staff gratuity	20.1.2	**28,297,298**	18,054,095

As stated in note 4.14 to these consolidated financial statements, the Group operates an unfunded gratuity scheme. The latest actuarial valuation was carried out as at 30 June 2016 using the Projected Unit Credit method.

20.1.1 Significant actuarial assumptions

The following are the significant actuarial assumptions used in the actuarial valuation:

	Note	2016	2015
Expected rate of increase in salary (per annum)		**6.00%**	8.25%
Discount rate (per annum)		**6.00%**	8.25%
Expected mortality rate		**70% of EFU 61-66 mortality table**	70% of EFU 61-66 mortality table
Expected withdrawal rate		**Age Dependent**	Age Dependent

20.1.2 Movement in net liability / present value of defined benefits obligation

	Note	2016	2015
		(Rupees)	
As at 01 July		**18,054,095**	13,205,550
Charge for the year	20.1.3	**8,454,075**	7,354,685
Payments to outgoing employees		**(8,269,300)**	(2,321,180)
Remeasurement loss / (gain) recognised in other comprehensive income		**10,058,428**	(184,960)
As at 30 June		**28,297,298**	18,054,095

20.1.3 Charge for the year

	2016	2015
Current service cost	**7,305,721**	5,849,065
Interest cost	**1,148,354**	1,505,620
	8,454,075	7,354,685

20.1.4 Sensitivity analysis

A sensitivity analysis for the above principal actuarial assumptions as of the balance sheet date showing how the defined benefit obligation would have been affected by changes in the said assumptions is as follows:

	2016	
	1% Increase	1% Decrease
	(Rupees)	
Discount rate	**(840,676)**	903,299
Salary rate	**894,534**	(848,413)

20.1.5 Description of the risks to the Holding Company

The defined benefit plan exposes the Holding Company to the following risks:

Mortality risks - The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Final salary risks - The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks – The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

21. TRADE AND OTHER PAYABLES

	Note	2016	2015
		(Rupees)	
Creditors:			
Trade		**138,138,258**	157,399,455
Non-trade		**38,256,025**	54,306,242
		176,394,283	211,705,697
Murabaha - islamic banking			
Summit Bank Limited	21.1	**259,000,000**	443,750,000
Habib Metropolitan Bank Limited	21.2	**226,603,060**	227,529,667
Dubai Islamic Bank Pakistan Limited	21.3	**198,979,856**	137,000,000
Askari Bank Limited	21.4	**50,000,000**	50,000,000
Meezan Bank Limited		**-**	30,000,000
		734,582,916	888,279,667
Accrued liabilities		**29,103,897**	20,846,661
Advance from customers		**26,208,600**	27,219,267
Withholding tax payable	21.5	**22,941,521**	37,927,950
Workers' Profits Participation Fund	21.6	**15,896,036**	8,048,661
Workers' Welfare Fund		**12,751,127**	5,398,803
Payable against purchase of capital work-in-progress		**-**	43,100,419
Retention money		**12,020,256**	10,000,000
Other payables		**19,733,474**	10,339,799
		1,049,632,110	1,262,866,924

21.1 The Holding Company has obtained murabaha financing facility having a limit Rs 275 million (2015: Rs 500 million) out of which Rs. 8.08 million (2015: Rs. 56.25 million) remains unutilized as at balance sheet date. It carries profit at the rate of 6 months KIBOR + 2% per annum.Out of the total facility, Rs. 64 million is secured by specific charge over plant and machinery, Rs. 50 million is secured by second charge over receivables. The remaining facility is secured by charge over Gadap Land amounting to Rs. 367 million.

21.2 Represents murabaha facility (foreign exchange) having a limit of Rs. 230 million (2015: Rs. 230 million), out of which Rs. 2.452 million (2015: Rs. 2.47 million) remains unutilized as at balance sheet date. It carries profi at the rate of relevant LIBOR + 2% per annum. The facility is secured by first pari passu charge over receivables and first exclusive charge over specific plant and machinery of the Holding Company duly insured in bank's favor.

21.3 Represents murabaha facility having a limit of Rs. 200 million (2015: 167 million), out of which Rs. 1.02 million (2015: 20 million) remains unutilized as at balance sheet date. The limits includes both local as well as foreign currency murabaha carrying profit at the rate of KIBOR + 2.5% and LIBOR + 1.5% respectively. Out of the total facility, Rs. 157 million is secured by the first registered pari passu hypothecation charge over receivables including trade receivables with 25% margin.

The facility is secured against exclusive charge over specific plant and machinery of Rs. 43 million, property of Rs. 50 million and personal guarantees of CEO.

21.4 Represents murabaha facility having a limit of Rs. 50 million (2015: 50 million) which is fully utilized as at balance sheet date. It carries profit at the rate of relevant KIBOR + 2% per annum. The facility is secured against 1st pari passu hypothecation charge of Rs.67 million over stocks and book debts of the Holding Company, duly registered with SECP.

21.5 Included herein witholding tax payable on bonus shares (note 17.3).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

21.6 Workers' Profits Participation Fund (WPPF)

	2016	2015
	(Rupees)	
As at 01 July	**8,048,661**	11,261,709
Charge for the year	**18,364,106**	8,048,661
Paid during the year	**(10,516,731)**	(11,261,709)
	15,896,036	8,048,661

22. ACCRUED MARK-UP

Accrued mark-up on:		
- Long-term financing	**147,353**	541,031
- Murabaha	**3,530,243**	16,371,905
	3,677,596	16,912,936

23. DUE TO A RELATED PARTY

Represents interest free loan obtained from Chief Executive of the Group at the time of incorporation of the Holding Company in 2012. The loan is unsecured and is repayable on demand.

24. CONTINGENCIES AND COMMITMENTS

	2016	2015
	(Rupees)	
24.1 Contingencies		
Guarantees issued by banks on behalf of the Holding Company	**36,118,611**	28,000,000
Post dated cheques	**33,155,528**	66,418,962
24.2 Commitments		
Letter of credits	**55,500,000**	-
Capital commitments		
24.2.1 Narji Trading LLC (Trading Company)	**-**	15,698,906
24.2.2 National Industrial Parks (Development and Management Company)		
Total price of plot	**19,967,000**	41,329,500
Paid till 30 June 2015	**-**	(21,362,500)
	19,967,000	19,967,000
24.2.3 Shahab & Company (contractor)		
Total contract value	**283,843,450**	-
Paid / adjusted during the year	**(135,732,787)**	-
	148,110,663	-

24.2.4 Ijarah commitments

The Holding Company has entered into Ijarah agreements with a commercial bank in respect of purchase of vehicles for a period of 3 years. Ijarah payments due under these agreements are payable in monthly installments latest by January 2017. Taxes and repairs are to be borne by the Holding Company (lessee), however, major repairs and insurance costs are to be borne by the lessors. Future minimal rentals payable under Ijarah agreements as at year end are as follows:

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	(Rupees)	
Within one year	**649,136**	3,965,780

25. TURNOVER - net

Local sales	**2,151,352,218**	1,281,778,846
Sales discount	**(88,052,247)**	(57,190,958)
Sales return	**(23,154,590)**	(7,847,163)
	2,040,145,381	1,216,740,725
Export sales	**4,855,434,304**	3,768,011,193
	6,895,579,685	4,984,751,918

26. COST OF SALES

	Note	2016	2015
		(Rupees)	
Livestock and meat cost			
Opening stock		**9,686,672**	18,705,081
Purchases		**4,978,387,748**	3,403,651,731
Recovery against livestock residuals - net		**(110,325,485)**	(129,864,535)
Closing stock		**(118,696,795)**	(9,686,672)
		4,759,052,140	3,282,805,605
Conversion cost			
Salaries, wages and other benefits	26.1	**104,609,406**	74,741,448
Electricity, diesel and related expenses		**39,883,024**	52,557,128
Repairs and maintenance		**18,472,286**	16,933,900
Depreciation	5.2	**29,345,380**	41,698,235
Cargo		**736,287,906**	575,142,340
Clearing and forwarding		**43,695,210**	35,520,100
Freight		**-**	10,200
Packing material		**71,091,853**	57,596,501
Livestock food		**2,838,110**	7,437,698
Marination		**6,999,516**	5,691,143
Others		**16,157,062**	10,881,214
		1,069,379,753	878,209,907
Cost of goods available for sale		**5,828,431,893**	4,161,015,512
Finished goods and fuels and lubricants			
Opening stock		**24,933,681**	28,296,260
Closing stock		**(49,560,569)**	(24,933,681)
		(24,626,888)	3,362,579
		5,803,805,005	4,164,378,091

26.1 Includes Rs. 8.454 million (2015: Rs. 7.355 million) in respect of staff retirement benefits.

	Note	2016	2015
27. ADMINISTRATION AND DISTRIBUTION EXPENSES		(Rupees)	
Salaries, wages and other benefits		**225,504,043**	150,969,329
Electricity, diesel and related expenses		**43,234,857**	47,240,755
Repair and maintenance		**19,312,296**	5,564,648
Fuel and vehicle maintenance		**32,609,224**	24,822,386
Travelling and conveyance		**29,995,650**	13,662,098
Telephone and communication		**17,134,224**	12,727,886
Marketing and advertisement		**75,570,202**	75,050,406
Rent, rates and taxes		**134,455,408**	86,009,143
Food		**14,291,777**	14,912,770
Depreciation	5.2	**41,846,251**	45,961,165
Amortization	6	**859,305**	1,287,879
Legal and professional		**8,167,980**	9,982,204
Donation	27.1	**12,146,835**	13,186,382
Office supplies		**16,103,812**	7,965,594
Postage and courier		**1,541,803**	356,929
Takaful		**9,543,240**	3,142,729
Staff welfare		**18,303,178**	6,601,626
Security		**603,044**	378,255
Training		**1,099,913**	627,201
Cleaning		**8,911,347**	6,714,039
Commission on credit card facilities		**6,250,995**	4,005,209
Shelf rentals		**7,280,632**	2,742,621
Auditors' remuneration	27.2	**2,295,000**	2,300,225
Ijarah rentals		**2,286,783**	3,202,138
Advances written off		**6,921,015**	-
Others		**10,324,759**	7,473,586
		746,593,573	546,887,203

27.1 No director of the Group or his spouse had interest in any donee.

27.2 Auditors' remuneration

	2016	2015
Audit fee - the Holding Company	**1,000,000**	650,000
- the Subsidiary Company	**250,000**	200,000
- consolidation	**300,000**	250,000
Half yearly audit	**450,000**	475,000
Certifications and other services	**77,000**	562,740
Out of pocket expenses	**218,000**	162,485
	2,295,000	2,300,225

	Note	2016	2015
28. OTHER OPERATING EXPENSES		(Rupees)	
Workers' Welfare Fund		**6,978,360**	3,058,491
Workers' Profits Participation Fund	21.6	**18,364,106**	8,048,661
Provision for doubtful debts	11.3	**-**	22,476,866
Loss on forward contracts		**703,401**	-
		26,045,867	33,584,018
29. OTHER INCOME			
Income from financial assets			
Gain on forward contracts		**-**	5,609,288
Profit on saving accounts		**4,731,189**	199,680
Gain on remeasurement of short-term investments		**8,396,419**	-
Gain on disposal of short-term investments		**3,229,789**	-
Dividend income		**7,762,500**	-
		24,119,897	5,808,968
Income from assets other than financial assets			
Exchange gain - net		**9,703,176**	12,958,513
Reversal of provision for doubtful debts		**22,476,866**	-
Liabilities no longer payable written back		**-**	665,238
Gain on disposal of property, plant and equipment		**11,852,451**	188,590
Others		**1,485,641**	250,489
		45,518,134	14,062,830
		69,638,031	19,871,798
30. FINANCE COSTS			
Mark-up on long-term financing		**7,536,090**	15,369,817
Profit on murabaha		**25,509,894**	62,365,365
Bank charges		**20,820,902**	17,516,658
		53,866,886	95,251,840
31. TAXATION			
Current		**45,085,122**	33,344,656
Prior		**282,512**	(59,184)
		45,367,634	33,285,472
Deferred		**(68,005,122)**	(62,738,532)
	31.1	**(22,637,488)**	(29,453,060)

31.1 Relationship between tax charge and accounting profit

	2016	2015
	(Rupees)	
Profit before tax	**334,906,385**	164,522,564
Tax at applicable tax rate of 32 percent (2015: 33 percent)	**108,848,691**	54,292,446
Tax effect of income under final tax regime	**(114,887,680)**	(100,855,582)
Provision against withholding tax on purchases	**-**	3,690,655
Prior year charge	**282,512**	(59,184)
Effect of change in tax rate on opening deferred tax	**(817,531)**	(424,105)
Permanent differences	**(18,095,027)**	12,729,141
Others	**2,031,547**	1,173,568
	(22,637,488)	(29,453,060)
Average effective tax rate	**0%**	0%

31.1 The return of income for the tax year 2015 has been filed which is deemed to be an assessment order in view of the provisions of Section 120 of the Income Tax Ordinance, 2001.

31.2 The Finance Act, 2015 has introduced certain amendments relating to taxation of companies. As per these amendments, super tax at the rate of 3 percent of the taxable income has been levied and applies retrospectively for the tax year 2015, however it does not apply on the Group as the income of the Group is lower than the prescribed limit. In addition, a tax on every listed company at the rate of 10 percent of such undistributed reserves which exceed the amount of its paid up capital has also been levied. However, this tax shall not apply in case of a public company having undistributed reserves less than 100% of its paid up capital.

32. EARNINGS PER SHARE - basic and diluted	**Note**	2016	2015 (Restated)
		(Restated)	
Profit for the year (Rupees)		**360,990,170**	195,401,478
Weighted average number of ordinary shares of Rs. 10/- each - basic		**120,352,913**	81,858,960
Weighted average number of ordinary shares of Rs. 10/- each - diluted		**123,580,372**	89,830,372
Basic earnings per share (Rupees)	32.1	**3.00**	2.41
Diluted earnings per share (Rupees)	32.1	**2.92**	2.19

32.1 During the year, the Holding Company has issued 35% bonus shares as stated in note 17.1 to these consolidated financial statements, which has resulted in restatement of basic and diluted earnings per share for the year ended 30 June 2015.

33. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the consolidated financial statements in expenses and included in capital expenditure for the year in respect of remuneration, including benefit, to the Chief Executive, Directors and Executives of the Group are as follows:

	Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
	(Rupees)					
Managerial remuneration	12,000,000	12,000,000	6,600,000	-	69,923,800	67,361,429
Bonus	-	-	-	-	8,903,555	-
Gratuity	-	-	-	-	4,601,100	-
Board meeting fees	525,000	-	2,235,000	1,275,000	-	-
	12,525,000	12,000,000	8,835,000	1,275,000	83,428,455	67,361,429
Number of person	1	1	7	7	34	34

33.1 Included herein Rs. 1,845,000 paid to non-executive directors on account of board meeting fees.

34. TRANSACTIONS WITH RELATED PARTIES

The related parties include group companies, retirement benefit funds, companies where directors also hold directorship, directors and key management personnel. The related party status of outstanding balances as at 30 June 2016 and 2015 are disclosed in respective notes to these consolidated financial statements, wherever applicable. Transactions with related parties other than remuneration and benefits to key management personnel are as follows:

	2016	2015
	(Rupees)	
Nature of transaction		
Major shareholder of the Subsidiary Company (non-controlling interest)		
Payments made on behalf of the Group (subsequently reimbursed)	**-**	10,036,603
Issue of shares	**-**	34,300,000
Key management personnel		
Settlement of liabilities by Chief Executive on behalf of the Holding Company or by the Holding Company on behalf of Chief Executive - net	7,719,596	77,238,653

35. INFORMATION ABOUT OPERATING SEGMENT

For management purposes, the activities of the Group are organized into one operating segment i.e. trading of halal meat through retail outlets and exports. The Group operates in said reportable operating segment based on nature of product, risk and returns, organisational and management structure and interim financial reporting systems.

The management monitors the operating results of its business units separately for the purpose of decisions making about resource allocation and performance assessment. Segment performance is evaluated based on certain key performance indicators, including business volume, gross profit and reduction in operating costs.

The information with respect to sales and customers are stated below:

- Sales from exports represent 70.41% (2015: 75.59%) of total revenue of the Group.
- No customer of the Group constitutes more than 10% of the Company's total revenue related to aforesaid segments.
- Non-current assets of the Group are confined within Pakistan and consist of property, plant and equipment, intangible assets.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2016. The Group's Board of Directors oversees the management of these risks which are summarized below:

36.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. The sensitivity analysis in the following sections relate to the position as at 30 June 2016 and 2015.

36.1.1 Interest rate

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term and short-term financing arrangement at floating interest rates to meet its business operations and working capital requirements. The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's profit before tax (through impact on floating rate borrowings). There is no direct impact on the Group's equity. This analysis excludes the impact of movement in market variables on the carrying values of provisions and non-financial assets and liabilities of the Group:

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2016

	Increase / decrease in basis points	Effect on profit before tax Rupees
2016	**+100**	**(7,973,234)**
	100	**7,973,234**
2015	+100	(10,020,373)
	-100	10,020,373

36.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign currency exchange rates risk primarily relates to the Group's operating activities i.e. bank accounts and receivables / payables in foreign currencies. The Group manages its foreign currency risk by effective fund management and taking forward contracts.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate. As at 30 June 2016 and 2015, if Pakistani Rupee (Pak Rupee) had weakened / strengthened by 10 percent against the US Dollar, with all other variables held constant, on the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) are as follows:

	Increase / decrease in US Dollar to Pak	Effect on profit before tax
	(Rupees)	
2016	**10%**	**78,642,519**
	-10%	**(78,642,519)**
2015	10%	37,352,389
	-10%	(37,352,389)

36.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investments securities. The Group manages the price risk through diversification and placing limits on individual and total equity instruments. As of balance sheet date, the Group is only exposed to equity price risk in respect of short-term investments in mutual funds (note 14).

36.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharging an obligation. Out of the financial assets of Rs. 1,737.232 million (2015: Rs. 3,083.813 million) the financial assets which are subject to credit risk amounted to 891.062 million (2015: Rs. 2,911.929 million). The Group's credit risk is primarily attributable to its trade debts, advances to suppliers/vendors, other receivables and bank balances. The Group has a large number of customers, including local and overseas corporate and individuals, due to large number and diversity of its customer base, concentration of credit risk with respect to trade debts and other receivables is limited. The Group minimize its credit exposure on advances to suppliers / vendors, who have long standing with the Group and with bank balances having good credit ratings.

The credit quality of financial assets that are past due but not impaired is disclosed in note 11 to these consolidated financial statements. As at balance sheet date, there are no financial assets that would otherwise be past due or impaired whose terms have been renegotiated. The Group monitors the credit policy of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	Note	2016	2015
		(Rupees)	
Long-term deposit	7	-	13,400,000
Trade debts	11	383,865,654	366,476,491
Loans and advances	12	426,608,566	559,322,483
Trade deposits	13	2,848,990	9,604,081
Other receivables	15	55,275,645	128,499,966
Bank balances	16	22,463,337	1,834,625,906
		891,062,192	2,911,928,927

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Date of Rating	Bank Rating agency	Rating		2016 Amount
			Short-term	Long-term	
			(Rupees)		
Bank					
Askari Bank Limited	June 2016	PACRA	A1+	AA+	7,941,851
Bank Alfalah Limited	June 2016	PACRA	A1+	AA	545,076
Bank Al-Habib Limited	June 2016	PACRA	A1+	AA+	29,051
BankIslami Pakistan Limited	May 2016	PACRA	A1	A+	61,235
Burj Bank Limited	May 2016	JCR-VIS	A-2	BBB+	5,451
Dubai Islamic Bank Pakistan Limited	June 2016	JCR-VIS	A-1	A+	10,212,563
Habib Bank Limited	June 2016	JCR-VIS	A-1+	AAA	326,329
Habib Metropolitan Bank Limited	June 2016	PACRA	A1+	AA+	944,390
MCB Bank Limited	June 2016	PACRA	A1+	AAA	579,604
Meezan Bank Limited	June 2016	JCR-VIS	A-1+	AA	702,908
Silk Bank Limited	June 2016	JCR-VIS	A-1+	A-	19,869
Summit Bank	June 2016	PACRA	A1+	AAA	25,266
United Bank Limited	June 2016	JCR-VIS	A-1	A-	1,069,744
					22,463,337

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2016

36.3 Liquidity Risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations with the financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility by maintaining sufficient bank balances and committed credit lines.

The table below summarises the maturity profile of the Group's financial liabilities at 30 June 2016 and 2015 based on contractual undiscounted payment dates and present market interest rates:

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
			(Rupees)		
2016					
Long-term financing	**-**	**19,428,875**	**13,759,701**	**29,551,867**	**62,740,443**
Trade and other payables	**-**	**984,883,049**	**41,807,540**	**-**	**1,026,690,588**
Accrued mark-up	**-**	**3,677,596**	**-**	**-**	**3,677,596**
Due to a related party	**7,564,293**	**-**	**-**	**-**	**7,564,293**
	7,564,293	**1,007,989,520**	**55,567,241**	**29,551,867**	**1,100,672,921**
2015					
Long-term financing	-	19,421,160	58,263,477	36,072,965	113,757,602
Trade and other payables	-	1,176,491,509	48,447,465	-	1,224,938,974
Accrued mark-up	-	16,912,936	-	-	16,912,936
Due to a related party	15,283,889	-	-	-	15,283,889
	15,283,889	1,212,825,605	106,710,942	36,072,965	1,370,893,401

36.4 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying amounts of all the financial instruments reflected in these consolidated financial statements approximate to their fair value.

36.4.1 Fair value of hierarchy

The following table provides the fair value measurement hierarchy of Group's assets as of balance sheet date:

36.4.1 Fair value of hierarchy

The following table provides the fair value measurement hierarchy of Group's assets as of balance sheet date:

Assets measured at fair value	Date of valuation	Fair value measurement using: Total	Quoted price in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
		(Rupees)			
Property, plant and equipment					
Freehold land					
Buildings	30 June 2014	453,642,913	-	453,642,913	-
Plant and machinery	30 June 2014	128,230,761	-	128,230,761	-
Furniture and fixtures	30 June 2014	195,445,700	-	195,445,700	-
Office equipments	30 June 2014	130,923,358	-	130,923,358	-
Tools and equipment	30 June 2014	132,545,110	-	132,545,110	-
	30 June 2014	19,481,260	-	19,481,260	-
		1,060,269,102	-	1,060,269,102	-
Short-term investment					
Investment designated at fair value through profit or loss	30 June 2016	215,892,784	215,892,784	-	-

36.5 Capital management

The primary objective of the Group's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investments projects to support its business sustainability and future development and maximize its shareholders value. No changes were made in the objectives, policies or processes during the year ended 30 June 2016.

The Group manages its capital structure and makes adjustment to it in the light of changes in economic conditions. The Group monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital and reserves. The gearing ratio as at 30 June 2016 and 2015 are as follows:

	Note	2016	2015
		(Rupees)	
Long-term financing	19	**62,740,443**	113,757,602
Trade and other payables	21	**1,049,632,110**	1,262,866,924
Accrued markup	22	**3,677,596**	16,912,936
Due to a related party	23	**7,564,293**	15,283,889
Total Debts		**1,123,614,442**	1,408,821,351
Less: Cash and bank balances	16	**25,216,231**	1,812,353,955
Net debt		**1,098,398,211**	(403,532,604)
Share capital		**1,235,803,710**	665,410,160
Share premium account		**1,693,074,852**	
Reserves - unappropriated profit		**693,515,405**	284,073,808
Total equity		**3,622,393,967**	949,483,968
Total capital and net debt		**4,720,792,178**	545,951,364
Gearing ratio		**23%**	0%

37. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for the purpose of better presentation and comparison. Significant reclassifications made during the year are as follows:

Component	From	Notes to the financial statements 2015	To	Rupees
Balance Sheet	**Loans and advances** Advances - to suppliers	5	**Property, plant and equipment** Capital work-in-progress	10,666,981

38. NUMBER OF PERSONS EMPLOYED

	2016	2015
Persons employed as of 30 June	**801**	642
Average persons employed during the year	**722**	543

39. DATE OF AUTHORISATION FOR ISSUE

The Board of Directors of the Group authorised these consolidated financial statements for issue on September 22, 2016.

40. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Group in their meeting held on September 22, 2016 has declared issue of bonus shares in proportion of 15 shares for every 100 shares held.

41 GENERAL

41.1 Amounts have been rounded off to the nearest rupee unless otherwise stated.
41.2 Due to nature of the Group's business, the production capacity is not relevant.

Chief Executive **Director**

Pattern of Shareholding

AS AT 30 JUNE 2016

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Kamran Ahmed Khalili	1	32,502,030	26.30
Naveed Godil	1	6,359,357	5.15
Muhammad Ali	1	2,865,674	2.32
Noorur Rahman Abid	1	2,071,040	1.68
Qaysar Alam	1	1,432	0.00
Rizwan Jamil	1	1,432	0.00
Rukhsana Asghar	1	1,432	0.00
Muhammed Amin	1	665	0.00
Associated Companies, undertakings and related parties	-	-	-
Executives	3	15,676	0.01
Public Sector Companies and Corporations	1	100,000	0.08
Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	13	7,152,875	5.79
Mutual Funds			
CDC - Trustee Atlas Stock Market Fund	1	649,687	0.53
CDC - Trustee Meezan Balanced Fund	1	428,000	0.35
CDC - Trustee Alfalah Ghp Value Fund	1	15,500	0.01
CDC - Trustee Unit Trust Of Pakistan	1	371,000	0.30
CDC - Trustee Al Meezan Mutual Fund	1	733,990	0.59
CDC - Trustee Meezan Islamic Fund	1	3,945,911	3.19
CDC - Trustee Atlas Islamic Stock Fund	1	258,187	0.21
CDC - Trustee Nafa Stock Fund	1	1,246,512	1.01
CDC - Trustee Alfalah Ghp Islamic Stock Fund	1	36,500	0.03
CDC - Trustee Nafa Islamic Asset Allocation Fund	1	923,298	0.75
CDC - Trustee Alfalah Ghp Stock Fund	1	81,000	0.07
CDC - Trustee Alfalah Ghp Alpha Fund	1	34,000	0.03
MCBFSL - Trustee Pak Oman Advantage Asset Allocation Fund	1	70,000	0.06
MCBFSL - Trustee Pak Oman Islamic Asset Allocation Fund	1	55,000	0.04
CDC - Trustee First Capital Mutual Fund	1	8,000	0.01
CDC - Trustee Nafa Islamic Principal Protected Fund - I	1	170,000	0.14
CDC - Trustee Piml Islamic Equity Fund	1	75,000	0.06
CDC - Trustee Nafa Islamic Stock Fund	1	863,762	0.70
CDC - Trustee Pakistan Sarmaya Mehfooz Fund	1	202	0.00
CDC - Trustee Nafa Islamic Active Allocation Equity Fund	1	333,500	0.27
CDC - Trustee Meezan Asset Allocation Fund	1	25,000	0.02
General Public			
a. Local	4794	54,916,416	44.44
b. Foreign	5	212,716.00	0.17
Foreign Companies	2	285,500.00	0.23
Others	37	6,770,077	5.48
Totals	**4884**	**123,580,371**	**100.00**

Share holders holding 5% or more	Shares Held	Percentage
Kamran Ahmed Khalili	32,502,030	26.65
Naveed Godil	6,359,357	5.21
Shaikh Qaiser	6,359,357	5.21