

ALSHAHEER

FOODS

Half Yearly Report

for the year 2017 - 18

A CUT OF
EXCELLENCE



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Our Story

2008 witnessed the birth of a dream revolving around the vision of dominating the meal table by offering delightful food solutions to the consumers. Growing into a National corporation from a small partnership in just 9 years, we have vitalized our consumers with food products meeting the highest standards of health, hygiene and fulfillment.

The observance of the increase in demand of Halal meat globally brought about the setting of a world-class, custom designed, state-of-the-art abattoir, situated in Gadap Town, Karachi, brought in from Australia with attached chillers, cold storage, transportation and hygienic lairage area. This is the largest private slaughtering facility in the country with a capacity of 40 heads per hour with certification from the health and food departments of most Middle Eastern GCC countries.

One year in our inception, the company was found exploring new export markets including Saudi Arabia, Dubai, Kuwait, Oman, Bahrain and Qatar, making it one of the leading meat exporters of Pakistan.

Our determination of exploring new avenues led to our entrance into the Pakistani fresh meat market in 2010 by laying the foundation for the first red meat brand called 'Meat One.' Different types of fresh meat are sold under this brand with its own specialized outlets. Our pledge was to make the same quality meat available to local consumers, thereby considerably raising the benchmark in meat selling.

Al Shaheer introduced its second retail brand, Khaas Meat in 2014 with the aim of selling quality meat at affordable rates with no compromise on hygiene and safety as well as redefining the concept of neighborhood butcher shops. A year later, in 2015 the company's expansion shop-in-shop model was developed to increase their reach by opening meat sections in high trafficking superstores across the nation.

The same year the company went public and was listed on Pakistan Stock Exchange. In January 2017, Al Shaheer announced its transition to Al Shaheer Foods, expanding the scope of business into higher margin products, i.e. poultry, as well as fruits and vegetables. ASC Foods is also exploring the opportunity to expand into the frozen and processed food category.

There are several international accreditations to our credit like the ISO 9001:2000, ISO 9001:22000, HACCP for its quality and standards used in the production process, SAFE Food Award 2009 & 2010 by URS for quality and hygiene. Al Shaheer Foods has also won the 'Best Export Performance' Award in 2009, 2010, 2012 and 2013 for Fresh and Frozen Meat from the Federation of Pakistan Chamber of Commerce and Industry, Brand of the Year Award in 2009 and best Emerging Brand of the Year 2009 by Exhibitor (pvt.) limited. ASC Foods has certifications of ISO 9001:2008, ISO 22000:2005, HACCP, PSQCA HALAL Standard from SGS Pakistan and HALAL certification from Jamia Markaz Uloom Islamia Mansoorah (authorized HALAL certification body of Malaysia).

We can foresee the success and further growth of our domestic business, particularly our Meat One and Institutional Sales channel. A stable growth is already seen in our organic range and we have a strong product innovation pipeline which is geared to deliver higher value from these channels in the coming years. The upcoming fiscal year will see the production in our soon to be launched poultry and processed meat plant in Lahore, which will enable the company to produce high margin products and expand in the general and modern trade segments in Pakistan and abroad.

The tremendous support shown by our customers, suppliers, employees, agencies, bankers and shareholders has brought us till here and will keep helping us move to greater heights and achieve even more, empowering us in providing you the best.

Our Motto

Vision

“ Dominate the meal table by 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 fulfillment.
- 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 a friendly work environment.
- We will make sure that our actions will clearly exhibit relentless commitment to ethics, product safety and consumer satisfaction.

Company Information

Human Resource and Remuneration Committee

Ms. Rukhsana Asghar	Chairperson
Mr. Sarfaraz Rehman	Member
Mr. Zafar Siddiqui	Director

Chief Financial Officer

Ms. Maryam Ali

Company Secretary

Mr. Syed Sajjad

Head of Internal Audit

Mr. Muhammad Adnan Khan

Management Committee

Mr. Kamran Khalili	Chief Executive Officer
Mr. Rizwan Jamil	Deputy Chief Executive Officer
Ms. Maryam Ali	Chief Financial Officer
Mr. Syed Sajjad	Company Secretary
Mr. Adnan Budhani	Head of Poultry Processing
Mr. Muhammad Adnan Khan	Head of Internal Audit
Mr. Hammaad Chishti	Business Analyst
Mr. Mahmood Khurram	Head of Distribution Sales
Ms. Najiyeh Akbar	Head of Marketing
Mr. Namood Ali	Head of Institutional Sales
Mr. Osama Javed	Head of Human Resource & Administration
Mr. Shahnawaz Akbar	Head of Factory Operations
Mr. Shoab Saleem	Head of Information Technology
Mr. Soofian Akhter	Head of Retail Sales

Board of Directors

Mr. Noorur Rahman Abid	Chairman
Mr. Kamran Khalili	Chief Executive Officer
Mr. M. Qaysar Alam	Director
Mr. Muhammed Amin	Director
Mr. Naveed Godil	Director
Mr. Rizwan Jamil	Director
Ms. Rukhsana Asghar	Director
Mr. Sarfaraz Rehman	Director
Mr. Zafar Siddiqui	Director
Mr. Umair Khalili	Director

Audit Committee

Mr. M. Qaysar Alam	Chairman
Mr. Noorur Rahman Abid	Member
Mr. Muhammed Amin	Member

Auditors

Messrs. EY Ford Rhodes Chartered Accountants

Share Registration Office

Central Depository Company of Pakistan Ltd.
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi-74400
Tel: (92-21) 111-111-500
Fax: (92-21) 34326031

Principal Bankers

Faysal Bank Limited	IBB Main Branch, Karachi
Askari Bank Limited	IBB DHA Branch, Karachi
Meezan Bank Limited	Clifton Branch, Karachi
MCB Bank Limited	Clifton Branch, Karachi
Habib Bank Limited	IBB Phase IV Branch, Karachi
United Bank Limited	Khayaban-e-Shahbaz Branch, Karachi
Habib Metropolitan Bank Limited	IBB-Alfalah Court
Summit Bank Limited	I.I. Chundrigar Road
Dubai Islamic Bank	Clifton

REGISTERED OFFICE

Suite G/5/5, 3rd Floor, Mansoor Tower,
Block 8 Clifton, Karachi

GADAP TOWN PLANT

Survey No. 348, Deh Shah Mureed,
Tappo Songal, Gadap Town, Karachi

POULTRY & MEAT PROCESSING PLANT

3.5Km Manga Mandi,
near Raiwind Road, Lahore

Directors' Review

The Directors of your Company are pleased to present the un-audited financial results of the Company for the half year ended December 31, 2017.

Operational Performance

Summarized operating performance of the company for the quarter is as follows:

	Half Year Ended Dec 2017	Half Year Ended Dec 2016
(Rupees in '000)		
Sales	2,774,811	3,054,821
Cost of Sales	(2,078,621)	(2,312,420)
Gross Profit	696,190	742,401
Expenses and Taxes	(753,857)	(772,503)
Other Income	45,606	7,970
Taxation	(22,201)	(12,838)
Net Loss	(34,262)	(34,970)
Basic & Diluted EPS (Rs./Share)	(0.24)	(0.25)

In first half of 2017-18, Company's domestic business grew by 6.3%. However, overall sales declined by 9.2% compared to same period last year as export business remains under pressure. Share of domestic sales increased to 42% in this half versus 36% during same period last year.

Export Performance

Meat exports from Pakistan have continued to decline, with falling margins, since the last 2 years. Al Shaheer, as the country's largest meat exporter, has been most impacted. This is a result of following factors:

- Cheaper meat imports from India, Brazil & Australia to GCC markets. Currencies of these countries have been devaluing over time following international trends while Pak Rupee rates were maintained within a very tight band. A restricted devaluation has been done by the government in December but Pakistan's meat exports continue to be relatively more expensive for GCC. However, this has improved export margins
- Increasing livestock prices in Pakistan market, with rising costs of doing business
- Sharp decline in Pakistan's leather exports (26% lower) coupled with a huge glut of hides due to Eid-ul-Adha Qurbani, caused the skin / hide prices to decline significantly in this half causing a further decline in meat margins

Meat One

Top line of our premium retail brand, Meat One, is at par with same period last year. This is a result of our short term strategy to restrict investment in new shops, and drive organic growth & profitability from our existing network. Shop-wise P&Ls are being reviewed. Loss making outlets will be shifted to more viable locations with higher focus on building the Shop-in-shop network.

Khaas Meat

Our mid-tier brand, Khaas Meat, closed the half year at par with same period last year. This is in spite of a reduction in the number of shops versus same period last year. This network optimization has helped reduce operating expenses and increase focus on profitable locations.

Institutional Sales

The institutional sales business remains the star performer in our portfolio, delivering a 24% growth versus SPLY. The business from core B2B clients increased by 33% while the tendered business (armed forces, government contracts etc.) grew by 8.4%.

Poultry & Processed Foods Business

Our poultry and processed foods plant in Lahore is in the final stages of completion. Launch portfolio has been finalized, product development completed and trial production is in process. All key resources have been inducted for the project. Execution strategy and route-to-market have been agreed and is ready for final implementation. In short, project team is fully geared for a systematic and successful launch of the portfolio prior to Ramazan this year.

Future Outlook

Energying our plant in Lahore, launching the new portfolio of frozen processed food & poultry products and ensuring sustainable returns from the said business, will consume most of our efforts and resources in the coming year. The Company has invested heavily in a modern state-of-the-art Plant in Lahore and in human resources. While this will effect current year's profitability, it lays the foundation for a fast growing profitable business delivering high returns to shareholders in the future.

Exports will continue to stay under pressure. Domestic business margins will improve through a realignment of locations, more focus on shop-in-shop model and continued cost efficiency exercises. Institutional sales channel will continue to grow in high double digits. Once the new poultry and processed food business starts, company overheads will be spread over a larger business bringing the financial ratios to reasonable levels. We are confident that the innovation and quality we are driving in our existing and future products will play a pivotal role in ensuring growth and long term profitability for our shareholders. The Company is also undertaking a cost reduction exercise by looking into the overall business model.

Acknowledgment

The board is thankful to its valuable stakeholders 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.

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Al Shaheer Corporation Limited** (the Company) as at 31 December 2017, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (herein after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Chartered Accountants
Review Engagement Partner: Khurram Jameel
Date: 26 February 2018
Place: Karachi

**Standalone
Financial Statements
2017-18**

Unconsolidated Condensed Interim Balance Sheet

AS AT 31 DECEMBER 2017

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	3,715,499	3,368,189
Intangible assets		6,078	4,863
Long-term investments		55,700	55,700
Deferred taxation		175,958	177,563
		3,953,235	3,606,315
CURRENT ASSETS			
Fuels and lubricants		182	442
Stock-in-trade		111,930	116,618
Trade debts		1,144,727	1,212,651
Loans and advances		657,787	493,018
Trade deposits and short-term prepayments		24,802	20,814
Other receivables		274,569	234,045
Short-term investments		575	566
Taxation – net		122,533	109,138
Cash and bank balances		28,405	27,933
		2,365,510	2,215,225
TOTAL ASSETS		6,318,745	5,821,540
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		1,421,175	1,421,175
Share premium		1,507,705	1,507,705
Unappropriated profit		649,509	678,941
		3,578,389	3,607,821
Surplus on revaluation of fixed assets – net		182,091	186,922
NON-CURRENT LIABILITIES			
Long-term financing	6	618,770	400,414
Deferred liabilities – staff gratuity		48,361	43,526
		667,131	443,940
CURRENT LIABILITIES			
Trade and other payables	7	641,242	472,238
Accrued mark-up		14,052	11,758
Short term borrowings	8	1,097,681	1,044,918
Current portion of long-term financing	6	137,628	40,416
Due to a related party		531	13,527
		1,891,134	1,582,857
TOTAL EQUITY AND LIABILITIES		6,318,745	5,821,540
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

Unconsolidated Condensed Interim Profit And Loss Account

FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (UN-AUDITED)

	Note	Half Year Ended		Quarter Ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
(Rupees in '000)					
Turnover		2,774,811	3,054,821	1,256,455	1,519,065
Cost of sales		(2,078,621)	(2,312,420)	(931,429)	(1,105,755)
Gross profit		696,190	742,401	325,026	413,310
Administrative and distribution expenses		(719,336)	(730,723)	(350,277)	(388,605)
Other expenses		(216)	(4,321)	(216)	(2,354)
Other income	10	45,606	7,970	37,965	6,418
Operating profit		22,244	15,327	12,498	28,769
Finance costs		(34,305)	(37,459)	(19,758)	(20,222)
(Loss) / profit before taxation		(12,061)	(22,132)	(7,260)	8,547
Taxation					
- Current		(20,595)	(25,865)	(8,195)	(12,828)
- Deferred		(1,606)	13,027	(1,204)	8,813
		(22,201)	(12,838)	(9,399)	(4,015)
Net (loss) / profit for the period		(34,262)	(34,970)	(16,659)	4,532
(Loss) / earnings per share					
- basic and diluted (Rupee)		(0.24)	(0.25)	(0.12)	0.03

The annexed notes 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

Unconsolidated Condensed Interim Statement of Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (UN-AUDITED)

	Half Year Ended		Quarter Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(Rupees in '000)			
Net (loss) / profit for the period	(34,262)	(34,970)	(16,659)	4,532
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(34,262)	(34,970)	(16,659)	4,532

The annexed notes 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

Unconsolidated Condensed Interim Cash Flow Statement

FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (UN-AUDITED)

	December 31, 2017	December 31, 2016
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(12,061)	(22,132)
Adjustments for:		
Depreciation	38,013	38,765
Amortisation	834	502
Gain on remeasurement of short-term investments	(9)	(911)
Loss on disposal of property, plant and equipment	216	30
Provision for gratuity	9,532	7,757
Finance costs	34,305	37,459
	82,891	83,602
Operating profit before working capital changes	70,830	61,470
(Increase) / decrease in current assets:		
Fuels and lubricants	260	19
Stock-in-trade	4,688	62,299
Trade debts	67,924	(46,295)
Loans and advances	(164,769)	131,223
Short-term deposits and prepayments	(3,988)	(14,325)
Other receivables	(40,524)	(2,448)
	(136,409)	130,473
Increase / (decrease) in current liabilities:		
Trade and other payables	169,003	193,668
Due to a related party	(12,996)	(740)
	156,007	192,928
Cash generated from operations	90,428	384,871
Taxes paid	(33,988)	(38,829)
Gratuity paid	(4,696)	(4,181)
Net cash generated from operating activities	51,744	341,861
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
- property, plant and equipment	(390,000)	(475,803)
- intangible assets	(2,051)	(486)
Proceeds from disposal of property, plant and equipment	4,461	77
Short term investments – net	-	216,245
Net cash flows used in investing activities	(387,590)	(259,967)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing – net	315,568	(18,884)
Short term borrowings – net	52,761	-
Finance costs paid	(32,011)	(31,941)
Net cash generated from / (used in) financing activities	336,318	(50,825)
Net increase in cash and cash equivalents	472	31,069
Cash and cash equivalents at the beginning of the period	27,933	25,064
Cash and cash equivalents at the end of the period	28,405	56,133

The annexed notes 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

Unconsolidated Condensed Interim Statement Of Changes In Equity

AS AT 31 DECEMBER 2017 (UN-AUDITED)

	Issued, subscribed and paid-up capital	Capital reserve Share premium	Revenue reserve Unappropriated profit	Total reserves	Total
	(Rupees in '000)				
Balance as at 30 June 2016	1,235,804	1,693,076	698,586	2,391,662	3,627,466
Net loss for the period	-	-	(34,970)	(34,970)	(34,970)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	(34,970)	(34,970)	(34,970)
Issue of 18,537,056 bonus shares @ 15%	185,371	(185,371)	-	(185,371)	-
Surplus on revaluation of fixed assets realised on account of incremental depreciation charged on related assets, net of deferred tax	-	-	4,994	4,994	4,994
Balance as at 31 December 2016	1,421,175	1,507,705	668,610	2,176,315	3,597,490
Balance as at 30 June 2017	1,421,175	1,507,705	678,941	2,186,646	3,607,821
Net loss for the period	-	-	(34,262)	(34,262)	(34,262)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	(34,262)	(34,262)	(34,262)
Surplus on revaluation of fixed assets realised on account of incremental depreciation charged on related assets, net of deferred tax	-	-	4,830	4,830	4,830
Balance as at 31 December 2017	1,421,175	1,507,705	649,509	2,157,214	3,578,389

The annexed notes 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

Notes To The Unconsolidated Condensed Interim Financial Statement

FOR THE HALF YEAR 31 DECEMBER 2017 (UN-AUDITED)

1. LEGAL STATUS AND OPERATIONS

- 1.1 Al Shaheer Corporation Limited (the Company) was incorporated on 30 June 2012 under the repealed Companies Ordinance, 1984 (the Ordinance) and is quoted on Pakistan Stock Exchange 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 export market and local sales through chain of retail stores.
- 1.2 These are the separate financial statements of the Company in which the investment in subsidiary has been accounted for at cost less accumulated impairment loss.

2. STATEMENT OF COMPLIANCE

- 2.1 The Securities and Exchange Commission of Pakistan vide its Circular 23/2017 dated 04 October 2017 has notified that companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with provisions of the Ordinance. Further, the Institute of Chartered Accountants of Pakistan through its Circular 17/2017 dated 06 October 2017 has clarified that companies shall prepare their interim financial statements in accordance with provisions of the Ordinance, 1984 for the period ending on or before 31 December 2017. Accordingly, these unconsolidated condensed interim financial statements of the Company for the half year ended 31 December 2017 have been prepared in accordance with the requirements of the International Accounting Standards (IAS) – 34 "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of or directives under the Ordinance shall prevail.
- 2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2017. These unconsolidated condensed interim financial statements are unaudited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.
- 2.3 The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2017 and 31 December 2016 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended 31 December 2017 and 31 December 2016.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2017 except that the Company has adopted the following standards which became effective during the period:

IAS 7	Statement of Cash flows: Disclosures - Disclosure Initiative (Amendment)
IAS 12	Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)
IFRS 12	Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements (improvements)

The adoption of the above amendments and improvements did not have any material effect on the unconsolidated condensed interim financial statements

4. ACCOUNTING ESTIMATES AND JUDGMENTS

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are same as those applied in the Company's annual financial statements for the year ended June 30, 2017

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
		(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	5.1	1,164,683	1,165,775
Capital work-in-progress	5.2	2,550,816	2,202,414
		<u>3,715,499</u>	<u>3,368,189</u>
5.1 Operating fixed assets			
Opening balance – book value		1,165,775	1,171,895
Additions during the period / year	5.1.1	41,598	73,774
		<u>1,207,373</u>	<u>1,245,669</u>
Disposals during the period / year – book value		(4,677)	(1,212)
Depreciation charge for the period / year		(38,013)	(78,682)
		<u>(42,690)</u>	<u>(79,894)</u>
Closing balance – book value		<u>1,164,683</u>	<u>1,165,775</u>
5.1.1 Additions during the period / year			
Building		594	5,613
Plant and machinery		1,736	12,004
Furniture and fittings		15,317	30,974
Motor vehicles		17,975	8,963
Office equipment		4,345	11,691
Tools and equipment		1,096	1,601
Computers and accessories		535	2,928
		<u>41,598</u>	<u>73,774</u>

5.2 Capital work-in-progress

	Opening balance	Additions during the period	Transfers during the period	Closing balance
	(Rupees in '000)			
Land	44,111	-	-	44,111
Civil works	27,888	17,777	(324)	45,341
Plant and machinery	1,358,590	146,629*	-	1,505,219
Advance to suppliers and contractors	753,190	357,803	(173,827)	937,166
Computer software	18,635	344	-	18,979
Total	<u>2,202,414</u>	<u>522,553</u>	<u>(174,151)</u>	<u>2,550,816</u>

* Include borrowing costs amounting to Rs. 44.590 million (30 June 2017: Rs. 1.608 million) capitalized during the period using capitalization rate of 7.16-8.18% (30 June 2017: 7.56-8.13%) per annum

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
		(Rupees in '000)	
6. LONG-TERM FINANCING	Note		
Diminishing musharaka	6.1	756,398	440,830
Less: current maturity		(137,628)	(40,416)
		<u>618,770</u>	<u>400,414</u>

6.1 Include diminishing musharka facilities obtained from an Islamic bank amounting to Rs. 395.833 million during the period. These facilities carry markup rate of KIBOR + 2% per annum and are secured by exclusive charge over respective leased assets of the Company.

7. TRADE AND OTHER PAYABLES

Creditors
Accrued liabilities
Withholding tax payable
Workers' Profits Participation Fund
Workers' Welfare Fund
Retention money
Other payables

December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
(Rupees in '000)	
487,734	358,775
34,065	7,863
36,048	38,524
18,459	17,547
12,751	12,751
43,165	24,020
9,020	12,758
<u>641,242</u>	<u>472,238</u>

8. SHORT TERM FINANCING

Include diminishing musharka facility obtained from an Islamic bank amounting to Rs. 140 million during the period. The facility carries markup rate of 6 month's KIBOR + 1% per annum and is secured by exclusive hypothecation charge over processing and beef plant of the Company including 25% margin.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual unconsolidated financial statements of the Company for the year ended 30 June 2017.

9.2 Commitments

- Outstanding letter of credits
- Outstanding letter of guarantees
- Capital commitments
- Post dated cheques

December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
(Rupees in '000)	
-	61,372
14,006	11,549
106,660	163,077
38,265	33,407

10. OTHER INCOME

Includes exchange gain of Rs. 40.469 million (31 December 2016: Nil).

11. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2017. There have been no changes in any risk management policies since the year end.

The carrying values of all financial assets and liabilities in these unconsolidated condensed interim financial statements approximate their fair values.

12. TRANSACTION WITH RELATED PARTIES

Related parties comprise of associates, directors, key management personnel and retirement fund. Transactions with related parties other than those disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows

Transactions for the period

Nature of transaction	Relationship	December 31, 2017 (Un-Audited)	December 31, 2016 (Un-Audited)
		(Rupees in '000)	
Payments made on behalf of the subsidiary company	Subsidiary	7,835	11,242
Sales	Associate	11	44

Balances as at period end	Relationship	December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
		(Rupees in '000)	
Trade debts	Associate	7	8
Other receivables	Subsidiary	29,704	21,869

13. DATE OF AUTHORISATION OF ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on **February 22, 2018** by the Board of Directors of the Company.

14. GENERAL

Amounts have been rounded off to the nearest thousand rupees.



Chief Executive



Director



Chief Financial Officer

Consolidated
Financial Statements
2017-18

Consolidated Condensed Interim Balance Sheet

AS AT 31 DECEMBER 2017 (UN-AUDITED)

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	Note	(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	3,789,442	3,442,133
Intangible asset		6,078	4,863
Deferred taxation		175,958	177,563
		3,971,478	3,624,559
CURRENT ASSETS			
Fuels and lubricants		182	442
Consumables		20,066	13,692
Stock-in-trade		111,930	116,618
Trade debts		1,144,727	1,212,651
Loans and advances		658,192	499,314
Trade deposits and short-term prepayments		24,807	20,814
Short-term investments		575	566
Other receivables		245,159	212,447
Taxation - net		122,503	109,166
Cash and bank balances		28,690	28,687
		2,356,831	2,214,397
TOTAL ASSETS		6,328,309	5,838,956
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital		1,421,175	1,421,175
Share Premium		1,507,705	1,507,705
Unappropriated profit		635,948	668,120
		3,564,828	3,597,000
Non-controlling interest		21,274	23,907
		3,586,102	3,620,907
Surplus on revaluation of fixed assets – net		182,091	186,922
NON-CURRENT LIABILITIES			
Long-term financing	6	618,770	400,414
Deferred liabilities -staff gratuity		48,361	43,526
		667,131	443,940
CURRENT LIABILITIES			
Trade and other payables	7	642,142	476,568
Accrued mark-up		14,052	11,758
Short term borrowings	8	1,097,681	1,044,918
Current portion of long-term financing	6	137,628	40,416
Due to a related party		1,482	13,527
		1,892,985	1,587,187
TOTAL EQUITY AND LIABILITIES		6,328,309	5,838,956
CONTINGENCIES AND COMMITMENTS			
	9		

The annexed notes 1 to 14 form an integral part of these consolidated condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

Consolidated Condensed Interim Profit And Loss Account

FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (UN-AUDITED)

	Note	Half Year Ended		Quarter Ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
(Rupees in '000)					
Turnover		2,774,811	3,054,821	1,256,455	1,519,065
Cost of sales		(2,078,621)	(2,312,420)	(931,429)	(1,105,755)
Gross profit		696,190	742,401	325,026	413,310
Administrative and distribution costs		(723,577)	(733,931)	(352,240)	(390,632)
Other operating expenses		(216)	(4,321)	(216)	(2,354)
Other income	10	44,474	7,970	36,833	6,418
Operating profit		16,871	12,119	9,403	26,742
Finance costs		(34,305)	(37,459)	(19,758)	(20,222)
(Loss) / profit before taxation		(17,434)	(25,340)	(10,355)	6,520
Taxation					
- Current		(20,595)	(25,865)	(8,195)	(12,828)
- Deferred		(1,606)	13,027	(1,204)	8,813
		(22,201)	(12,838)	(9,399)	(4,015)
(Loss) / profit for the period		(39,635)	(38,178)	(19,754)	2,505
Attributable to:					
Owners of the Holding Company		(37,002)	(36,606)	(18,236)	3,258
Non-controlling interest		(2,633)	(1,572)	(1,518)	(753)
		(39,635)	(38,178)	(19,754)	2,505
(Loss) / earnings per share					
- basic and diluted (Rupee)		(0.28)	(0.27)	(0.14)	0.02

The annexed notes 1 to 14 form an integral part of these consolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

Consolidated Condensed Interim Statement Of Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (UN-AUDITED)

	Half Year Ended		Quarter Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(Rupees in '000)			
Net (loss) / profit for the period	(39,635)	(38,178)	(19,754)	2,505
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(39,635)	(38,178)	(19,754)	2,505
Attributable to:				
Owners of the Holding Company	(37,002)	(36,606)	(18,236)	3,258
Non-controlling interest	(2,633)	(1,572)	(1,518)	(753)
	(39,635)	(38,178)	(19,754)	2,505

The annexed notes 1 to 14 form an integral part of these consolidated condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

Consolidated Condensed Interim Cash Flow Statement

FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (UN-AUDITED)

	December 31, 2017	December 31, 2016
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(17,434)	(25,340)
Adjustments for:		
Depreciation	38,026	38,765
Amortisation	834	502
Gain on remeasurement of short-term investments	(9)	(911)
Loss on disposal of property, plant and equipment	216	30
Provision for gratuity	9,532	7,757
Finance costs	34,305	37,459
	82,904	83,602
Operating profit before working capital changes (Increase)/ decrease in current assets:	65,470	58,262
Fuel and lubricants	260	19
Consumables	(6,374)	(4,871)
Stock-in-trade	4,688	62,299
Trade debts	67,924	(46,295)
Loans and advances	(158,878)	127,754
Short-term deposits and prepayments	(3,993)	(14,331)
Other receivables	(32,712)	8,791
	(129,085)	133,366
Increase / (decrease) in current liabilities:		
Trade and other payables	165,572	194,299
Due to a related party	(12,045)	(740)
	153,527	193,559
Cash flows generated from operations	89,912	385,187
Taxes paid	(33,931)	(38,823)
Staff gratuity paid	(4,696)	(4,181)
Net cash flows generated from operating activities	51,285	342,183
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
- property, plant and equipment	(390,010)	(475,930)
- intangible assets	(2,051)	(486)
Proceeds from disposal of property, plant and equipment	4,461	77
Short-term investments - net	-	216,245
Net cash flows used in investing activities	(387,600)	(260,094)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing - net	315,568	(18,884)
Short term borrowings -net	52,761	-
Finance costs paid	(32,011)	(31,941)
Net cash flows generated from / (used in) financing activities	336,318	(50,825)
Net increase / (decrease) in cash and cash equivalents	3	31,264
Cash and cash equivalents at the beginning of the period	28,687	25,216
Cash and cash equivalents at the end of the period	28,690	56,4 80

The annexed notes 1 to 14 form an integral part of these consolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

Consolidated Condensed Interim Statement Of Changes In Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (UN-AUDITED)

	Issued, subscribed and paid-up capital	Capital reserve Share premium account	Revenue reserve Unappropriated profit	Total Reserves	Non Controlling Interest	Total
	(Rupees in '000)					
Balance as at 30 June 2016	1,235,804	1,693,076	693,515	2,386,591	29,428	3,651,823
Net loss for the period	-	-	(36,606)	(36,606)	(1,572)	(38,178)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(36,606)	(36,606)	(1,572)	(38,179)
Issue of 18,537,056 bonus shares @ 15%	185,371	(185,371)	-	(185,371)	-	-
Surplus on revaluation of fixed assets realised on account of incremental depreciation charged on related assets, net of deferred tax	-	-	4,994	4,994	-	4,994
Balance as at 31 December 2016	<u>1,421,175</u>	<u>1,507,705</u>	<u>661,903</u>	<u>2,169,608</u>	<u>27,856</u>	<u>3,618,639</u>
Balance as at 30 June 2017	1,421,175	1,507,705	668,120	2,175,825	23,907	3,620,907
Net loss for the period	-	-	(37,002)	(37,002)	(2,633)	(39,635)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(37,002)	(37,002)	(2,633)	(39,635)
Surplus on revaluation of fixed assets realised on account of incremental depreciation charged on related assets, net of deferred tax	-	-	4,830	4,830	-	4,830
Balance as at 31 December 2017	<u>1,421,175</u>	<u>1,507,705</u>	<u>635,948</u>	<u>2,143,653</u>	<u>21,274</u>	<u>3,586,102</u>

The annexed notes 1 to 14 form an integral part of these consolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

Consolidated Condensed Interim Notes To The Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2017 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

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 repealed 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.

1.2 Subsidiary Company

The Subsidiary Company was incorporated in Pakistan as a private limited company on 02 March 2015 under the repealed 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

The Securities and Exchange Commission of Pakistan vide its Circular 23/2017 dated 04 October 2017 has notified that companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with provisions of the Ordinance. Further, the Institute of Chartered Accountants of Pakistan through its Circular 17/2017 dated 06 October 2017 has clarified that companies shall prepare their interim financial statements in accordance with provisions of the Ordinance, 1984 for the period ending on or before 31 December 2017. Accordingly, these consolidated condensed interim financial statements of the Company for the half year ended 31 December 2017 have been prepared in accordance with the requirements of the International Accounting Standards (IAS) – 34 "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of or directives under the Ordinance shall prevail.

These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2017.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2017 except that the Company has adopted the following standards which became effective during the period:

- IAS 7 - Statement of Cash flows: Disclosures - Disclosure Initiative (Amendment)
- IAS 12 - Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)
- IFRS 12 - Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements (improvements)

The adoption of the above amendments and improvements did not have any material effect on the consolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are same as those applied in the Company's annual consolidated financial statements for the year ended June 30, 2017.

		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
		(Rupees in '000)	
5. Property, plant and equipment	Note		
Operating fixed assets	5.1	1,164,860	1,165,965
Capital work-in-progress	5.2	2,624,582	2,276,169
		3,789,442	3,442,134
5.1 Operating fixed assets			
Opening Balance - book value		1,165,965	1,171,895
Additions during the period / year - end	5.1.1	41,598	73,996
		1,207,563	1,245,891
Disposals during the period / year - end - book value		(4,677)	(1,209)
Depreciation charge for the period / year		(38,026)	(78,717)
		(42,703)	(79,926)
Closing balance - book value		1,164,860	1,165,965
5.1.1 Additions during the period / year			
Building		594	5,613
Plant and machinery		1,736	12,004
Furniture and fittings		15,317	30,974
Motor vehicles		17,975	8,963
Office equipment		4,345	11,880
Tools and equipment		1,096	1,601
Computers and accessories		535	2,961
		41,598	73,996

5.2 Capital work-in-progress

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

	Opening balance	Additions during the period	Transfers during the period	Closing balance
(Rupees in '000)				
Land	44,111	-	-	44,111
Civil works	101,642	17,787	(324)	119,105
Equipment and machinery	1,358,591	146,629*	-	1,505,220
Advance to suppliers and contractors	753,191	357,803	(173,827)	937,167
Intangible asset under development	18,635	344	-	18,979
30 December 2017 - (Un-audited)	2,276,170	522,563	(174,151)	2,624,582

*Include borrowing costs amounting to Rs. 44.590 million (30 June 2017: Rs. 1.608 million) capitalized during the period using capitalization rate of 7.16-8.18% (30 June 2017: 7.56-8.13%) per annum

6. LONG-TERM FINANCING

Diminishing musharaka
Less: current maturity shown under current liabilities

Note

6.1

December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
(Rupees in '000)	
756,398	440,830
(137,628)	(40,416)
618,770	400,414

6.1 Include diminishing musharka facilities obtained from an Islamic bank amounting to Rs. 395.833 million during the period. These facilities carry markup rate of KIBOR + 2% per annum and are secured by exclusive charge over respective leased assets of the Company.

7. TRADE AND OTHER PAYABLES

Creditors
Accrued liabilities
Withholding tax payable
Workers' Profits Participation Fund
Workers' Welfare Fund
Retention money
Other payables

December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
(Rupees in '000)	
487,734	358,775
35,055	12,092
36,049	38,625
18,459	17,547
12,751	12,751
43,165	24,020
8,929	12,758
642,142	476,568

8. SHORT-TERM BORROWING

Include diminishing musharaka facility obtained from an Islamic bank amounting to Rs. 140 million. The facility carries markup rate of 6 month's KIBOR + 1% per annum and is secured by exclusive hypothecation charge over processing and beef plant of the Company including 25% margin.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual consolidated financial statements of the Company for the year ended 30 June 2017.

9.2 Commitments

- Outstanding letter of credits
- Outstanding letter of Guarantees
- Capital commitments
- Post dated cheques

December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
(Rupees in '000)	
-	61,372
<u>14,006</u>	<u>11,549</u>
<u>106,660</u>	<u>163,077</u>
<u>38,265</u>	<u>33,407</u>

10. OTHER INCOME

Includes exchange gain of Rs. 40.469 million (31 December 2016: Nil).

11. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2017. There have been no changes in any risk management policies since the year end.

The carrying values of all financial assets and liabilities in these consolidated condensed interim financial statements approximate their fair values.

12. TRANSACTION WITH RELATED PARTIES

Related parties comprise of associates, directors, key management personnel and retirement fund. Transactions with related parties other than those disclosed elsewhere in these consolidated condensed interim financial statements are as follows:

Transactions for the period

Nature of transaction

Relationship

Sales

Associate

December 31, 2017 (Un-Audited)	December 31, 2016 (Un-Audited)
(Rupees in '000)	
<u>11</u>	<u>44</u>

Balances as at period end		December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
		(Rupees in '000)	
Trade debts	Associate	7	8

13. DATE OF AUTHORISATION OF ISSUE

These consolidated condensed interim financial statements were authorized for issue on **February 22, 2018** by the Board of Directors of the Company.

14. GENERAL

Amounts have been rounded off to the nearest thousand rupees.



Chief Executive



Director



Chief Financial Officer

ALSHAHEER

FOODS

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