

ALSHAHEER

FOODS

Annual Report for the year 2016 - 17

A CUT OF
EXCELLENCE



ALSHAHEER
FOODS

Contents

06

Our Story

08

Timeline

10

CEO's Message

12

Our Motto

14

Core Values

15

Code of Conduct

18

Purpose of Existence

20

Board of Directors

28

Directors' Report

34

Management Team

46

Channels

Export

Retail

Meat One

Khaas Meat

Delivery & E-commerce

Al Shaheer Foods Professional Line

58

Factory

60

Geographical Reach

62

Corporate Governance

66

Statement of Compliance

69

Review Report on Statement
of Compliance

Financial Statements

70	Standalone Financial Statements 2016-17
71	Auditor's Report to the Members
72	Balance Sheet
73	Profit and Loss Account
74	Statement of Comprehensive Income
75	Cash Flow Statement
76	Statement of Changes in Equity
77	Notes to the Financial Statements
102	Consolidated Financial Statements 2016-17
103	Auditor's Report on Consolidated Financial Statements to the Members
104	Consolidated Balance Sheet
105	Consolidated Profit and Loss Account
106	Consolidated Statement of Comprehensive Income
107	Consolidated Cash Flow Statement
108	Consolidated Statement of Changes in Equity
109	Notes to the Consolidated Financial Statements
134	Pattern of Shareholding/Categories of Shareholders
135	Notice of Annual General Meeting

Company Information





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. Serving our customers and exceeding their expectations being the top priority, Al Shaheer Corporation saw the light of day as a small family business based on strong foundational core values of integrity, teamwork, excellence, consumer focus and community service.

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, 2009 found Al Shaheer Corporation exploring new export markets including Saudi Arabia, Dubai, Kuwait, Oman, Bahrain and Qatar, making us 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. Our world class manufacturing process starts from the purchase of the finest cattle which are then checked by qualified vets to assure health and safety. This is followed by Halal slaughtering at our state-of-the-art abattoir which are processed in large cuts and transported to outlets in refrigerated trucks.

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 also developed to increase their reach by opening meat sections in high trafficking superstores across the nation.

The same year saw another major milestone with the company going public and being listed on the Stock Exchange. In January



2017, Al Shaheer announced its transition to Al Shaheer Foods. The objective of the move was to establish itself as a 'foods' company. Going forward the scope of business is being expanded into higher margin products, i.e. poultry, as well as fruits and vegetables. Al Shaheer Foods is also exploring the opportunity of expanding 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 Chambers of Commerce and Industry, Brand of the Year Award in 2009 and Best Emerging Brand of the Year 2009 by Exhibitor (Pvt.) Ltd. 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.

Timeline

2008

Al Shaheer Corporation (Pvt.) Ltd. inception



2010

Meat One launch



2014

Formal launch



Inauguration of Lahore & Islamabad outlet



Khaas launch



2009

Explored new Export Markets including Saudi Arabia



2017

ALSHAHEER
FOODS
Transition to Al Shaheer Foods

2015

Executed Shop-in-Shop model for Retail; Listing in Pakistan Stock Exchange



CEO's Message

By the grace of Allah, Al Shaheer Corporation has completed its second year as a publicly listed entity. This has been one of the most challenging business periods for the company since its inception. Aggressive pricing tactics by local and international players in the export markets, put our volumes and margins under pressure right from the start of the year. Livestock prices rose at unprecedented levels, while the rupee to dollar parity remained unfavourable vis a vis competing countries in the export sector. The overall meat exports from Pakistan reportedly

declined by 39 percent in the first 9 months of the FY 2016-17. Given this situation, the Al Shaheer team has defended its market share and capped the decline below 8%. Our last quarter has actually recorded an 11.3% growth due to Ramadan. Our domestic business maintained stable growth, keeping us steadfast to our strategy to continuously improve our domestic business for long term profitability.

While we could not energize our poultry and processed foods plant by the close of the fiscal year, we have made significant progress in terms of product development, enabling technologies and world class talent acquisition for this business. We are confident of commencing our operations at this facility by the end of 2017.

We have also taken strong measures towards bringing cost efficiencies in all operations of the organization, and achieved significant reductions in product shrinkage and spoilage. An ambitious re-organization of our retail operations was undertaken to streamline HR costs. This has strongly contributed to improved margins for our retail business. The strong focus on cost control will remain high on our agenda, as we are in an expensive phase of our business growth. We will continue to invest in essential talent as well as infrastructure which is necessary to achieve our long term growth plan.



A comprehensive technical and commercial feasibility has been completed for the IQF fruits and vegetables business. However the coming year will require undiluted focus on launching and building the poultry and processed foods business.

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

Kamran Khalili
CEO

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 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 a friendly work environment.
- We will make sure that our actions will clearly exhibit 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.

Purpose of Existence

Al Shaheer Foods was created in August 2008 after observing the increase in demand of Halal meat products globally. It operates a custom designed, state-of-the-art plant, 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.

Winning several international accreditations 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, the Company has conquered the global market with a continuous commitment to quality. 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 Chambers of Commerce and Industry. Al Shaheer currently possesses municipality licenses to export meat to some of the most lucrative markets in the region, including Dubai and Saudi Arabia.

The year 2010 started with a pledge to make the same quality meat available to local consumers, thereby considerably raising the benchmark in meat selling. Starting off from our flagship Meat One boutique on main Khayaban-e-Shamsheer, DHA, Karachi, we have gradually expanded our network of dedicated Meat One outlets across Pakistan to introduce customers to the best quality, free range meat possible.





Board of Directors

Our board of directors play a significant role in representing the interest of our shareholders. All board members are profoundly experienced in their respective sectors and avidly assist in the company's operations.



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 Organization 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.

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.

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.

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 NAFTA 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.

Having been associated with Unilever for 22 years, 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.

Zafar Siddiqui



Zafar Siddiqui has an MBA degree from the Institute of Business Administration. He also holds a degree of M.S. in Marketing Communications from Chicago. He has more than 30 years of experience with the F.M.C.G. sector both in the field of Sales, Marketing and General Management. He was associated with Gillette for 15 years in Pakistan and Overseas. His last assignment with Gillette was as Chief Executive for Gillette Pakistan (Pvt.) Ltd., and Area Director for Afghanistan, Sri Lanka, Bangladesh, Nepal & Maldives.

Mr. Siddiqui was also on the Board of Engro Foods Limited, Inbox Business Technologies (Pvt.) Limited, Faysal Asset Management, Mind Sports of Pakistan and Zulfiqar Industries Limited.

He has conducted numerous workshop and training courses for various companies. He has been associated with SECP as an outside consultant for the last 4 years, primarily in marketing, management development and public speaking.

Mr. Siddiqui has served as the Director for the Centre for Entrepreneurial Development, and also as the Director for Alumni and Resource Mobilization for the Institute of Business Administration from the period 2008 – 2014.

Sarfraz Rehman



Sarfraz is both a chartered accountant and business executive having contributed his expertise to multinational companies such as Unilever, SB (GSK), Jardine Matheson/Olayan JV and PepsiCo during his varied career.

In 2005, Sarfraz helped establish Engro Foods as its CEO. The company very quickly grew from a greenfield to the largest liquid dairy company in Pakistan. He took a sabbatical from Engro Foods to establish the Karachi School for Business and Leadership project in 2012. Sarfraz rejoined Engro Foods as CEO in 2013 where he remained CEO till July 2015. Engro Foods has just sold 51% of its shares to Royal Friesland Campina for over half a billion dollars. This is the biggest private foreign investment in Pakistan's history.

Since Oct 2015, Sarfraz has been involved in consultancy projects with ICI, IBL and JSPE. He is also the designated Executive Coach for Grant Thornton in Pakistan and at the moment is working on a culture change project for a large bank. Recently, he has also been appointed Chairman of the Joint Industry Council of Pakistan Broadcasters Association and Pakistan Advertisers Society, which controls advertising in Pakistan.

Sarfraz is deeply interested in playing his part in giving back to society and has worked on an online interactive education model for mass education, to resolve the issue of literacy in Pakistan over the next decade. In the past he was also associated with Shaukat Khanum Hospital as a Board of Governor and with WWF as a Director involved with the blind dolphins' project. He is also heavily associated with Hisaar Foundation and its work on water/environmental issues in Pakistan.

Sarfraz also conducts a well-established coaching and mentoring role, with many business executives and younger university graduates on a private pro bono basis.

Umair Khalili



Umair Khalili is the youngest Director of Al Shaheer Foods. He is an HR graduate from London School of Economics and Political Sciences (LSE). He is an enthusiastic individual who has great talent in public speaking and debating. Umair has been the team lead for various events including Model United Nations where he lead multi-cultural teams and won the MUNs in the home country. Apart from academics, Umair is actively involved in cricket & football.

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, 2017.

Operational Performance

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

	2017	2016
(Rupees in '000)		
Sales	6,396,642	6,895,580
Cost of Sales	(4,869,940)	(5,067,517)
Gross Profit	1,526,702	1,828,063
Expenses	(1,553,461)	(1,529,715)
Other Income / (Loss)	18,492	43,591
Taxation	(12,535)	22,638
Net Profit	(20,802)	364,577
Basic & Diluted EPS	(0.15)	2.57

Our domestic sales were up 12% over the same period last year, although overall company sales for the year 2016/17 declined by 7% due to pressures faced in the export sector in the first quarter. The management revitalized the export business resulting in a growth of 9% in the last quarter compared with the same period last year.

Export Performance

The export business declined by 15% for the year. Increasing livestock prices, over-valued rupee and strong competitive pressure from local and regional players in the export market put considerable pressure throughout the year in the export markets. The company has aggressively pursued new customers and made efforts to increase value with existing customers. From a 33% decline during Q1, the business was brought back to growth in the last quarter.

Meat One

Our premium retail brand, Meat One, grew by 21 % over last year, while the network size grew by a net of 2 locations in this period. The brand image was completely refreshed, and main focus remained on driving efficiencies and improving margins. The Meat One Qurbani Service achieved a 51% 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 consolidation was completed ending the year with 16 locations. Despite the reduction in locations, the business grew by a modest 1%, showing higher throughput per location.

Institutional Sales

The institutional sales business comes from core B2B clients and tendered business (armed forces, government contracts etc). Our core business continued on a strong growth trajectory, up by 43% versus last year. Our client list includes prestigious customers in corporate sector, restaurants, embassies, and secondary food manufacturers.

Future Outlook

In the longer term, we are bullish on the opportunity in the foods sector in general and Al Shaheer's growth prospects in specific. In the short term we expect margins to be under pressure. The cost of livestock in Pakistan is continuously increasing. The price of animal skin has reduced from Rs. 4000 to Rs. 1700 because the leather industry is not progressing well. 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.

We are committed to achieve continued growth of our domestic business, while driving cost efficiencies in our operations. We are already witnessing stability in our organic footfall, increase in margins 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 within this calendar 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 including health, education and social sectors.

The Company is involved in charitable donation of meat and funds to welfare and educational institutes. We are also 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 the 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 customers get best value for their money. The company also operates a customer service help line for deliveries and complaints and offers full replacement guarantee to dissatisfied customers.

Business Ethics and Anti-Corruption Measures

The Company is committed to promoting high standards of ethical behavior throughout its business. The management condemns corrupt and fraudulent practices and ensures transparency, integrity and honesty in all aspects of work. The Company expects all its employees to perform their duties with integrity and professionalism.

Contribution to National Exchequer

The company contributed around Rs. 96 million to the government treasury in shape of taxes, excise duty, income tax and sales tax.

Financial Statements

The financial statements of the company have been audited and approved without qualification by the auditors of the company, M/s. EY Ford Rhodes 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 has 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) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) There is nothing outstanding against the company on account of taxes, duties, levies and charges except those which are being made in normal course of business. However, an amount of withholding tax outstanding as at 30th June 2017 was subsequently paid off.

Board / Committee	Board of Directors	Audit Committee	HR Committee
Meetings held during FY 2016-17	6	4	2
Mr. Kamran Ahmed Khalili	6	4	1
Mr. Rizwan Jamil	6	4	2
Mr. Muhammad Ali	3	2	-
Mr. Noor ur Rahman Abid	6	3	-
Mr. Naveed godil	2	-	-
Ms. Rukhsana Asghar	5	-	2
Mr. Muhammad Qaysar Alam	5	4	-
Mr. Muhammad Amin	5	2	-
Mr. Sarfaraz Rahman	3	-	1
Mr. Zafar Ahmed Siddiqui	5	-	-

- i) During the year, six meeting of the Board of Directors were held. Attendance by each director in the meetings of the Board and its sub-committees is as follows:

- j) No trading in the shares of the company was carried out during the year by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children except for the sale of shares by Mr. Muhammad Ali.
- k) The company pays gratuity to its employees for which liability as at 30th June 2017 is Rs. 43.5 million.
- l) Pattern of shareholding is annexed with the report.
- m) Transactions with related parties are presented in note number 34 of the financial statements.

Al Shaheer Farms (Pvt) Ltd.

The company has 51% holding in Al Shaheer Farms (Pvt) Ltd. amounting to Rs. 55.7 million as at 30th June, 2017. The subsidiary was incorporated on 2nd March, 2015 as a private limited under Companies Ordinance 1984. The principal activity of the subsidiary is to carry on all kinds of farming including agricultural, poultry, horticultural and dairy and to purchase, acquire, maintain, breed, sell or otherwise dispose of all kinds of cattle and other form of livestock.

Bonus Shares

No bonus shares have been issued.

Dividend

The company did not generate any profits during this period, therefore no dividend is declared.

Rights Shares


No right shares have been issued.

Appointment of Auditors

The present auditors 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.



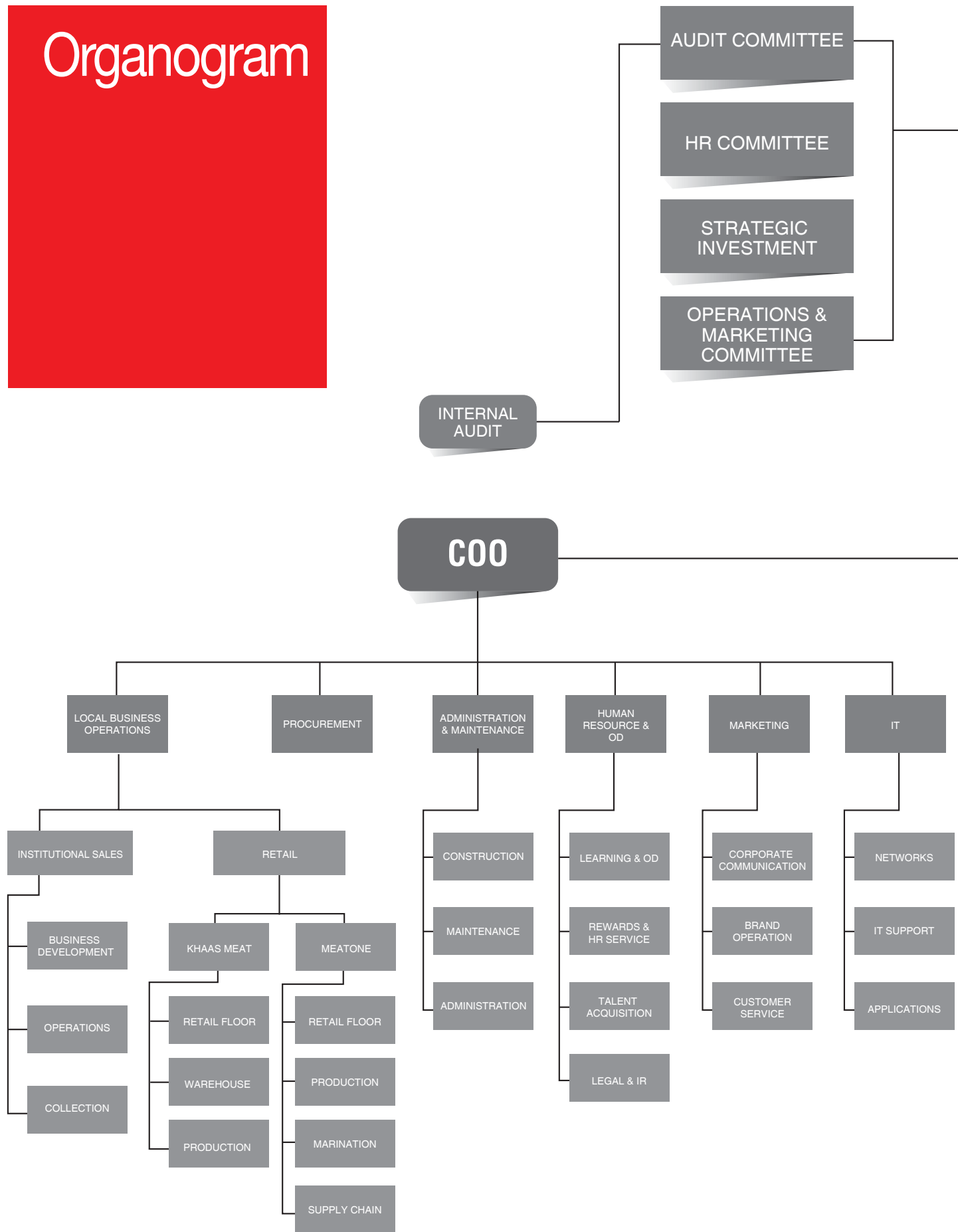
Kamran Ahmed Khalili
CEO

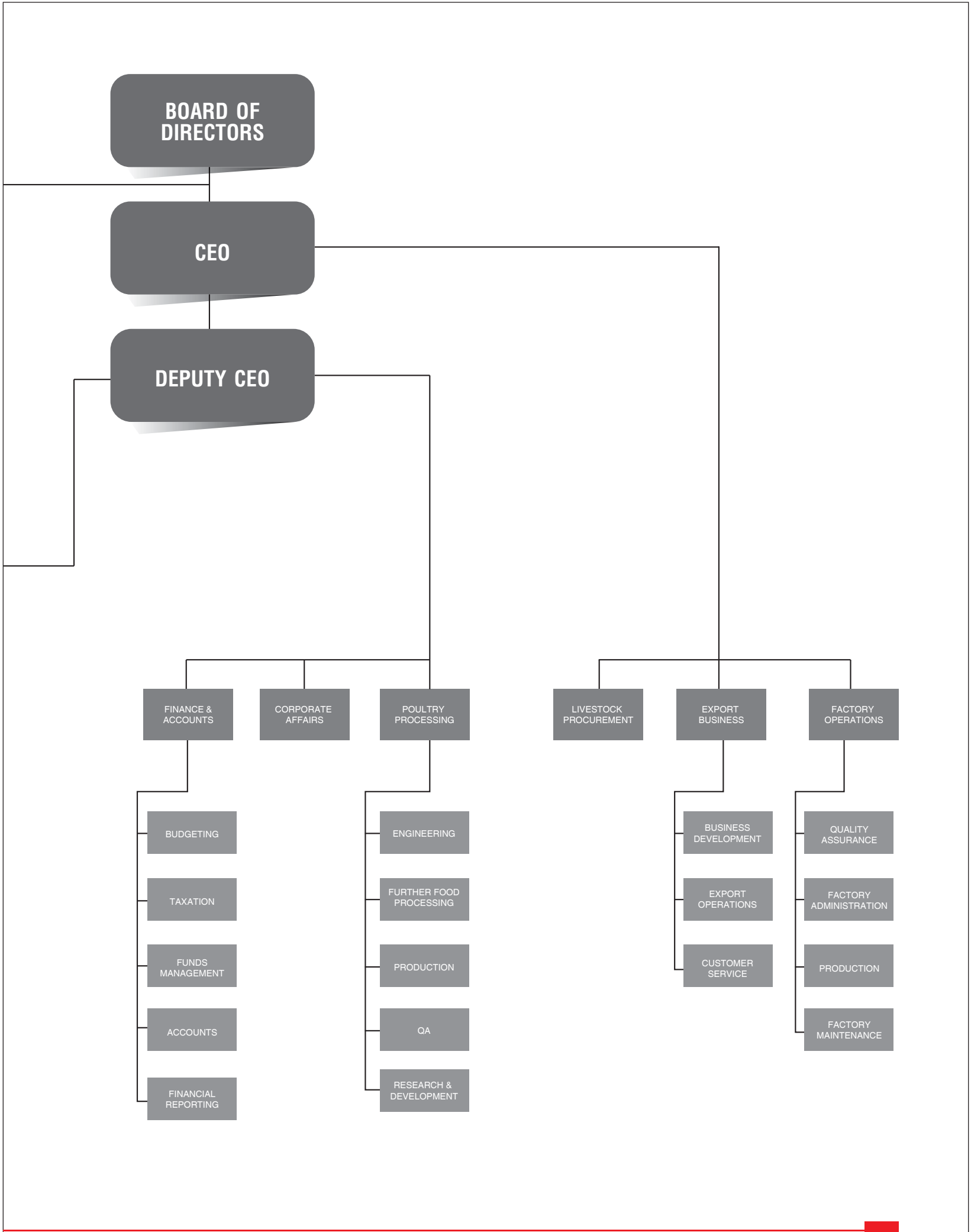


Management Team



Organogram





Kamran Khalili

CEO



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

DCEO



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.

Having been associated with Unilever for 22 years, 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

COO



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

CFO



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.

Adnan Budhani

Head of Poultry Processing



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.

Adnan Khan

Head of Internal Audit



Adnan Khan is a chartered certified accountant and commerce graduate having a diversified track record of 11 years in the field of audit and advisory services. The experience includes Big four audit firms, manufacturing concerns, retail, FMCG and the public sector.

He did mandatory training for professional accountants with Ernst & Young and then started his career as audit consultant in World Bank's public sector project. After the project, he pursued future career in internal audit of corporate sector entities.

Hammaad Chishti

Business Analyst



Hammaad Ahmad Chishti is Business Analyst at Al Shaheer Corporation Limited. He has also headed Financial Reporting and Special Projects function in Al Shaheer Corporation Limited for a period of 4 years. He remained involved in enlisting of the company on stock exchange, preparing dynamic financial models for strategic business opportunities, and statutory reporting to Securities and Exchange Commission of Pakistan.

Prior to joining this company, he also served at KPMG in capacity as an Audit Senior for 3.5 years. His work included conducting statutory audits, group reporting, reporting on internal controls.

Mahmood Khurram

Head of Distribution Sales



Mahmood Khurram is the Head of Distribution Sales at Al Shaheer Foods. He is an MBA in Marketing from Bahauddin Zakariya University Multan. He is a seasoned Sales & Marketing professional with a track record of delivering profitable sales growth, having 14 years of experience in Local and Multinational companies. Over the years he has been in different managerial roles as Assistant Brand Manager, Area Sales Manager & Channel Development Manager at Unilever. His last assignment was Head of Marketing at Dabur Pakistan.

Najiyeh Akbar

Head of Marketing



Najiyeh is the Head of Marketing at Al-Shaheer Foods. She graduated from Institute of Business Administration with an MBA in Marketing and MIS, and over 12 years of experience. She has worked at some of the biggest names in Pakistan's corporate sector including Aaj TV and Philip Morris, her last assignment being the Marketing Head at Samsung Electronics.

In various capacities, Najiyeh has led brand management, key accounts management and sales innovations and created some of the most successful advertising campaigns in recent years. She also has experience as a technology entrepreneur, running a pioneering OOH startup, which has sharpened her business acumen further to lead Al-Shaheer's marketing efforts with a uniquely holistic view.

Namood Ali

Head of Professional Line
(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 Foods 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.

Osama Javed

Head of Human Resource
& Administration



Osama Javed Usmani is the Head of Human Resource in Al Shaheer Foods. 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.

Shahnawaz Akbar

Head of Factory Operations



Shahnawaz looks after the factory of Al Shaheer Foods. 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.

Shoab Saleem

Head of Information Technology



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

Shoab has almost 15 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 Securities, Ora-Tech Systems and Venus Distributors.

Soofian Akhter

Head of Retail Operations



Soofian is the Head of Retail Sales (Meat One and Khaas Meat) at Al Shaheer Foods. He has around 16 years of experience in retail management at managerial capacities with world renowned fast food and fine dine-in chains like Pizza Hut, Dominos and Metro Cash & Carry.

Soofian is an MBA.

Syed Sajjad
Company Secretary



Sajjad is a Lawyer with 8 years of experience with Law firms. Prior to joining Al Shaheer Foods, he was associated with Securities & Exchange Commission of Pakistan, as Deputy Director – Prosecution & Legal Affairs Division, where he provided legal support to the various divisions of the commission, provided assistance on litigation matters, coordinated with law enforcement agencies & others matter pertaining to company ordinance 1984.

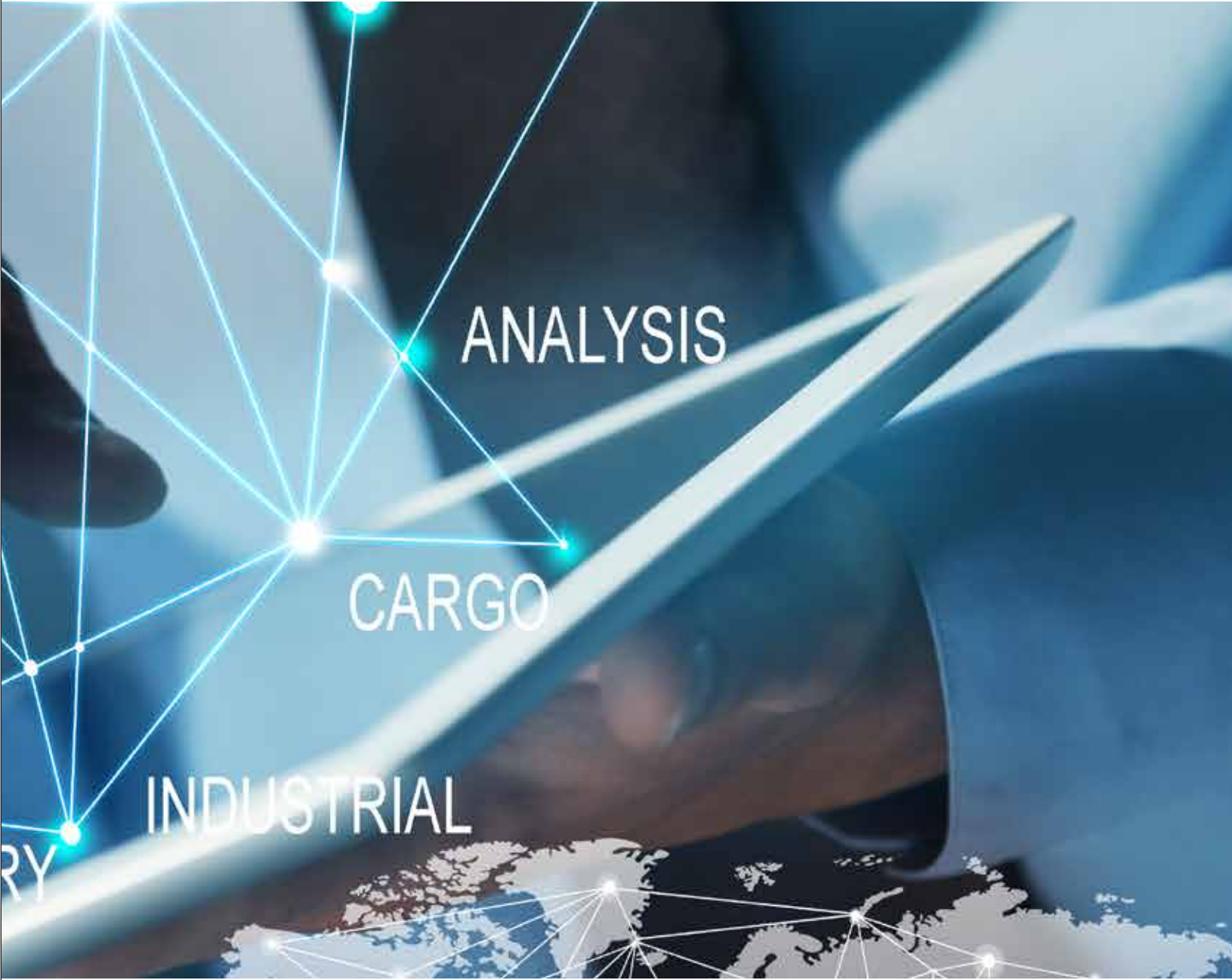
Sajjad has done LLB from University of Peshawar.

Channels

ON

PRODUCT

INVENTOR



RY

ANALYSIS

CARGO

INDUSTRIAL

Export

Meat has always made meals more appetizing, more appealing and even when you think you're not all that hungry, the aroma of barbecued kababs is enough to pull you towards it. Accessibility to meat supposedly 'Halal' and fit for consumption was never a problem in Pakistan, dubious origins notwithstanding but, what about our countrymen and fellow Muslims living abroad?



Halal meat was barely available in limited regions and limited quantities. Choice of cut and range of taste were luxuries. Poor Muslims abroad did not even consider to fathom. Reflective of the related notion that access to any meat that was Halal was primary and quality was a secondary, if at all, consideration, the term 'Halal' was not yet used synonymously with food items nor was 'Halal' a brand name that touched the hearts, minds and palate of voracious Muslims yearning for fresh, healthy meat prepared in a Halal way.

Imagine yourself sitting down for dinner oceans away from home, thinking of mouthwatering mutton chops, chicken drumsticks or a juicy beef steak but you have to make do with the daal and veggies because there isn't any Halal meat available, a tragedy indeed. But not anymore!

Halal meat has always been a necessity and its growing global demand makes it one of the fastest growing segments within the global food trade. The increased demand brought Pakistan into this business, soon making it the 19th biggest Halal meat exporter in the world. It was not long before the global market saw the emergence of Al Shaheer Foods which soon became a trusted supplier of high quality Halal meat to importers across GCC countries.

Amid significant competition, Al Shaheer Foods has made its mark as one of the leading meat exporters of Pakistan since its conception in the summer of 2008 answering the prayers of meat lovers all around the world. The wide range of products offered in beef, prime beef, mutton, chicken, steak stone, ready to cook/marinated range and lamb (local and Aussie) leaves nothing to be desired.

Being one of the leading meat exporters of Pakistan, Al Shaheer Foods plays a major role in the 27% annual growth of the Halal meat industry, on its way to making Pakistan one of the largest players in the meat trade.

In the face of increased competition and devalued currencies of competing countries, Al Shaheer Foods became even more determined to show what it was made of, boosting its export growth by 29% in the FY 2015-2016. This has been a remarkable achievement proving that export is definitely the backbone of Al Shaheer Foods.

Karachi, Pakistan's largest air and sea port houses our state-of-the-art abattoir, strategically situated with access to international trade routes and certified to export to some of the largest regional markets around the globe, making sure there is never any delay in providing the freshest produce to our distributors abroad.

With a determined focus on our vision of becoming global leaders in the Halal food sector, we began by exporting red meat only to Dubai and have now expanded our reach to Saudi Arabia, Oman, Kuwait, Bahrain and Qatar and strive to widen our reach worldwide.

Having won the 'Best Export Performance' award several times for Fresh and Frozen Meat from the Federation of Pakistan Chambers of Commerce and Industry, we aim and are working towards further such accolades in the future.

Following are the countries Al Shaheer exports to:



KUWAIT



OMAN



SAUDI ARABIA



QATAR



BAHRAIN



UAE

Retail



THE MEAT EXPERTS

Meat One

There is a quagmire that residents of Karachi find themselves in when it comes to buying top quality, healthy and hygienic meat that can be traced back to respectable origins. In some ways sadly, the choice is simple.



The contest is really between bad meat and worse meat, the quality being a direct function of how long the meat jostled around, marinating on the back of a truck, imbuing not only the sights and sounds of rural Pakistan, but also the urban air pregnant with lead, mercury and other highly undesirable elements. Our meat buying practices are paradoxical to our lifestyles as most of us are forced to buy substandard meat at the local roadside butcher or perhaps at a higher end grocery store in more civilized surroundings. Either way, the origin of the meat remains entirely questionable.

This is where we come in. Owning and operating one of the largest abattoirs in Pakistan, we recognized that the practice of exporting good quality meat was a travesty, and realized the need to change this practice – to give Karachi a taste of good quality meat from free range animals on our own farms. This was the obvious way of giving back to our city.

At Al Shaheer, the finest free range animals are selected and then raised on our company farms, strictly on organic food to ensure the greatest quality of meat that only experts can guarantee. Something as simple as this instantly makes the meat juicier and tender. We keep these and several other factors in mind while preparing our meat products to suit your lifestyle and taste preferences.

‘Meat One’ is a meat boutique; a concept which is not alien to most of Karachi, but one currently based on fantasy. The words “boutique” and “meat shop” do seem like two different ideas, but in effect it really translates into a unique opportunity to do something that has not been done before. Allow us to make this fantasy a reality. From nurturing to slaughtering, chilling, transporting and retailing, our products have to undergo stringent quality checks each step of the way. Halal, healthy and fresh, this meat is now being made available at various locations through specially designed Meat One boutiques.

Meat One is a concept meat shop, all about celebrating carnivorous yearnings. No more flailing arms like a banshee in an attempt to ward off the flies, no begums with their beautiful faces hidden behind duppattas, or worse yet contorted into ugliness due to the malodorous surroundings. Meat lovers will no longer have to worry about the dubious origins of their steak. Buying meat will no longer be the dreaded chore that is readily delegated to the errand boy, but will rather become an enjoyable weekly ritual.

Giving priority to health and hygiene, the shop is custom made, without compromising on aesthetics. The customer/s will be able to follow the whole process of meat preparation behind the glass counters and be thoroughly convinced of the quality of meat and the effort and honesty that the process entails.



Khaas Meat

Who doesn't want the best quality in the best economical price? But is that even possible in today's day and age, you may ask?



All you see around you is inflated prices and deteriorating quality. Either the quality keeps falling or the quantity keeps shrinking and you end up with almost half of the quantity at double the price. It's enough to make you give up and just accept this as the norm which will keep emptying your pockets giving you a half filled rumbling stomach and the never ending frustration of having to put up with this daylight robbery.

But don't give up hope just yet because this is where Al Shaheer Foods steps in with their 'aam' priced Khaas Meat.

The February of 2014 saw the launching of Khaas Meat, Al Shaheer's second retail brand after the success of Meat One.

You may be wondering about the purpose of a second retail brand offering the same as the first with the difference of a name. Well, the name says it all. At Khaas Meat, there is no compromise on quality or hygiene but we have chopped the prices to cater to SEC B & C, providing our customers with premium quality meat processed in a hygienic environment.

You don't need to go to the local butcher shops and share your meat with the hundreds of flies, having the time of their lives on your overly priced mutton leg. Khaas Meat is an upgrade to the existing butcher shops in the market providing high quality meat in a clean and hygienic environment.

We operate through 15 outlets spread across Karachi, Lahore and Rawalpindi with standalone outlets and through CSD shop-in-shops stores. This increases the accessibility of customers, keeping their convenience one of our top priorities.

Kiosk butcher shops being our primary competitors, it took a lot of hard work and dedication to place a firm foothold in that market but we managed to establish and secure our customers' loyalty. Our customers are offered the best meat of beef, mutton and chicken from animals that have been verified safe and healthy by our vets and which is compliant with international meat standards.

The best export quality meat can be found at our retail stores along with great service from competent, courteous and friendly staff. Our outlets are designed not only with an aesthetic sense but in a way that our customers can follow the whole process of meat preparation leaving no doubts about the quality of meat they are buying.

Our par excellence services and products have helped us make our mark in a significantly short period of time. The growth of Khaas Meat proves our claims of high quality and affordable prices and this will only keep increasing with our reputation and service.

Delivery and E-commerce

As a pioneer in the organized meat industry, we take it upon ourselves to provide our customers 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

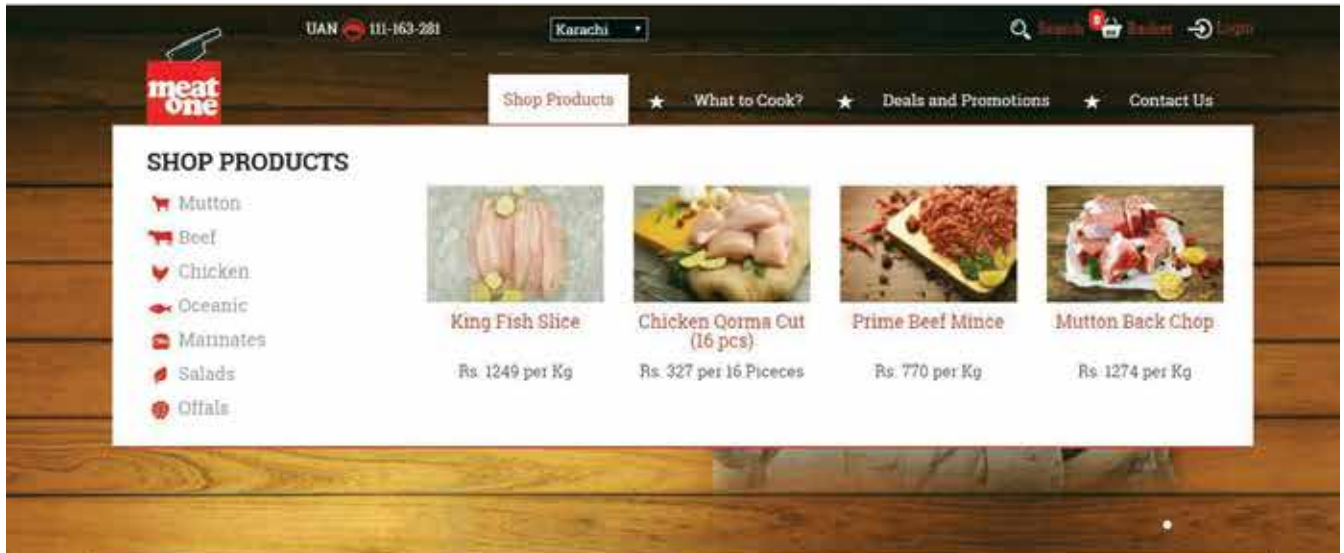


SHOP PRODUCTS



each business front satisfied.

Initially the delivery service was being provided through a traditional way of call center in which a customer dials 11-11-MEAT-1 and place his/her order. But digitization has changed consumer buying behavior and people seek for more convenience. Keep this behavior in mind, Meat One has come up with e-commerce enabled website (www.meatone.net) to add more value and experience to consumer's convenience. Through e-commerce, the freshest Meat is just clicks away from the door step of consumers. Meat One's exceptional Store-to-Door delivery service combined with more convenient e-commerce facility takes consumer's shopping experience to new heights.



**FROM STORE-TO-DOOR!
CALL NOW**



11-11-MEAT-1



Professional Line



Travelling by air? Dining at a restaurant? Having lunch at your office cafeteria? What is one of your top concerns?

The hygiene and freshness of the food they are serving, right?



Well, that will be the least of your worries now because the meat providers are none other than Al Shaheer Foods.

Meat has always been the main issue of concern regarding its origin, freshness, quality and distribution with Al Shaheer Foods ticking all these boxes every single time. This is especially important at the institutional level because they in turn have to serve the best to their customers. We realize that along with the institution's reputation it is mainly the provider's which is at stake, which is why Al Shaheer makes no compromises in providing the best quality of meat.

The overwhelming success of Meat One retail outlets and the massive positive response from household consumers encouraged us to widen our reach and serve consumers at the institutional level. In 2013, with a firm foothold in export and retail business, Al Shaheer ventured to serve local B2B customers, mainly Hotels, Restaurants, Hospitals and Corporates.

Having a start with shared retail resources, our Institutional Sales Unit gradually grew into a separate department, keeping in mind the requirements of bulk consumers. Fulfilling the needs of corporate clients being our primary objective, our clients in various cities have increased in a short span of time and the number keeps on increasing.

We don't believe in overpricing our products which is why our local clients with bulk orders are served premium products at cost efficient rates. We are a one stop solution to all our clients whose complete meat procurement requirements are satisfactorily and conveniently fulfilled by Al Shaheer Foods.

Our clients are primarily from three different channels. The first channel is HoReCa which includes Hotels, Restaurants, Cafes, Clubs and Caterers which consumes meat to make their primary offering i.e. food. They are pitched on the basis of food quality and taste.

The second channel is in-house Kitchens, Airlines, Hospitals & Ship Chandlers – These customers are pitched on the basis of price consciousness and value for money.

The third channel is Educational Institutions – In-house cafeterias which prepare fresh food for children and staff. These customers are targeted on the basis of nutrition and health benefits.

Our 205 customers in Karachi, Lahore, Islamabad and Hyderabad include major corporate clients like PAF, Dalda, Huawei, Tetra Pak, Amreli Steels, Abbott Pharmaceuticals, Getz Pharma; Premium restaurants like TAO, Cosmopolitan and Pompeii; Medical Institutes like Aga Khan University Hospital and Patel Hospital; and Fast Food joints like Burger Lab, Big Thick Burgerz, Pizza Point, Pizza Hut, The Sauce, Burger Shack and many more.

Major clients:



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 700 cattle and 1000 mutton.

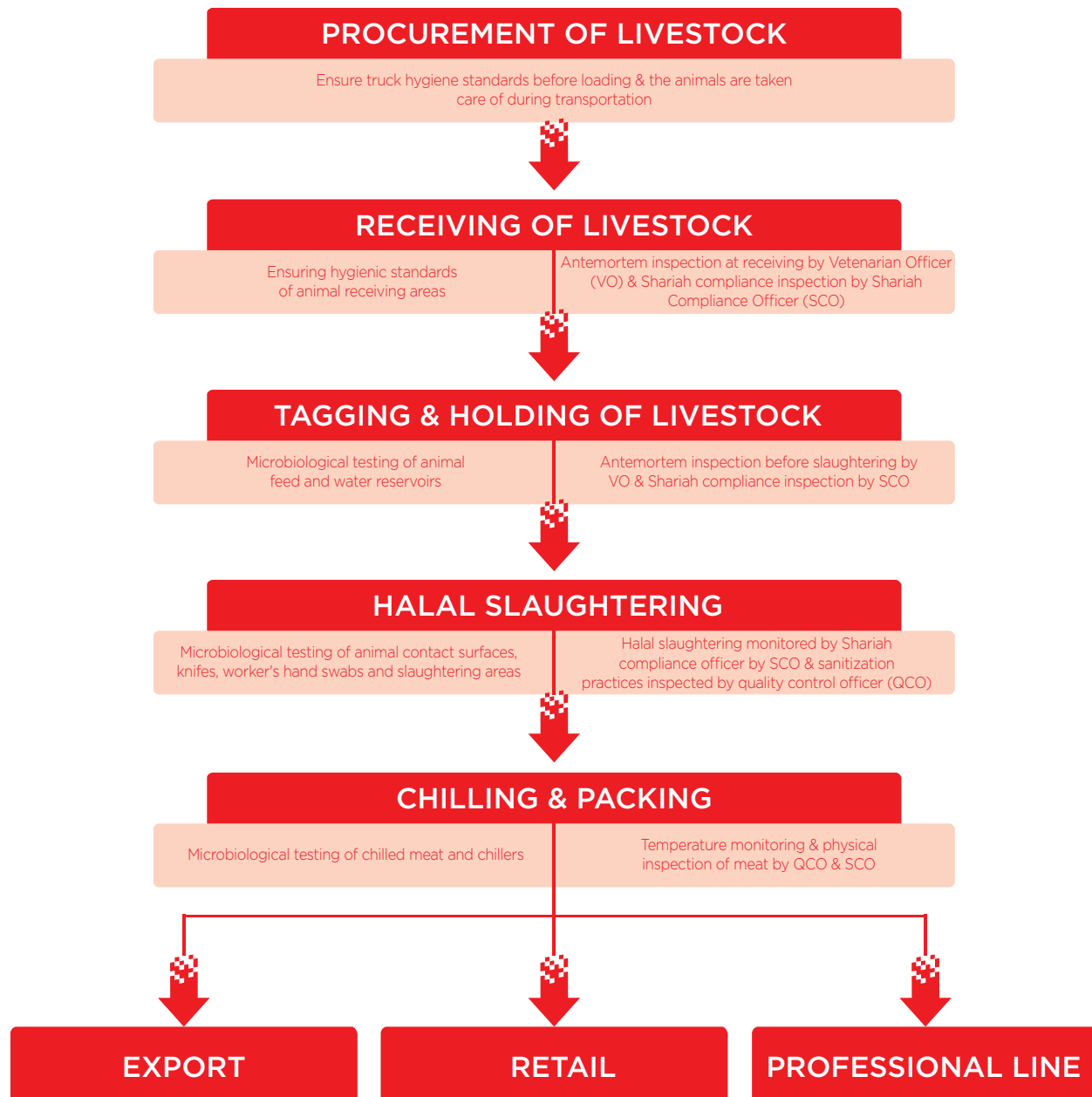


Certificates & Accreditations

1. HALAL certification on Pakistan HALAL standard PS 3733:2013
2. HALAL certification on international HALAL standard MS 1500
3. ISO 9001:2008
4. ISO 22000:2005
5. HACCP
6. ISO 14001:2015
7. OHSAS 18001:2007

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 Foods 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.



Geographical Reach



Export

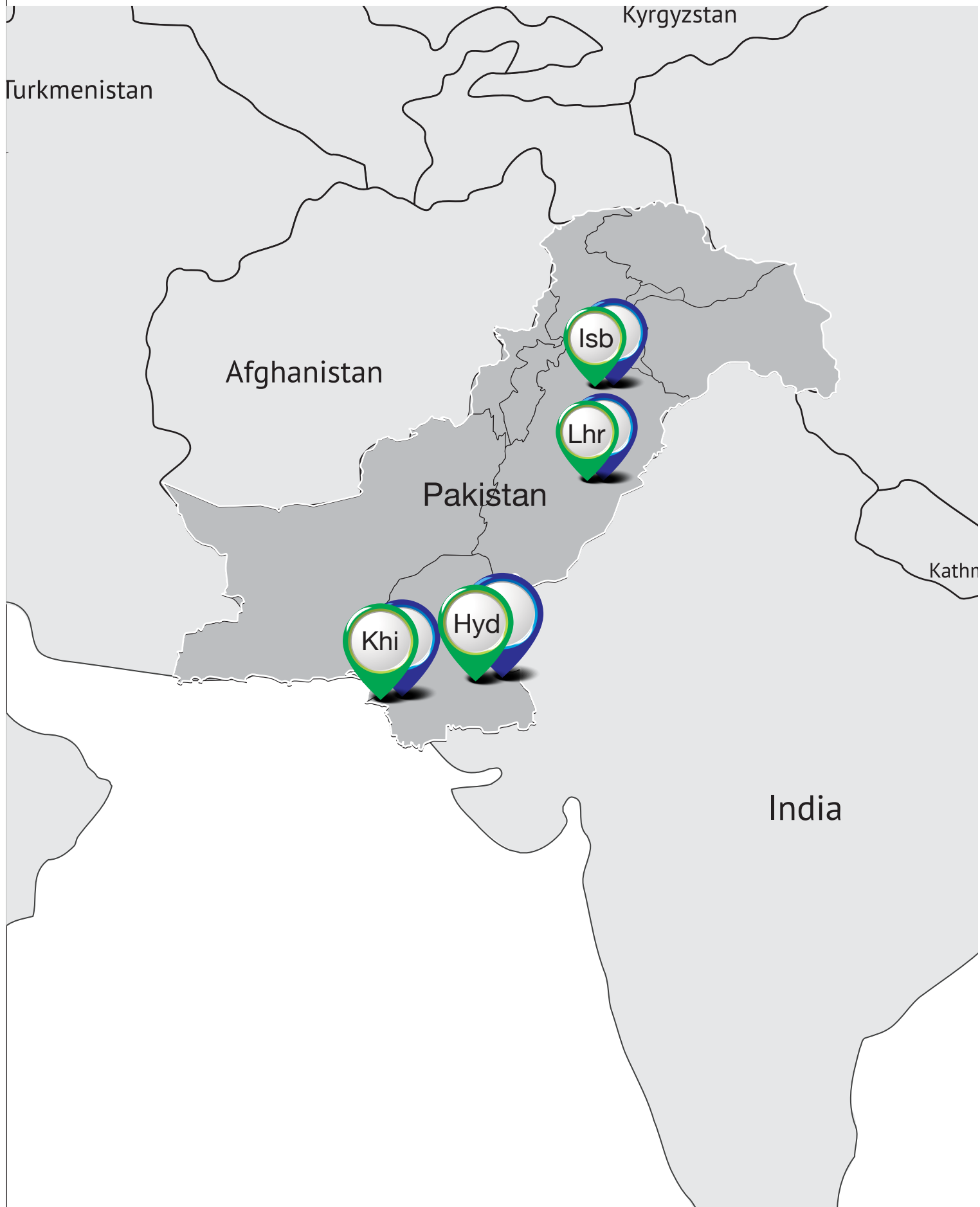
- UAE
- Saudi Arabia
- Oman
- Kuwait
- Bahrain
- Qatar

Retail

- Karachi
- Lahore
- Islamabad
- Hyderabad

Professional Line

- Karachi
- Lahore
- Islamabad
- Hyderabad



Corporate Governance

Stakeholder Interests

Al Shaheer Corporation Ltd. adopts the best corporate governance practices to maintain the proper balance in the 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 contribution 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/>).

Customers and Suppliers

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

Our procurement teams are in continuous contact with suppliers and vendors thorough meetings and correspondence 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 hall meetings, 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. Muhammad Qaysar Alam	Chairman
Mr. Noorur Rahman Abid	Member
Mr. Muhammad Ali	Member

The Audit Committee comprises of one Non-Executive and two Independent Non-Executive Directors. 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 auditors 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 auditors. The recommendations of the Audit Committee are then submitted for approval of financial results of the Company by the Board. During the year 2016-17, 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 CFO. The CIA attends 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 referred to the respective departments and mitigating actions are then implemented.

Human Resource Committee

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

The Human Resource Committee (HRC) comprises of three members. All members of the HRC, including the Chairperson are Independent Non-Executive Directors. Meetings are conducted at such frequency as the Chairperson may determine. The minutes of the meetings of the HRC meeting are provided to all members and Directors. The Committee held two meetings during the year.

Offices of the Chairman & CEO

Being a corporate governance compliant company, Al Shaheer Corp. 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 Officer 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

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 or 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).

Mr. Umair Khalili joined the board in June 2017 and trainings will be arranged for him during the year 2017-18.

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, procedure is in place to assist in the self-assessment of individual director 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 2016-2017. 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 Pakistan Stock Exchange, 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.
- Chief Internal Auditor has direct access to the Audit Committee.
- The external auditors 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 auditors wished to highlight were freely discussed with them.



Muhammad Qaysar Alam
Chairman - Audit Committee

Dated:

ALSHAHEER FOODS

Statement of Compliance

With the Code of Corporate Governance
Al Shaheer Corporation Ltd.
Year ended 30th June 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Chapter 5 clause 5.19 of Rule Book of Pakistan Stock Exchange (PSX) 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:

1. 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. Sarfaraz Rehman Ms. Rukhsana Asghar Mr. Muhammad Qaysar Alam Mr. Zafar Ahmed Siddiqui
Executive Directors	Mr. Kamran Ahmed Khalili (CEO) Mr. Rizwan Jamil (Deputy CEO)
Non-Executive Directors	Mr. Muhammed Amin Mr. Naveed Godil Mr. Umiar Ahmed Khalili

The independent directors meet the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. 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 NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the Board on 18th March, 2017 was filled up by the directors within 90 days.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps are being taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.



Al Shaheer Corporation Limited
Suite # G/5/5, 3rd Floor, Mansoor Tower,
Block 8, Shahrah-e-Roomi, Clifton, Karachi.

Office: +92-21-38781100
Fax: +92-21-35877017
Web: www.ascfoods.com

ALSHAHEER FOODS

7. 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/shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and 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.
9. The Directors are well aware of their duties and responsibilities under the Code. Six Directors of the Company are certified under the directors training program as required by the SECP. No director has attended the director's training program during the year.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. 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.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members who are all non-executive directors. The Chairman of the committee is an independent director.
16. 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.
17. The Board has formed an HR and Remuneration Committee. It comprises three Members who are all non-executive directors and the chairman of the committee is an independent director.
18. The Board has set up an effective Internal Audit Function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. 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.
20. 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.
21. 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.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.



Al Shaheer Corporation Limited
Suite # G/5/5, 3rd Floor, Mansoor Tower,
Block 8, Shahrah-e-Roomi, Clifton, Karachi.

Office: +92-21-38781100
Fax: +92-21-35877017
Web: www.ascfoods.com

ALSHAHEER FOODS

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Signature



NOORUR RAHMAN ABID
Chairman – Board of Directors

Dated: 26 September 2017



Al Shaheer Corporation Limited
Suite # G/5/5, 3rd Floor, Mansoor Tower,
Block 8, Shahrah-e-Roomi, Clifton, Karachi.

Office: +92-21-38781100
Fax: +92-21-35877017
Web: www.ascfoods.com



EY Audit Module
Chartered Accountants
Progressive Plaza, Islamabad Road
P.O. Box 15541, Karachi-75250
Pakistan

Mobile: +9221 111 11 11 11 (1111)
Fax: +9221 4565602111
Fax: +9221 2548 1945
www.ey.com
in 40404

Review report to the members on statement of compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Al Shabeer Corporation Limited (the Company) for the year ended 30 June 2017 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24 (a) of the Code, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2017.

Chartered Accountants

Date: 29 September 2017

Place: Karachi

**Standalone Financial
Statements
2016-17**

Auditor's Report to the Members

We have audited the annexed balance sheet of **Al Shaheer Corporation Limited** (the Company) as at **30 June 2017** 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 repealed 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 repealed 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 5.1 to the 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 repealed 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 2017** and of the loss, its comprehensive loss, 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).

Chartered Accountants
Audit Engagement Partner: Khurram Jameel
Date: 29 September 2017
Karachi

Balance Sheet

AS AT 30 JUNE 2017

	Note	2017	2016
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,368,189	2,581,433
Intangible asset	8	4,863	3,840
Long-term investment	9	55,700	55,700
Deferred tax asset	10	177,563	129,078
		3,606,315	2,770,051
CURRENT ASSETS			
Stock-in-trade	11	116,618	167,654
Fuel and lubricants		442	603
Trade debts	12	1,212,651	1,096,688
Loans and advances	13	493,018	421,594
Trade deposits and short-term prepayments	14	20,814	22,300
Short-term investments	15	566	215,893
Other receivables	16	234,045	179,501
Taxation - net		109,138	76,226
Cash and bank balances	17	27,933	25,064
		2,215,225	2,205,523
TOTAL ASSETS		5,821,540	4,975,574
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2016: 150,000,000) ordinary shares of Rs. 10/- each		1,500,000	1,500,000
Issued, subscribed and paid-up capital	18	1,421,175	1,235,804
Share premium		1,507,705	1,693,076
Unappropriated profit		678,941	698,587
Total equity		3,607,821	3,627,467
Surplus on revaluation of fixed assets	19	186,922	197,078
NON-CURRENT LIABILITIES			
Long-term financing	20	400,414	29,552
Deferred liabilities	21	43,526	28,297
		443,940	57,849
CURRENT LIABILITIES			
Trade and other payables	22	1,517,156	1,048,750
Accrued mark-up	23	11,758	3,677
Due to a related party	24	13,527	7,564
Current portion of long-term financing	20	40,416	33,189
		1,582,857	1,093,180
TOTAL EQUITY AND LIABILITIES		5,821,540	4,975,574
CONTINGENCIES AND COMMITMENTS			
	25		

The annexed notes 1 to 39 form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer

Profit and Loss Account

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
(Rupees in '000)			
Turnover	26	6,396,642	6,895,580
Cost of sales	27	(4,869,940)	(5,067,517)
Gross profit		1,526,702	1,828,063
Administrative and distribution costs	28	(1,472,257)	(1,475,848)
Other expenses		-	(26,047)
Other income	29	18,492	69,638
Operating profit		72,937	395,806
Finance costs	30	(81,204)	(53,867)
(Loss) / profit before taxation		(8,267)	341,939
Taxation	31	(12,535)	22,638
Net (loss) / profit for the year		(20,802)	364,577
(Loss) / earnings per share – basic and diluted	32	(0.15)	(Restated) 2.57

The annexed notes 1 to 39 form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
(Rupees in '000)			
Net (Loss) / Profit for the year		(20,802)	364,577
Other comprehensive income:			
Items not to be reclassified to profit and loss account in subsequent years			
Remeasurement loss on defined benefit plan	21.1	(9,387)	(10,058)
Income tax effect		387	2,164
		(9,000)	(7,894)
Total comprehensive (loss) / income for the year		(29,802)	356,683

The annexed notes 1 to 39 form an integral part of these financial statements.


 Chief Executive


 Director


 Chief Financial Officer

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2017

Note	2017	2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(8,267)	341,939
Adjustments for:		
Depreciation	78,682	71,192
Amortisation	1,166	859
Provision for defined benefit plan	15,510	8,454
Provision / (reversal) of provision for doubtful debts	3,710	(22,477)
Liabilities no longer payable written back	(7,435)	-
Gain on disposal of property, plant and equipment	(465)	(11,852)
Gain on remeasurement of short-term investments	(777)	(8,396)
Gain on disposal of short-term investments	(2,935)	(3,230)
Finance costs	81,204	53,867
	168,660	88,417
Operating profit before working capital changes	160,393	430,356
(Increase) / decrease in current assets:		
Fuels and lubricants	161	2,839
Stock-in-trade	51,036	(136,476)
Trade debts	(119,673)	(546,865)
Loans and advances	(71,424)	122,047
Trade deposits and short-term prepayments	1,486	(799)
Other receivables	(54,544)	(17,716)
	(192,958)	(576,970)
Increase / (decrease) in current liabilities:		
Trade and other payables	475,841	(213,916)
Due to a related party	5,963	(7,719)
	481,804	(221,635)
Cash generated from / (used in) operations	449,239	(368,249)
Long-term deposit	-	13,400
Taxes paid	(93,542)	(93,164)
Gratuity paid	(9,668)	(8,269)
Net cash generated from / (used in) operating activities	346,029	(456,282)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
- Property, plant and equipment	(866,650)	(1,547,225)
- intangible asset	(2,189)	(1,962)
Sale proceeds from disposal of property, plant and equipment	1,674	48,522
Investment made in Subsidiary Company	-	(20,000)
Short-term investments - net	219,039	(204,267)
Net cash flows used in investing activities	(648,126)	(1,724,932)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	593,750
Share issue costs paid	-	(81,701)
Long-term financing - net	378,089	(51,017)
Finance costs paid	(73,123)	(67,102)
Net cash flows from financing activities	304,966	393,930
Net increase / (decrease) in cash and cash equivalents	2,869	(1,787,284)
Cash and cash equivalents at the beginning of the year	25,064	1,812,348
Cash and cash equivalents at the end of the year	27,933	25,064

The annexed notes 1 to 39 form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer

Statement of Changes In Equity

FOR THE YEAR ENDED 30 JUNE 2017

	Issued, subscribed and paid-up capital	Capital reserves Share premium	Revenue reserves Unappropriated profit	Total
(Rupees in '000)				
As at 01 July 2015	665,410	-	285,558	950,968
Net profit for the year	-	-	364,577	364,577
Other comprehensive loss	-	-	(7,894)	(7,894)
Total comprehensive income for the year	-	-	356,683	356,683
Issue of 25,000,000 ordinary shares	250,000	2,125,000	-	2,375,000
Issue of 32,039,355 bonus shares	320,394	(320,394)	-	-
Surplus on revaluation of fixed assets realised on account of incremental depreciation - net of deferred tax	-	-	19,225	19,225
Share issuance cost	-	(74,409)	-	(74,409)
Transfer of share issuance cost	-	(37,121)	37,121	-
As at 30 June 2016	1,235,804	1,693,076	698,587	3,627,467
Net loss for the year	-	-	(20,802)	(20,802)
Other comprehensive loss	-	-	(9,000)	(9,000)
Total comprehensive loss for the year	-	-	(29,802)	(29,802)
Issue of 18,537,056 bonus shares	185,371	(185,371)	-	-
Surplus on revaluation of fixed assets realised on account of incremental depreciation - net of deferred tax	-	-	10,156	10,156
As at 30 June 2017	1,421,175	1,507,705	678,941	3,607,821

The annexed notes 1 to 39 form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Al Shaheer Corporation Limited (the Company) was incorporated on 30 June 2012 and is quoted on Pakistan Stock Exchange. 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 on the basis of direct equity interest and is not consolidated.

2. STATEMENT OF COMPLIANCE

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated its decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, 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 repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for :

- certain items of property, plant and equipment are stated at revalued cost;
- short term investments are carried at fair value; and
- defined benefit plan is measured at present value.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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 and estimates 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 and estimates which are significant to the financial statements:

Property, plant and equipment

The Company reviews the appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. 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, with a corresponding effect on the depreciation charge and impairment.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

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 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 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. 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Standard 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 that the Company has adopted the following standards which became effective for the current year:

- IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)
- IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
- IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB in September 2014

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures - Servicing contracts

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 Employee Benefits - Discount rate: regional market issue

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report

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

5.2 Property, plant and equipment

Operating fixed assets

Leasehold land is stated at revalued amount. Vehicles, computers and accessories are stated at cost less accumulated depreciation and impairment. Other items of property, plant and equipment are stated at revalued amount less accumulated depreciation and impairment.

Depreciation is charged to profit and loss account using reducing balance method over their estimated useful lives at the rates specified in note 7 to these financial statements. Depreciation is charged from the month the asset is available for use upto the month of derecognition.

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 impairment 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.

5.3 Intangible asset

These are stated at cost less accumulated amortization and impairment. Amortization is charged on reducing balance method over the useful lives of the assets at the rates specified in note 8 of these financial statements. Amortisation is charged from the month the asset is available for use upto the month of derecognition. Amortisation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted, if appropriate.

5.4 Investments

Investment in subsidiary

These are stated at cost. Provision is made for permanent impairment in the value of investment, if any.

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. These 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.

5.5 Fuel and lubricants

These are stated at cost.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

5.6 Stock-in-trade

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

5.7 Trade debts and other receivables

These 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.

5.8 Loans and advances

These are stated at cost.

5.9 Cash and cash equivalents

These are stated at cost.

5.10 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 loss on financial assets is recognised in profit and loss account.

Non-financial assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or related cash-generating units are written down to their recoverable amount.

5.11 Surplus on revaluation of fixed assets

Revaluation surplus is credited to the surplus on revaluation of property, plant and equipment account. An annual transfer from the surplus on revaluation of property, plant and equipment account to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings.

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.

5.12 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

5.13 Staff retirement benefits

The Company operates an un-approved and unfunded defined gratuity scheme for all permanent employees who have completed the minimum qualifying year of service for entitlement of gratuity. The contributions to the scheme are made in accordance with the independent actuarial valuation. The latest actuarial valuation was carried out as of 30 June 2017 using Projected Unit Credit method.

5.14 Taxation

Current

Provision for current tax is based on the taxable income in accordance with Income Tax Ordinance, 2001.

Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, unused tax losses and tax credits, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

5.15 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.

5.16 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.

5.17 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.

5.18 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

5.19 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.

5.20 Revenue recognition

Sales are recognized when significant risks and rewards of ownership of the goods have passed to the buyer which generally coincides with dispatch of goods to customers.

5.21 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.

5.22 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.

6. CHANGES IN ACCOUNTING FRAMEWORK NOT YET EFFECTIVE

The following standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation:

	Effective date (annual 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 and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 – Statement of Cash Flows - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40 – Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 – Uncertainty over Income Tax Treatments	01 January 2019

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

As disclosed in note 2 to the financial statements, during the year, the Companies Act 2017 has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated 20 July 2017 communicated its decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. While the Company is currently assessing the full impact of the promulgation of the Companies Act 2017 on the financial statements, it is expected that it will result in change in accounting treatments and enhanced disclosures in the financial statements which will be incorporated in the subsequent financial statements of the Company.

In addition to the above standards, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Company expects that such improvements to the standards will not have any 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
IFRS 17 – Insurance Contracts	01 January 2021

	Note	2017	2016
(Rupees in '000)			
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	1,165,775	1,171,895
Capital work-in-progress	7.3	2,202,414	1,409,538
		<u>3,368,189</u>	<u>2,581,433</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

7.1 Operating fixed assets

	COST / REVALUATION					Rate
	As at 01 July 2016	Additions	Transfers	(Disposals)	As at 30 June 2017	
	(Rupees in '000)					
Owned						
Leasehold land	453,643	-	-	-	453,643	-
Building	159,858	5,613	-	-	165,471	10%
Plant and machinery	229,162	12,004	-	-	241,166	5% - 20%
Furniture and fixture	155,361	30,974	-	-	186,335	10%
Motor vehicles	127,448 *	8,963	-	(2,118)	134,293	15%
Office equipment	174,935	11,691	-	(179)	186,447	15%
Tools and equipment	23,713	1,601	-	-	25,314	10%
Computers and accessories	18,720	2,928	-	(169)	21,479	10%
2017	1,342,840	73,774	-	(2,466)	1,414,148	

	COST / REVALUATION					Rate
	As at 01 July 2015	Additions	Transfers	(Disposals)	As at 30 June 2016	
	(Rupees in '000)					
Owned						
Leasehold land	77,941	408,514	-	(32,812)	453,643	-
Building	154,996	4,862	-	-	159,858	10%
Plant and machinery	238,993	11,020	(20,851)	-	229,162	5% - 20%
Furniture and fixture	115,253	40,108	-	-	155,361	10%
Motor vehicles	68,985 *	65,721	-	(7,258)	127,448	15%
Office equipment	123,516	30,793	20,851	(225)	174,935	15%
Tools and equipment	20,624	3,089	-	-	23,713	10%
Computers and accessories	10,469	8,251	-	-	18,720	10%
2016	810,777	572,358	-	(40,295)	1,342,840	

* Include assets costing Rs. 11.279 million under Diminishing Musharaka Arrangements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

	ACCUMULATED DEPRECIATION					NET BOOK VALUE
	As at 01 July 2016	On Transfers	Charge for the year	(On disposals)	As at 30 June 2017	As at 30 June 2017
	(Rupees in '000)					
Owned						
Leasehold land	-	-	-	-	-	453,643
Building	31,626	-	13,038	-	44,664	120,807
Plant and machinery	33,717	-	10,958	-	44,675	196,491
Furniture and fixture	24,438	-	13,807	-	38,245	148,090
Motor vehicles	30,475	-	15,393	(1,156)	44,712	89,581
Office equipment	42,392	-	21,463	(49)	63,806	122,641
Tools and equipment	4,232	-	2,040	-	6,272	19,042
Computers and accessories	4,067	-	1,983	(51)	5,999	15,480
2017	170,947	-	78,682	(1,256)	248,373	1,165,775

	ACCUMULATED DEPRECIATION					NET BOOK VALUE
	As at 01 July 2015	(On transfers)	Charge for the year	(On disposals)	As at 30 June 2016	As at 30 June 2016
	(Rupees in '000)					
Owned						
Leasehold land	-	-	-	-	-	453,643
Building	17,699	-	13,927	-	31,626	128,232
Plant and machinery	25,490	(2,739)	10,966	-	33,717	195,445
Furniture and fixture	12,636	-	11,802	-	24,438	130,923
Motor vehicles	23,545	-	10,503	(3,573)	30,475	96,973
Office equipment	19,249	2,739	20,456	(52)	42,392	132,543
Tools and equipment	2,273	-	1,959	-	4,232	19,481
Computers and accessories	2,487	-	1,580	-	4,067	14,653
2016	103,379	-	71,193	(3,625)	170,947	1,171,893

7.1.1 The Company carries its leasehold land, buildings, furniture and fixtures, office equipment and tools and equipment on revalued amount. The latest revaluation was conducted on 30 June 2014. Had there been no revaluation, the book value of leasehold land would have been Rs. 451.127 (2016: Rs. 451.127) million, Building Rs. 79.962 (2016 Rs. 77.421) million, Plant and machinery Rs. 127.467 (2016: Rs. 119.037) million, Furniture and fixtures Rs. 11.382 (2016: Rs. 10.499) million, Office Equipment Rs. 83.059 (2016: Rs. 75.399) million and Tools and Equipment Rs. 144.284 (2016: Rs. 113.98) million.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

7.2 Depreciation for the year has been allocated as follows:

	Note	2017	2016
(Rupees in '000)			
Cost of sales	27	28,896	29,345
Administrative and distribution cost	28	49,786	41,846
		78,682	71,191

7.3 Capital work-in-progress

Land	44,111	38,667
Civil works	27,888	14,899
Plant and machinery	1,358,590	994,759
Advance to suppliers and contractors	753,190	345,508
Intangible asset under development	18,635	15,705
	2,202,414	1,409,538

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

	Land	Civil works	Plant and machinery	Advance to suppliers and contractors	Intangible asset under development	Total
(Rupees in '000)						
Opening balance	38,667	14,899	994,759	345,508	15,705	1,409,538
Addition during the year	5,444	13,541	363,831	1,013,654*	2,930	1,399,400
Transfers during the year	-	(552)	-	(605,972)	-	(606,524)
Closing balance	44,111	27,888	1,358,590	753,190	18,635	2,202,414

* Include borrowing cost amounting Rs. 1.608 million (2016: Nil) capitalised during the year using capitalisation rate of 7.56-8.13% (2016: Nil).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

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

	Cost / Revaluation	Accumulated depreciation	Net book value	Net sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
(Rupees in '000)							
Motor vehicles							
Mitsubishi Lancer (AWV-469)	927	514	413	700	287	Negotiation	Muhammad Salman - Karachi
Toyota Belta (AXN-262)	1,112	617	496	786	290	Negotiation	Muhammad Asif - Karachi
Aggregate amount of assets disposed off having book value less than Rs. 50,000	79	25	53	45	(8)	Insurance Claim	Pak Qatar General Takaful Limited
	2,118	1,156	962	1,531	569		
Office equipment							
Aggregate amount of assets disposed off having book value less than Rs. 50,000	179	49	129	98	(31)	Insurance Claim	Pak Qatar General Takaful Limited
Computers							
Aggregate amount of assets disposed off having book value less than Rs. 50,000	169	51	118	45	(73)	Insurance Claim	Pak Qatar General Takaful Limited
2017	2,466	1,256	1,209	1,674	465		
2016	40,295	3,626	36,670	48,522	11,852		

8. INTANGIBLE ASSETS

	COST			Rate	ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at 01 July	Additions	As at 30 June		As at 01 July	For the year	As at 30 June	As at 30 June
(Rupees in '000)					(Rupees in '000)			
Computer software	8,037	2,189	10,226	25%	4,197	1,166	5,363	4,863
2017	8,037	2,189	10,226		4,197	1,166	5,363	4,863
2016	6,075	1,962	8,037		3,338	859	4,197	3,840

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

9. LONG-TERM INVESTMENT

	Note	2017	2016
(Rupees in '000)			
Subsidiary company, unquoted			
Al Shaheer Farms (Private) Limited			
5,570,000 ordinary shares of Rs. 10 each		55,700	55,700

10. DEFERRED TAX ASSET

Deferred tax assets on deductible temporary differences:

Unused tax losses / credits	201,642	142,075
Provisions	9,079	6,362
	210,721	148,437

Deferred tax liabilities on taxable temporary differences:

Accelerated tax depreciation	(16,293)	(492)
Surplus on revaluation of property, plant and equipment	(16,865)	(18,867)
	(33,158)	(19,359)

11. STOCK-IN-TRADE

Livestock	80,740	118,697
Finished goods	35,878	48,957
	116,618	167,654

12. TRADE DEBTS - Unsecured

Considered good		
Overseas	928,261	812,421
Local	284,390	284,267
	1,212,651	1,096,688

Considered doubtful	3,710	-
Provision for doubtful debts	(3,710)	-
	-	-

12.1 **1,212,651** **1,096,688**

12.1 As of the balance sheet date, the ageing analysis of unimpaired trade debts is as follows:

	Neither past due nor impaired	Past due but not impaired				Total
		> 30 days up to 90 days	> 90 days up to 180 days	> 180 days up to 360 days	> 360 days	
(Rupees in '000)						
2017	634,316	408,181	129,836	26,230	14,088	1,212,651
2016	383,866	518,831	106,903	80,502	6,586	1,096,688

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

13. LOANS AND ADVANCES

	Note	2017	2016
(Rupees in '000)			
Loans - considered good - secured			
Executives		24,548	3,932
Employees		5,276	4,558
		29,824	8,490
Advances - considered good			
Suppliers		461,144	370,481
Employees		2,050	42,623
		463,194	413,104
		493,018	421,594
14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits		17,532	15,895
Prepayments			
- takaful		1,489	2,673
- others		1,793	3,732
		3,282	6,405
		20,814	22,300
15. SHORT-TERM INVESTMENTS			
Investment at fair value through profit or loss		566	215,893
16. OTHER RECEIVABLES			
Considered good			
Sales tax receivable		193,046	98,510
Receivable from shareholders	16.1	2,693	17,800
Due from Subsidiary Company		21,869	7,916
Receivable in respect of disposal of fixed assets		-	38,200
Others		16,437	17,075
		234,045	179,501

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

17. CASH AND BANK BALANCES

	Note	2017	2016
(Rupees in '000)			
Cash in hand		24,873	30,656
With banks:			
Saving accounts	17.1	1,994	9,524
Current accounts		26,959	12,835
	17.2	28,953	22,359
Book overdraft		(25,893)	(27,951)
		27,933	25,064

17.1 These carry profit at the rates ranging between 1.7% to 3.7% (2016: 3.27% to 6.5%) per annum.

17.2 Include Rs. 3.201 (2016: Rs. 0.699) million held with Meezan Bank Limited (a related party).

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016	Ordinary shares of Rs. 10 each	2017	2016
Number of shares in thousands			(Rupees in '000)	
29,941	29,941	Issued for cash	299,407	299,407
26,000	26,000	Issued for consideration other than cash	260,000	260,000
86,177	67,640	Issued as bonus shares	861,768	676,397
142,118	123,581		1,421,175	1,235,804

19. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT – net of deferred tax

	2017	2016
(Rupees in '000)		
Opening balance	215,945	237,510
Transfer to unappropriated profit in respect of incremental depreciation charged during the year	(12,158)	(19,071)
Disposal during the year	-	(2,494)
	203,787	215,945
Related deferred tax liability		
Opening balance	(18,867)	(21,207)
Incremental depreciation charged during the year	1,393	1,677
Adjustment due to change in tax rate	609	663
	(16,865)	(18,867)
	186,922	197,078

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

20. LONG-TERM FINANCING-Secured

	Note	2017	2016
(Rupees in '000)			
Diminishing musharaka			
Summit Bank Limited		-	7,917
Askari Bank Limited	20.1	9,500	22,167
Dubai Islamic Bank Pakistan Limited	20.2	400,000	-
Habib Metropolitan Bank Limited	20.3	16,541	13,345
Burj Bank Limited	20.4	14,789	19,312
		440,830	62,741
Less: current maturity shown under current liabilities		(40,416)	(33,189)
		400,414	29,552

20.1 Represents diminishing musharaka facility in respect of purchase of various fixed assets for a period of 4 years. It carries profit at the rate of 3 month KIBOR + 2% per annum. The facility is secured by exclusive charge of Rs. 51 million over plant and machinery of the Company. The musharaka units are to be purchased commencing from February 2014 on the basis of percentages set out in the musharaka agreement.

20.2 Represents diminishing musharaka facility in respect of procurement and installation of chicken processing plant for a period of 4 years including 1 year grace period. It carries profit at the rate of 3 months KIBOR + 1.5% per annum. The facility is secured by equitable mortgage charge over the Company's building. The musharaka units are to be purchased commencing from May 2018 on the basis of percentages set out in the musharaka agreement.

20.3 Represents diminishing musharaka facility 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 10% Company's share for diminishing musharaka. The musharaka units are to be purchased commencing from October 2014 on the basis of percentages set out in the musharaka agreement.

20.4 Represents diminishing musharaka facility 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 bank and personal guarantees of the CEO. The musharaka units are to be purchased commencing from February 2016 on the basis of percentages set out in the musharaka agreement.

21. DEFERRED LIABILITIES

	Note	2017	2016
(Rupees in '000)			
Defined benefit plan - gratuity	21.1	43,526	28,297
(Rupees)			
21.1 Amount recognised in balance sheet			
Opening balance		28,297	18,054
Charge for the year		15,510	8,454
Recognised in other comprehensive income		9,387	10,058
Benefits paid		(9,668)	(8,269)
Closing balance		43,526	28,297
21.2 Expense recognised in profit and loss			
Current service cost		14,102	7,306
Net interest cost		1,408	1,148
		15,510	8,454

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

21.3 Principal actuarial assumptions

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

	2017	2016
Expected rate of increase in salary	6.75%	6.00%
Valuation discount rate	6.75%	6.00%
Average expected remaining working life of employees	70% of EFU 61-66 mortality table	70% of EFU 61-66 mortality table
Expected withdrawal rate	Age Dependent	Age Dependent

21.4 Sensitivity analysis

	2017			
	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	(Rupees in '000)			
Present value of defined benefit obligations	(1,256)	1,347	1,334	(1,267)

22. TRADE AND OTHER PAYABLES

	Note	2017	2016
		(Rupees in '000)	
Creditors:			
Trade		245,851	138,138
Non-trade		112,924	38,256
		358,775	176,394
Murabaha			
Summit Bank Limited	22.1	420,000	259,000
Habib Metropolitan Bank Limited	22.2	275,116	226,603
Dubai Islamic Bank Pakistan Limited	22.3	199,802	198,980
Askari Bank Limited	22.4	50,000	50,000
Faysal Bank Limited	22.5	100,000	-
		1,044,918	734,583
Accrued liabilities		7,863	28,270
Advance from customers		995	26,209
Withholding tax payable		38,524	22,894
Workers' Profits Participation Fund	22.6	17,547	15,896
Workers' Welfare Fund		12,751	12,751
Retention money		24,020	12,020
Other payables		11,763	19,733
		1,517,156	1,048,750

22.1 It carries profit at the rate of 6 months KIBOR + 1% per annum for local facility while rate of 6 months LIBOR + 4% per annum for foreign exchange facility. Out of the total facility, Rs.145.04 million is secured by specific charge over plant and machinery, Rs. 50 million is secured by pari passu charge over receivables. The remaining facility is secured by first mortgage charge over Gadap Land amounting to Rs. 367 million.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

22.2 It carries profit at the rate of relevant LIBOR + 1% 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.

22.3 This includes local as well as foreign currency facility carrying profit at the rate of KIBOR + 2% and LIBOR + 2% per annum respectively. The facility is secured by the first registered pari passu hypothecation charge over receivables including trade receivables with 25% margin. the remaining facility is secured against exclusive charge over specific plant and machinery of Rs. 43 million, property of Rs. 50 million and personal guarantees of Chief Executive Officer.

22.4 It carries profit at the rate of KIBOR + 1% per annum. The facility is secured against 1st pari passu hypothecation charge of Rs.134 million over book debts of the Company, duly registered with Securities Exchange Commission of Pakistan.

22.5 It carries profit at the rate of KIBOR + 1% per annum. The facility is secured against 1st pari passu hypothecation charge of Rs.134 million over current assets of the Company, duly registered with Securities Exchange Commission of Pakistan.

22.6 Workers' Profits Participation Fund

	2017	2016
	(Rupees in '000)	
Opening balance	15,896	8,049
Charge for the year	-	18,364
Paid during the year	-	(10,517)
Interest on WPPF	1,651	-
Closing balance	17,547	15,896
23. ACCRUED MARK-UP		
Accrued mark-up on:		
- Long-term financing	1,407	147
- Murabaha	10,351	3,530
	11,758	3,677

23. ACCRUED MARK-UP

Accrued mark-up on:
 - Long-term financing
 - Murabaha

24. DUE TO A RELATED PARTY

Represents interest free loan obtained from Chief Executive of the Company. The loan is unsecured and is repayable on demand.

25. CONTINGENCIES AND COMMITMENTS

	2017	2016
	(Rupees in '000)	
- Outstanding letter of credits	61,372	55,500
- Outstanding letter of gurantees	11,549	36,119
- Capital commitments	163,077	168,077
- Post dated cheques	33,407	33,156

- 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 December 2017. Future minimal rentals payable under Ijarah agreements as at year end are as follows:

	2017	2016
	(Rupees in '000)	
Within one year	44,777	649

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		(Rupees in '000)	
26. TURNOVER - net			
Local sales		2,388,438	2,128,198
Sales discount		(98,842)	(88,052)
		<u>2,289,596</u>	<u>2,040,146</u>
Export sales		4,107,046	4,855,434
		<u>6,396,642</u>	<u>6,895,580</u>
27. COST OF SALES			
Live stock consumed			
Opening stock		118,697	9,687
Purchases		4,739,751	4,978,388
Recovery against livestock residuals - net		(174,969)	(110,325)
Closing stock		(80,740)	(118,697)
		<u>4,602,739</u>	<u>4,759,053</u>
Conversion cost			
Salaries, wages and other benefits		59,002	104,609
Electricity, diesel and related expenses		27,898	39,883
Repairs and maintenance		17,857	18,472
Depreciation	7.2	28,896	29,345
Clearing and forwarding		40,131	43,695
Packing material		55,585	71,092
Livestock food		-	2,838
Marination		9,350	7,000
Others		15,242	16,157
		<u>253,961</u>	<u>333,091</u>
Cost of goods available for sale		<u>4,856,700</u>	<u>5,092,144</u>
Finished goods and fuels and lubricants			
Opening stock		49,560	24,933
Closing stock		(36,320)	(49,560)
		<u>13,240</u>	<u>(24,627)</u>
		<u>4,869,940</u>	<u>5,067,517</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

28. ADMINISTRATIVE AND DISTRIBUTION COSTS

	Note	2017	2016
(Rupees in '000)			
Salaries and other benefits	28.1	354,622	223,299
Electricity, diesel and related expenses		46,661	42,632
Repair and maintenance		7,634	18,944
Fuel and vehicle maintenance		34,690	32,485
Travelling and conveyance		18,379	28,848
Telephone and communication		15,951	17,068
Cargo		607,934	736,288
Marketing and advertisement		39,926	75,570
Rent, rates and taxes		172,293	133,759
Food		12,590	14,149
Depreciation	7.2	49,786	41,846
Amortization	8	1,166	859
Legal and professional		10,476	8,168
Donation	28.2	16,519	12,147
Office supplies		14,048	15,740
Postage and courier		960	1,542
Takaful		13,353	9,543
Staff welfare		15,069	17,197
Provision for doubtful debt		3,710	-
Security		1,107	603
Training		963	1,099
Cleaning		7,983	8,910
Commission on credit card facilities		8,272	6,251
Shelf rentals		865	7,281
Auditors' remuneration	28.3	2,400	2,045
Ijarah rentals		1,337	2,287
Advances written off		-	6,921
Others		13,563	10,367
		1,472,257	1,475,848

28.1 Include Rs. 15.509 million (2016: Rs. 8.454 million) in respect of staff retirement benefits.

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

	2017	2016
(Rupees in '000)		
28.3 Auditors' remuneration		
Audit fee	1,400	1,300
Half yearly review	500	450
Certifications and other services	300	77
Out of pocket expenses	200	218
	2,400	2,045

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

29. OTHER INCOME

	2017	2016
	(Rupees in '000)	
Income from financial assets		
Gain on forward contracts	1,106	-
Profit on bank accounts	47	4,731
Gain on remeasurement of short-term investments	777	8,396
Gain on disposal of short-term investments	2,935	3,230
Dividend income	-	7,763
	4,865	24,120
Income from non - financial assets		
Exchange gain - net	-	9,703
Reversal of provision for doubtful debts	-	22,477
Liabilities no longer payable written back	7,435	-
Gain on disposal of property, plant and equipment	465	11,852
Others	5,727	1,486
	13,627	45,518
	18,492	69,638
30. FINANCE COSTS		
Mark-up on long-term financing	8,116	7,536
Profit on murabaha	44,959	25,509
Bank charges	17,388	20,820
Exchange loss	1,230	-
Interest on WPPF	1,651	-
Others	7,860	-
	81,204	53,865

31. TAXATION

	2017	2016
	(Rupees in '000)	
Current	51,627	45,085
Prior	9,006	282
	60,633	45,367
Deferred	(48,098)	(68,005)
	12,535	(22,638)

31.1 As the charge for current year taxation is based on Final Tax Regime in case of export sales and minimum tax in case of local sales, therefore, tax reconciliation is not presented.

31.2 The return of income for the tax year 2016 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.

32. (LOSS) / EARNINGS PER SHARE - basic and diluted

	2017	2016
	(Rupees in '000)	
Net (loss) / profit for the year - (Rupees in '000)	(20,802)	364,577
Weighted average ordinary shares of Rs. 10/- each - (Number in '000)	142,117	(Restated) 142,117
(Loss) / earnings per share (Rupees) – basic and diluted	(0.15)	2.57

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

33. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2017	2016	2017	2016	2017	2016
	(Rupees in '000)					
Managerial remuneration	28,080	12,000	19,800	6,600	162,360	69,924
Bonus	-	-	-	-	9,236	8,904
Gratuity	-	-	-	-	3,740	4,601
Board meeting fees	495	525	3,585	2,235	-	-
	<u>28,575</u>	<u>12,525</u>	<u>23,385</u>	<u>8,835</u>	<u>175,336</u>	<u>83,429</u>
Number of persons	1	1	8	7	90	35

34. RELATED PARTY TRANSACTIONS

The related parties include subsidiaries, associates and directors and key management personnel. Transactions with related parties other than those disclosed in the financial statements are as follows:

	2017	2016
	(Rupees in '000)	
Subsidiary Company		
Investment made during the year	-	20,000
Payments made on behalf of the Subsidiary Company	13,953	7,916
Associate		
Sales	72	144
Profit on bank account	24	5
Key management personnel		
Settlement of liabilities by Chief Executive on behalf of the Company	5,963	7,719

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks such as market 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. 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.

35.1.1 Interest rate risk

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 following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant:

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

	Increase / decrease in basis points	Effect on profit / loss before tax (Rupees in '000)
2017	+100	(14,857)
	-100	14,857
2016	+100	(7,973)
	-100	7,973

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:

	Increase / decrease in US Dollar to Pak	Effect on profit / loss before tax (Rupees in '000)
2017	10%	92,826
	-10%	(92,826)
2016	10%	78,643
	-10%	(78,643)

35.1.3 Other Price Risk

The Company is not materially exposed to other price risks.

35.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Carrying value	
	2017	2016
	(Rupees in '000)	
Investment	566	215,893
Trade debts	1,212,651	1,096,688
Loans and advances	493,018	421,594
Trade deposits	17,532	2,849
Other receivables	16,437	63,192
Bank balances	28,953	22,359
	1,769,157	1,606,682

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

35.2.1 Credit quality of financial assets

The credit quality of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates as shown below:

		2017	2016
		(Rupees in '000)	
Trade debts			
Customers with no defaults in the past one year		634,316	383,866
Bank balances			
Ratings			
A1+		6,736	10,064
A-1+		9,255	944
A1		61	64
A-1		12,879	11,282
A-2		22	5
		28,953	22,359

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 2017 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 in '000)					
2017					
Long-term financing	-	15,240	60,774	444,574	520,588
Trade and other payables	-	1,439,686	36,771	-	1,476,457
Accrued mark-up	-	11,758	-	-	11,758
Due to related party	13,527	-	-	-	13,527
	13,527	1,466,684	97,545	444,574	2,022,330

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
(Rupees in '000)					
2016					
Long-term financing	-	19,429	13,760	29,552	62,741
Trade and other payables	-	984,836	41,022	-	1,025,858
Accrued mark-up	-	3,677	-	-	3,677
Due to related party	7,564	-	-	-	7,564
	7,564	1,007,942	54,782	29,552	1,099,840

35.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment in subsidiary companies and associates are carried at cost. The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

35.5 Capital Risk 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.

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 2017 is as follows:

	2017	2016
	(Rupees in '000)	
Long-term financing	440,830	62,741
Trade and other payables	1,517,156	1,048,750
Accrued markup	11,758	3,677
Due to a related party	13,527	7,564
Total debt	1,983,271	1,122,732
Less: Cash and bank balances	(27,933)	(25,064)
Net debt	1,955,338	1,097,668
Share capital	1,421,175	1,235,804
Reserves	2,186,646	2,391,663
Surplus on revaluation of property, plant and equipment	186,922	197,078
Total equity	3,794,743	3,824,545
Equity and net debt	5,750,081	4,922,213
Gearing ratio		
Including surplus on revaluation of property, plant and equipment	34%	22%
Excluding surplus on revaluation of property, plant and equipment	35%	23%

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 2016	To	Rupees in '000
Profit and loss account	Cost of sales	25	Administrative and distribution costs	
	Cargo		Cargo	736,288

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

37. NUMBER OF PERSONS EMPLOYED

	2017	2016
	(Rupees in '000)	
Persons employed as of 30 June	713	794
Average persons employed during the year	781	718

38. DATE OF AUTHORISATION FOR ISSUE

38.1 The Board of Directors of the Company authorised these financial statements for issue on 26 September 2017.

39. GENERAL

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

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



Chief Executive



Director



Chief Financial Officer

**Consolidated Financial
Statements
2016-17**

Auditor's Report 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 (together referred to as Group) as at 30 June 2017 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 the Holding Company and its subsidiary company.

These consolidated financial statements are the responsibilities of the Holding Company's management. Our responsibility is to express an opinion on these consolidated 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 companies as at 30 June 2017 and the results of their operations for the year then ended.

Chartered Accountants
Audit Engagement Partner: Khurram Jameel
Date: 29 September 2017.
Karachi

Consolidated Balance Sheet

AS AT 30 JUNE 2017

	Note	2017	2016
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,442,133	2,650,348
Intangible asset	8	4,861	3,840
Deferred tax asset	9	177,563	129,078
		<u>3,624,557</u>	<u>2,783,266</u>
CURRENT ASSETS			
Fuel and lubricants		442	603
Consumables	10	13,692	14,300
Stock-in-trade	11	116,618	167,654
Trade debts	12	1,212,651	1,096,688
Loans and advances	13	499,314	426,607
Trade deposits and short-term prepayments	14	20,814	22,300
Short-term investments	15	566	215,893
Other receivables	16	212,447	172,038
Taxation - net		109,168	76,246
Cash and bank balances	17	28,687	25,216
		<u>2,214,399</u>	<u>2,217,545</u>
TOTAL ASSETS		<u>5,838,956</u>	<u>5,000,811</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2016: 150,000,000) ordinary shares of Rs. 10/- each		<u>1,500,000</u>	<u>1,500,000</u>
Issued, subscribed and paid-up capital	18	1,421,175	1,235,804
Share premium		1,507,705	1,693,076
Unappropriated profit		668,120	693,516
		<u>3,597,000</u>	<u>3,622,396</u>
Non controlling interests		23,907	29,427
Total equity		<u>3,620,907</u>	<u>3,651,823</u>
Surplus on revaluation of fixed assets	19	186,922	197,078
NON-CURRENT LIABILITIES			
Long-term financing	20	400,414	29,552
Deferred liabilities	21	43,526	28,297
		<u>443,940</u>	<u>57,849</u>
CURRENT LIABILITIES			
Trade and other payables	22	1,521,486	1,049,631
Accrued mark-up	23	11,758	3,677
Current portion of long-term financing	20	40,416	33,189
Due to a related party	24	13,527	7,564
		<u>1,587,187</u>	<u>1,094,061</u>
TOTAL EQUITY AND LIABILITIES		<u>5,838,956</u>	<u>5,000,811</u>
CONTINGENCIES AND COMMITMENTS			
	25		

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.


Chief Executive


Director


Chief Financial Officer

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
(Rupees in '000)			
Turnover	26	6,396,642	6,895,580
Cost of sales	27	(4,869,940)	(5,067,517)
Gross profit		1,526,702	1,828,063
Administrative and distribution costs	28	(1,483,527)	(1,482,881)
Other expenses		-	(26,047)
Other income	29	18,492	69,638
Operating profit		61,667	388,773
Finance costs	30	(81,204)	(53,867)
(Loss) / profit before taxation		(19,537)	334,906
Taxation	31	(12,535)	22,638
Net (loss) / profit for the year		(32,072)	357,544
Attributable to:			
Owners of the Holding Company		(26,552)	360,990
Non controlling interests		(5,520)	(3,446)
		(32,072)	357,544
(Loss) / earnings per share – attributable to the owner of the Holding Company	32	(0.19)	2.54
			(Restated)

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.


Chief Executive


Director


Chief Financial Officer

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
(Rupees in '000)			
Net (loss) / profit for the year		(32,072)	357,544
Other comprehensive income:			
Items not to be reclassified to profit and loss account in subsequent years			
Remeasurement loss on defined benefit plan	21.2	(9,387)	(10,058)
Income tax effect		387	2,164
		(9,000)	(7,894)
Total comprehensive (loss) / income for the year		(41,072)	349,650
Attributable to:			
Owners of the Holding Company		(35,552)	353,096
Non controlling interests		(5,520)	(3,446)
		(41,072)	349,650

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.


Chief Executive


Director


Chief Financial Officer

Consolidated Cash Flows Statement

AS AT 30 JUNE 2017

Note	2017	2016
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(19,537)	334,906
Adjustments for:		
Depreciation	78,716	71,192
Amortisation	1,168	859
Provision for defined benefit plan	15,510	8,454
Provision / (reversal) of provision for doubtful debts	3,710	(22,477)
Liabilities no longer payable written back	(7,435)	-
Gain on disposal of property, plant and equipment	(465)	(11,852)
Gain on remeasurement of short-term investments	(777)	(8,396)
Gain on disposal of short-term investments	(2,935)	(3,230)
Finance costs	81,204	53,867
	168,696	88,417
Operating profit before working capital changes	149,160	423,323
(Increase) / decrease in current assets:		
Fuels and lubricants	161	2,839
Consumables	608	(14,300)
Stock-in-trade	51,036	(136,476)
Trade debts	(119,673)	(546,865)
Loans and advances	(72,707)	122,047
Trade deposits and short-term prepayments	1,486	(800)
Other receivables	(40,409)	(10,252)
	(179,498)	(583,807)
Increase / (decrease) in current liabilities:		
Trade and other payables	479,290	(213,235)
Due to a related party	5,963	(7,719)
	485,253	(220,954)
Cash generated from / (used in) operations	454,915	(381,438)
Long-term deposit	-	13,400
Taxes paid	(93,553)	(93,185)
Gratuity paid	(9,668)	(8,269)
Net cash generated from / (used in) operating activities	351,694	(469,492)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
- Property, plant and equipment	(871,713)	(1,553,869)
- Intangible asset	(2,189)	(1,962)
Sale proceeds from disposal of property, plant and equipment	1,675	48,522
Short-term investments - net	219,039	(204,267)
Net cash flows used in investing activities	(653,188)	(1,711,576)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing - net	378,089	(51,017)
Finance costs paid	(73,123)	(67,102)
Proceeds from issue of shares	-	593,750
Share issue costs paid	-	(81,701)
Net cash flows from financing activities	304,966	393,930
Net increase / (decrease) in cash and cash equivalents	3,471	(1,787,138)
Cash and cash equivalents at the beginning of the year	25,216	1,812,354
Cash and cash equivalents at the end of the year	28,687	25,216

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.


Chief Executive


Director


Chief Financial Officer

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2017

	Issued, subscribed and paid-up capital	Capital reserve Share premium	Revenue reserve Unappropriated profit	Non- controlling interest	Total
	(Rupees in '000)				
As at 01 July 2015	665,410	-	284,074	32,874	982,358
Net profit for the year	-	-	360,990	(3,447)	357,543
Other comprehensive loss	-	-	(7,894)	-	(7,894)
Total comprehensive income for the year	-	-	353,096	(3,447)	349,649
Issue of 25,000,000 ordinary shares	250,000	2,125,000	-	-	2,375,000
Issue of 32,039,355 bonus shares	320,394	(320,394)	-	-	-
Surplus on revaluation of fixed assets realised on account of incremental depreciation - net of deferred tax	-	-	19,225	-	19,225
Share issuance cost	-	(74,409)	-	-	(74,409)
Transfer of share issuance cost	-	(37,121)	37,121	-	-
As at 30 June 2016	1,235,804	1,693,076	693,516	29,427	3,651,823
Net loss for the year	-	-	(26,552)	(5,520)	(32,072)
Other comprehensive loss	-	-	(9,000)	-	(9,000)
Total comprehensive loss for the year	-	-	(35,552)	(5,520)	(41,072)
Issue of 18,537,056 bonus shares	185,371	(185,371)	-	-	-
Surplus on revaluation of fixed assets realised on account of incremental depreciation - net of deferred tax	-	-	10,156	-	10,156
As at 30 June 2017	1,421,175	1,507,705	668,120	23,907	3,620,907

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.


Chief Executive


Director


Chief Financial Officer

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

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 on 30 June 2012 and is quoted on Pakistan Stock Exchange. 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 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

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated its decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these consolidated 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 repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

3. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for :

- certain items of property, plant and equipment are stated at revalued amount;
- short term investments are carried at fair value; and
- defined benefit plan is measured at present value.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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 Groups's accounting policies. Judgments, estimates 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 Groups's accounting policies, the management has made the following judgments, and estimates which are significant to the these consolidated financial statements:

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

Property, plant and equipment

The Group reviews the appropriateness of the rate of depreciation useful life and residual value used in the calculation of depreciation. 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 classes of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

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 classes of fixed assets, with 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 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 Group considers that it procures only 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 Group operates, it facilitates its suppliers in disposing off such materials. The Group accordingly procures only 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. 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 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Company, here-in-after referred to as 'the Group'.

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company, using consistent accounting policies. The accounting policies of the subsidiaries have been changed to conform with accounting policies of the Group, where required.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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

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

5.2 Standards 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 that the Group has adopted the following standards which became effective for the current year:

IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)
IFRS 11	Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)
IAS 16	Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
IAS 16	Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
IAS 27	Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
IFRS 7	Financial Instruments: Disclosures - Servicing contracts
IFRS 7	Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
IAS 19	Employee Benefits - Discount rate: regional market issue
IAS 34	Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report

The adoption of above amendments and improvements did not have any material effect on the Group's financial statements.

5.3 Property, plant and equipment

Operating fixed assets

Leasehold land is stated at revalued amount. Vehicles, computers and accessories are stated at cost less accumulated depreciation and impairment. Other items of property, plant and equipment are stated at revalued amount which is the fair value at the date of revaluation, less accumulated depreciation and impairment.

Depreciation is charged to consolidated profit and loss account using reducing balance method over their estimated useful lives at the rates specified in note 7 to these consolidated financial statements. Depreciation is charged from the month the asset is available for use upto the month of derecognition.

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 Group to its profit and loss account.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment 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.

5.4 Intangible asset

These are stated at cost less accumulated amortization and impairment. Amortization is charged on reducing balance method over the useful lives of the assets at the rates specified in note 8 of these consolidated financial statements. Amortisation is charged from the month the asset is available for use upto the month of derecognition. Amortisation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted, if appropriate.

5.5 Investments

Investment in subsidiary

These are stated at cost. Provision is made for permanent impairment in the value of investment, if any.

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. These 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.

5.6 Fuel and lubricants

These are stated at cost.

5.7 Stock-in-trade

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

5.8 Trade debts and other receivables

These 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.

5.9 Loans and advances

These are stated at cost.

5.10 Cash and cash equivalents

These are stated at cost.

5.11 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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

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 loss on financial assets is recognised in consolidated profit and loss account.

Non-financial assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or related cash-generating units are written down to their recoverable amount.

5.12 Surplus on revaluation of fixed assets

Revaluation surplus is credited to the surplus on revaluation of property, plant and equipment account. An annual transfer from the surplus on revaluation of property, plant and equipment account to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings.

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.

5.13 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.

5.14 Staff retirement benefits

The Company operates an un-approved and unfunded defined gratuity scheme for all permanent employees who have completed the minimum qualifying year of service for entitlement of gratuity. The contributions to the scheme are made in accordance with the independent actuarial valuation. The latest actuarial valuation was carried out as of 30 June 2017 using Projected Unit Credit method.

5.15 Taxation

Current

Provision for current tax is based on the taxable income in accordance with Income Tax Ordinance, 2001.

Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, unused tax losses and tax credits, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

5.16 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

5.17 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.

5.18 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.

5.19 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Group loses control of the contractual rights that comprise the financial assets. 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.

5.20 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.

5.21 Revenue recognition

Sales are recognized when significant risks and rewards of ownership of the goods have passed to the buyer which generally coincides with dispatch of goods to customers.

5.22 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.

5.23 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.

6. CHANGES IN ACCOUNTING FRAMEWORK NOT YET EFFECTIVE

The following standards, and interpretations would be effective from the dates mentioned below against the respective standard or interpretation:

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

	Effective date (annual 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 and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 – Statement of Cash Flows - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	01 January 2018
IAS 40 – Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 – Uncertainty over Income Tax Treatments	01 January 2019

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

As disclosed in note 2 to the financial statements, during the year, the Companies Act 2017 has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated 20 July 2017 communicated its decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. While the Company is currently assessing the full impact of the promulgation of the Companies Act 2017 on the financial statements, it is expected that it will result in change in accounting treatments and enhanced disclosures in the financial statements which will be incorporated in the subsequent financial statements of the Company.

In addition to the above standards, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Group expects that such improvements to the standards will not have any 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
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019
IFRS 17 – Insurance Contracts	01 January 2021

7. PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
(Rupees in '000)			
Operating fixed assets	7.1	1,165,963	1,171,895
Capital work-in-progress	7.3	2,276,170	1,478,453
		3,442,133	2,650,348

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

7.1 Operating fixed assets

	COST / REVALUATION					
	As at 01 July 2016	Additions	Transfers	(Disposals)	As at 30 June 2017	Rate
	(Rupees in '000)					
Owned						
Leasehold land	453,643	-	-	-	453,643	-
Building	159,858	5,613	-	-	165,471	10%
Plant and machinery	229,162	12,004	-	-	241,166	5% - 20%
Furniture and fixture	155,361	30,974	-	-	186,335	10%
Motor vehicles	127,448 *	8,963	-	(2,118)	134,293	15%
Office equipment	174,935	11,880	-	(179)	186,636	15%
Tools and equipment	23,713	1,601	-	-	25,314	10%
Computers and accessories	18,720	2,961	-	(169)	21,512	10%
2017	1,342,840	73,996	-	(2,466)	1,414,370	

	COST / REVALUATION					
	As at 01 July 2015	Additions	Transfer	(Disposals)	As at 30 June 2016	Rate
	(Rupees in '000)					
Owned						
Leasehold land	77,941	408,514	-	(32,812)	453,643	-
Building	154,996	4,862	-	-	159,858	10%
Plant and machinery	238,993	11,020	(20,851)	-	229,162	5% - 20%
Furniture and fixture	115,253	40,108	-	-	155,361	10%
Motor vehicles	68,985 *	65,721	-	(7,258)	127,448	15%
Office equipment	123,516	30,793	20,851	(225)	174,935	15%
Tools and equipment	20,624	3,089	-	-	23,713	10%
Computers and accessories	10,469	8,251	-	-	18,720	10%
2016	810,777	572,358	-	(40,295)	1,342,840	

* Include assets costing Rs. 11.279 million under Diminishing Musharaka Arrangements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

	ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	As at 01 July 2016	On Transfers	Charge for the year	(On disposals)	As at 30 June 2017	As at 30 June 2017
	(Rupees in '000)					
Owned						
Leasehold land	-	-	-	-	-	453,643
Building	31,626	-	13,038	-	44,664	120,807
Plant and machinery	33,717	-	10,958	-	44,675	196,491
Furniture and fixture	24,438	-	13,807	-	38,245	148,090
Motor vehicles	30,475	-	15,393	(1,156)	44,712	89,581
Office equipment	42,392	-	21,491	(49)	63,834	122,802
Tools and equipment	4,232	-	2,040	-	6,272	19,042
Computers and accessories	4,067	-	1,989	(51)	6,005	15,507
	170,947	-	78,716	(1,256)	248,407	1,165,963

	ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	As at 01 July 2015	On Transfers	Charge for the year	(On disposals)	As at 30 June 2016	As at 30 June 2016
	(Rupees in '000)					
Owned						
Leasehold land	-	-	-	-	-	453,643
Building	17,699	-	13,927	-	31,626	128,232
Plant and machinery	25,490	(2,739)	10,966	-	33,717	195,445
Furniture and fixture	12,636	-	11,802	-	24,438	130,923
Motor vehicles	23,545	-	10,503	(3,573)	30,475	96,973
Office equipment	19,249	2,739	20,456	(52)	42,392	132,543
Tools and equipment	2,273	-	1,959	-	4,232	19,481
Computers and accessories	2,487	-	1,580	-	4,067	14,653
	103,379	-	71,193	(3,625)	170,947	1,171,893

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

7.1.1 The Holding Company carries its leasehold land, buildings, furniture and fixtures, office equipment and tools and equipment on revalued amount. The latest revaluation was conducted on 30 June 2014. Had there been no revaluation, the book value of leasehold land would have been Rs. 451.127 (2016: Rs. 451.127) million, building Rs. 79.962 (2016: Rs. 77.421) million, plant and machinery Rs. 127.467 (2016: Rs. 119.037) million, furniture and fixtures Rs. 11.382 (2016: Rs. 10.499) million, office equipment Rs. 83.059 (2016: Rs. 75.399) million and tools and equipment Rs. 144.284 (2016: Rs. 113.98) million.

7.2 Depreciation for the year has been allocated as follows:

Cost of sales	27	28,896	29,345
Administrative and distribution cost	28	49,820	41,846
		78,716	71,191

7.3 Capital work-in-progress

Land	44,111	38,667
Civil works	101,642	83,614
Plant and machinery	1,358,591	994,959
Advance to suppliers and contractors	753,191	345,508
Intangible asset under development	18,635	15,705
	2,276,170	1,478,453

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

	Land	Civil works	Plant and machinery	Advance to suppliers and contractors	Intangible assets under development	Total
	(Rupees in '000)					
Opening Balance	38,667	83,614	994,959	345,508	15,705	1,478,453
Addition during the year	5,444	18,580	363,831	1,013,654*	2,930	1,404,439
Transfers during the year	-	(552)	(199)	(605,971)	-	(606,722)
Closing Balance	44,111	101,642	1,358,591	753,191	18,635	2,276,170

* Include borrowing cost amounting Rs. 1.608 million (2016: Nil) capitalized during the year using capitalization rate of 7.56-8.76% (2016: Nil).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

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

	Cost / revaluation	Accumulated depreciation	Net book value	Net sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
(Rupees in '000)							
Motor vehicles							
Mitsubishi Lancer (AWV-469)	927	514	413	700	287	Negotiation	Muhammad Salman - Karachi
Toyota Belta (AXN-262)	1,112	617	496	786	290	Negotiation	Muhammad Asif - Karachi
Aggregate amount of assets disposed off having book value less than Rs. 50,000		79	25	53	45	(8)	Insurance Claim Limited
	2,118	1,156	962	1,531	569		
Office equipment							
Aggregate amount of assets disposed of having book value less than Rs. 50,000		179	49	129	98	(31)	Insurance Claim Limited
Computers							
Aggregate amount of assets disposed off having book value less than Rs. 50,000		169	51	118	45	(73)	Insurance Claim Takaful Limited

8. INTANGIBLE ASSET

	COST			Rate	ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at 01 July	Additions	As at 30 June		As at 01 July	For the year	As at 30 June	As at 30 June
(Rupees in '000)								
Computer software	8,037	2,189	10,226	25%	4,197	1,168	5,365	4,861
2017	8,037	2,189	10,226		4,197	1,168	5,365	4,861
2016	6,075	1,962	8,037		3,338	859	4,197	3,840

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

9. DEFERRED TAX ASSET

Note	2017	2016
	(Rupees in '000)	
Deferred tax assets on deductible temporary differences:		
Unused tax losses / credits	201,642	142,075
Provisions	9,079	6,362
	210,721	148,437
Deferred tax liabilities on taxable temporary differences:		
Accelerated tax depreciation	(16,293)	(492)
Surplus on revaluation of Property, plant and equipment	(16,865)	(18,867)
	(33,158)	(19,359)
	177,563	129,078

10. CONSUMABLES

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

11. STOCK-IN-TRADE

Note	2017	2016
	(Rupees in '000)	
Livestock	80,740	118,697
Finished goods	35,878	48,957
	116,618	167,654
12. TRADE DEBTS - Unsecured		
Considered good		
Overseas	928,261	812,421
Local	284,390	284,267
	1,212,651	1,096,688
Considered doubtful	3,710	-
Provision for doubtful debts	(3,710)	-
	1,212,651	1,096,688

12.1 As of the balance sheet date, the ageing analysis of unimpaired trade debts is as follows:

	Past due but not impaired					Total
	Neither past due nor impaired	> 30 days up to 90 days	> 90 days up to 180 days	> 180 days up to 360 days	> 360 days	
	(Rupees in '000)					
2017	634,316	408,181	129,836	26,230	14,088	1,212,651
2016	383,866	518,831	106,903	80,502	6,586	1,096,688

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

13. LOANS AND ADVANCES

	Note	2017	2016
(Rupees in '000)			
Loans - considered good - secured			
Executives		24,548	3,932
Employees		5,276	4,558
		<u>29,824</u>	<u>8,490</u>
Advances - considered good			
Suppliers		467,440	370,482
Employees		2,050	42,622
		<u>469,490</u>	<u>413,104</u>
		<u>499,314</u>	<u>421,594</u>
14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits		17,532	15,895
Prepayments			
- takaful		1,489	2,673
- others		1,793	3,732
		<u>3,282</u>	<u>6,405</u>
		<u>20,814</u>	<u>22,300</u>
15. SHORT-TERM INVESTMENTS			
Investment at fair value through profit or loss		566	215,893

16. OTHER RECEIVABLES

		2017	2016
(Rupees in '000)			
Considered good			
Sales tax receivable		193,317	98,963
Receivable from shareholders	16.1	2,693	17,800
Receivable in respect of disposal of fixed assets		-	38,200
others		16,437	17,075
		<u>212,447</u>	<u>172,038</u>

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

17. CASH AND BANK BALANCES

	Note	2017	2016
(Rupees in '000)			
Cash in hand		25,392	30,704
With banks:			
Saving accounts	17.1	1,994	9,524
Current accounts		27,194	12,939
		29,188	22,463
Book overdraft		(25,893)	(27,951)
		<u>28,687</u>	<u>25,216</u>

17.1 These carry profit at the rates ranging between 1.7% to 3.7% (2016: 3.27% to 6.5%) per annum.

17.2 Include Rs. 3.201 (2016: Rs. 0.699) million held with Meezan Bank Limited (a related party).

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016		Note	2017	2016
Number of Shares		Ordinary shares of Rs. 10 each		(Rupees in '000)	
29,941	29,941	Issued for cash		299,407	299,407
26,000	26,000	Issued for consideration other than cash		260,000	260,000
86,177	67,640	Issued as bonus shares		861,768	676,397
<u>142,118</u>	<u>123,581</u>			<u>1,421,175</u>	<u>1,235,804</u>

19. SURPLUS ON REVALUATION OF FIXED ASSETS

	2017	2016
(Rupees in '000)		
Opening balance	215,945	237,510
Transfer to unappropriated profit in respect of incremental		
- depreciation charged during the year	(12,158)	(19,071)
- disposal during the year	-	(2,494)
	<u>203,787</u>	<u>215,945</u>
Related deferred tax liability		
Opening balance	(18,867)	(21,207)
Incremental depreciation charged during the year	1,393	1,677
Adjustment due to change in tax rate	609	663
	<u>(16,865)</u>	<u>(18,867)</u>
	<u>186,922</u>	<u>197,078</u>

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

20. LONG-TERM FINANCING - secured

	Note	2017	2016
(Rupees in '000)			
Diminishing Musharaka - Islamic banking			
Summit Bank Limited		-	7,917
Askari Bank Limited	20.1	9,500	22,167
Dubai Islamic Bank Pakistan Limited	20.2	400,000	-
Habib Metropolitan Bank Limited	20.3	16,541	13,345
Burj Bank Limited	20.4	14,789	19,312
		440,830	62,741
Less: current maturity shown under current liabilities		(40,416)	(33,189)
		400,414	29,552

20.1 Represents diminishing musharaka facility in respect of purchase of various fixed assets for a period of 4 years. It carries profit at the rate of 3 month KIBOR + 2% per annum. The facility is secured by exclusive charge of Rs. 51 million over plant and machinery of the Holding Company. The musharaka units are to be purchased commencing from February 2014 on the basis of percentages set out in the musharaka agreement.

20.2 Represents diminishing musharaka facility in respect of procurement and installation of chicken processing plant for a period of 4 years including 1 year grace period. It carries profit at the rate of 3 months KIBOR + 1.5% per annum. The facility is secured by equitable mortgage charge over the Holding Company's building. The musharaka units are to be purchased commencing from May 2018 on the basis of percentages set out in the musharaka agreement.

20.3 Represents diminishing musharaka facility 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 10% Company's share for diminishing musharaka. The musharaka units are to be purchased commencing from October 2014 on the basis of percentages set out in the musharaka agreement.

20.4 Represents diminishing musharaka facility 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 bank and personal guarantees of the Chief Executive Officer. The musharaka units are to be purchased commencing from February 2016 on the basis of percentages set out in the musharaka agreement.

	Note	2017	2016
(Rupees in '000)			
21. DEFERRED LIABILITIES			
Define benefit plane - Gratuity	21.1	43,526	28,297
21.1 Amount recognised in balance sheet			
Opening balance		28,297	18,054
Charge for the year		15,510	8,454
Recognised in other comprehensive income		9,387	10,058
Benefits paid		(9,668)	(8,269)
Closing balance		43,526	28,297
21.2 Expense recognised in profit and loss			
Current service cost		14,102	7,306
Net interest cost		1,408	1,148
		15,510	8,454

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

21.3 Principal actuarial assumptions

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

	Note	2017	2016
Expected rate of increase in salary		6.75%	6.00%
Valuation discount rate		6.75%	6.00%
Average expected remaining working life of employees		70% of EFU 61-66 mortality table Age Dependent	70% of EFU 61-66 mortality table Age Dependent
Expected withdrawal rate			

21.4 Sensitivity analysis

	2017			
	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	(Rupees in '000)			
Present value of defined benefit obligations	(1,256)	1,347	1,334	(1,267)

22. TRADE AND OTHER PAYABLES

	Note	2017	2016
		(Rupees in '000)	
Creditors:			
Trade		245,851	138,138
Non-trade		112,924	38,256
		358,775	176,394
Murabaha			
Summit Bank Limited	22.1	420,000	259,000
Habib Metropolitan Bank Limited	22.2	275,116	226,603
Dubai Islamic Bank Pakistan Limited	22.3	199,802	198,980
Askari Bank Limited	22.4	50,000	50,000
Faysal Bank Limited	22.5	100,000	-
		1,044,918	734,583
Accrued liabilities		12,092	29,104
Advance from customers		995	26,209
Withholding tax payable		38,625	22,941
Workers' Profits Participation Fund	21.6	17,547	15,896
Workers' Welfare Fund		12,751	12,751
Retention money		24,020	12,020
Other payables		11,763	19,733
		1,521,486	1,049,631

22.1 It carries profit at the rate of 6 months KIBOR + 1% per annum for local facility while rate of 6 months LIBOR + 4% per annum for foreign exchange facility. Out of the total facility, Rs.145.04 million is secured by specific charge over plant and machinery, Rs. 50 million is secured by pari passu charge over receivables. The remaining facility is secured by first mortgage charge over Gadap Land amounting to Rs. 367 million.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

22.2 It carries profit at the rate of relevant LIBOR + 1% 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.

22.3 This includes local as well as foreign currency facility carrying profit at the rate of KIBOR + 2% and LIBOR + 2% per annum respectively. The facility is secured by the first registered pari passu hypothecation charge over receivables including trade receivables with 25% margin. the remaining facility is secured against exclusive charge over specific plant and machinery of Rs. 43 million, property of Rs. 50 million and personal guarantees of Chief Executive Officer.

22.4 It carries profit at the rate of KIBOR + 1% per annum. The facility is secured against 1st pari passu hypothecation charge of Rs.134 million over book debts of the Company, duly registered with Securities Exchange Commission of Pakistan.

22.5 It carries profit at the rate of KIBOR + 1% per annum. The facility is secured against 1st pari passu hypothecation charge of Rs.134 million over current assets of the Holding Company, duly registered with Securities Exchange Commission of Pakistan.

22.6 Workers' Profits Participation Fund (WPPF)

	2017	2016
	(Rupees in '000)	
Opening balance	15,896	8,049
Charge for the year	-	18,364
Paid during the year	-	(10,517)
Interest on WPPF	1,651	-
Closing balance	17,547	15,896
23. ACCRUED MARK-UP		
Accrued mark-up on:		
- Long-term financing	1,407	147
- Murabaha	10,351	3,530
	11,758	3,677
24. DUE TO A RELATED PARTY		

Represents interest free loan obtained from Chief Executive of the Group. The loan is unsecured and is repayable on demand.

	2017	2016
25. CONTINGENCIES AND COMMITMENTS	(Rupees in '000)	
- Outstanding letter of credits	61,372	55,500
- Outstanding letter of guarantee	11,549	36,119
- Capital commitments	151,437	168,727
- Post dated cheques	33,407	33,156

- The Holding Company has entered into Ijarah agreements with a commercial bank in respect of rentals of vehicles for a period of 3 years. Ijarah payments due under these agreements are payable in monthly installments latest by December 2017. 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 2017

	2017	2016
	(Rupees in '000)	
Within one year	44,777	649
26. TURNOVER - net		
Local sales	2,388,438	2,128,198
Sales discount	(98,842)	(88,052)
	2,289,596	2,040,146
Export sales	4,107,046	4,855,434
	6,396,642	6,895,580

27. COST OF SALES

Livestock and meat cost

	Note	2017	2016
		(Rupees in '000)	
Livestock consumed			
Opening stock		118,697	9,687
Purchases		4,739,751	4,978,388
Recovery against livestock residuals - net		(174,969)	(110,325)
Closing stock		(80,740)	(118,697)
		4,602,739	4,759,053
Conversion cost			
Salaries, wages and other benefits		59,002	104,609
Electricity, diesel and related expenses		27,898	39,883
Repairs and maintenance		17,857	18,472
Depreciation	7.2	28,896	29,345
Clearing and forwarding		40,131	43,695
Packing material		55,585	71,092
Livestock food		-	2,838
Marination		9,350	7,000
Others		15,242	16,157
		253,961	333,091
Cost of goods available for sale		4,856,700	5,092,144
Finished goods and fuels and lubricants			
Opening stock		49,560	24,933
Closing stock		(36,320)	(49,560)
		13,240	(24,627)
		4,869,940	5,067,517

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

28. ADMINISTRATION AND DISTRIBUTION EXPENSES

	Note	2017	2016
(Rupees in '000)			
Salaries and other benefits	28.1	360,086	225,504
Electricity, diesel and related expenses		46,661	43,235
Repair and maintenance		7,993	19,312
Fuel and vehicle maintenance		34,690	32,609
Travelling and conveyance		19,481	29,996
Telephone and communication		16,163	17,134
Cargo		607,934	736,288
Marketing and advertisement		39,926	75,570
Rent, rates and taxes		170,115	134,455
Food		12,590	14,292
Depreciation	7.2	49,821	41,846
Amortization	8	1,168	859
Legal and professional		13,456	8,168
Capital work in progress - written off		77	-
Donation	28.2	16,519	12,147
Office supplies		14,419	16,104
Postage and courier		960	1,542
Takaful		13,353	9,543
Staff welfare		15,069	18,303
Provision for doubtful debt		3,710	-
Security		1,107	603
Training		963	1,100
Cleaning		7,983	8,911
Commission on credit card facilities		8,272	6,251
Shelf rentals		865	7,281
Auditors' remuneration	28.3	2,700	2,295
Ijarah rentals		1,337	2,287
Advances written off		-	6,921
Others		16,109	10,325
		1,483,527	1,482,881

28.1 Include Rs. 15.509 million (2016: Rs. 8.454 million) in respect of staff retirement benefits.

28.2 No director of the Group or his spouse has interest in any donee.

28.3 Auditors' remuneration

	2017	2016
(Rupees in '000)		
Audit fee	1,700	1,550
Half yearly review	500	450
Certifications and other services	300	77
Out of pocket expenses	200	218
	2,700	2,295

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

29. OTHER INCOME

Note	2017	2016
	(Rupees in '000)	
Income from financial assets		
Gain on forward contracts	1,106	-
Profit on bank account	47	4,731
Gain on remeasurement of short-term investments	777	8,396
Gain on disposal of short-term investments	2,935	3,230
Dividend income	-	7,763
	<u>4,865</u>	<u>24,120</u>
Income from non-financial assets		
Exchange gain - net	-	9,703
Reversal of provision for doubtful debts	-	22,477
Liabilities no longer payable written back	7,435	-
Gain on disposal of property, plant and equipment	465	11,852
Others	5,727	1,486
	<u>13,627</u>	<u>45,518</u>
	<u>18,492</u>	<u>69,638</u>
30. FINANCE COSTS		
Mark-up on long-term financing	8,116	7,536
Profit on murabaha	44,959	25,509
Bank charges	17,388	20,820
Exchange loss	1,230	-
Interest on WPPF	1,651	-
Others	7,860	-
	<u>81,204</u>	<u>53,865</u>
31. TAXATION		
Current	51,627	45,085
Prior	9,006	282
	<u>60,633</u>	<u>45,367</u>
Deferred	(48,098)	(68,005)
	<u>12,535</u>	<u>(22,638)</u>

31.1 As the charge for current year taxation is based on Final Tax Regime in case of export sales and minimum tax in case of local sales, therefore, tax reconciliation is not presented.

31.2 The return of income for the tax year 2016 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

32. (LOSS) / EARNINGS PER SHARE - basic and diluted

	Note	2017	2016
		(Rupees in '000)	
Net (loss) / profit for the year - (Rupees in '000)		<u>(26,552)</u>	<u>360,990</u>
			(Restated)
Weighted average ordinary shares of Rs. 10/- each - (Numbers in '000)		<u>142,117</u>	<u>142,117</u>
(Loss) / earnings per share (Rupees) – basic and diluted		<u>(0.19)</u>	<u>2.54</u>

33. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2017	2016	2017	2016	2017	2016
	(Rupees in '000)					
Managerial remuneration	28,080	12,000	19,800	6,600	162,360	69,924
Bonus	-	-	-	-	9,236	8,904
Gratuity	-	-	-	-	3,740	4,601
Board meeting fees	495	525	3,585	2,235	-	-
	<u>28,575</u>	<u>12,525</u>	<u>23,385</u>	<u>8,835</u>	<u>175,336</u>	<u>83,429</u>
Number of persons	1	1	8	7	90	35

34. RELATED PARTY TRANSACTIONS

The related parties include group companies, associates, directors and key management personnel. Transactions with related parties other than those disclosed else where in these consolidated financial statements are as follows:

	2017	2016
	(Rupees in '000)	
Associate		
Sales	<u>72</u>	<u>144</u>
Profit on bank account	<u>24</u>	<u>6</u>
Key management personnel		
Settlement of liabilities by Chief Executive on behalf of the Holding Company	<u>5,963</u>	<u>7,719</u>

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks such as market 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. The Group'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.

35.1.1 Interest rate risk

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 following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant:

	Increase / decrease in basis points	Effect on profit / loss before tax (Rupees in '000)
2017	+100	(14,857)
	-100	14,857
2016	+100	(7,973)
	-100	7,973

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 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:

	Increase / decrease in US Dollar to Pak Rupee	Effect on profit / loss before tax (Rupees in '000)
2017	10%	92,826
	-10%	(92,826)
2016	10%	78,643
	-10%	(78,643)

35.1.3 Other Price risk

The Group is not materially exposed to other price risks.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

35.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Carrying value	
	2017	2016
	(Rupees in '000)	
Investment	566	215,893
Trade debts	1,212,651	1,096,688
Loans and advances	499,314	421,594
Trade deposits	17,532	2,849
Other receivables	16,347	63,192
Bank balances	29,188	22,359
	1,775,688	1,822,575

35.2.1 Credit quality of financial assets

The credit quality of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates as shown below:

	2017	2016
	(Rupees in '000)	
Trade debts		
Customers with no defaults in the past one year	634,316	383,866
Bank balances		
Ratings		
A1+	6,971	10,168
A-1+	9,255	944
A1	61	64
A-1	12,879	11,282
A-2	22	5
	29,188	22,463

35.3 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 2017 based on contractual undiscounted payment dates and present market interest rates:

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
(Rupees in '000)					
2017					
Long-term financing	-	15,240	60,774	444,574	520,588
Trade and other payables	-	1,443,926	36,771	-	1,480,697
Accrued mark-up	-	11,758	-	-	11,758
Due to related party	13,527	-	-	-	13,527
	13,527	1,470,924	97,545	444,574	2,026,570
2016					
Long-term financing	-	19,429	13,760	29,552	62,741
Trade and other payables	-	984,836	41,022	-	1,025,858
Accrued mark-up	-	3,678	-	-	3,678
Due to related party	7,564	-	-	-	7,564
	7,564	1,007,943	54,782	29,552	1,099,841

35.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment in subsidiary companies and associates are carried at cost. The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from their book value.

35.5 Capital risk 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.

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 2017 is as follows:

	2017	2016
(Rupees in '000)		
Long-term financing	440,830	62,741
Trade and other payables	1,521,486	1,049,631
Accrued markup	11,758	3,677
Due to a related party	13,527	7,564
Total debt	1,987,601	1,123,613
Less: Cash and bank balances	28,687	25,216
Net debt	1,958,914	1,098,397
Share capital	1,421,175	1,235,804
Reserves	2,175,825	2,386,592
Surplus on revaluation of property, plant and equipment	186,922	197,078
Total equity	3,783,922	3,819,474
Total equity and net debt	5,742,836	4,917,871
Gearing ratio		
Including surplus on revaluation of property, plant and equipment	34%	22%
Excluding surplus on revaluation of property, plant and equipment	35%	23%

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

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 2016	To	Rupees in '000
Profit and loss account	Cost of sales	26	Administrative and distribution costs	
	Cargo		Cargo	736,288

37. NUMBER OF PERSONS EMPLOYED

	2017	2016
Persons employed as of 30 June	721	801
Average persons employed during the year	781	722

38. DATE OF AUTHORISATION FOR ISSUE

38.1 The Board of Directors of the Holding Company authorised these consolidated financial statements for issue on 26 September 2017.

39. GENERAL

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

39.2 Due to nature of the Group's business, the production capacity is not relevant.


Chief Executive


Director


Chief Financial Officer

Pattern of Shareholding

as at June 30, 2017

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
KAMRAN AHMED KHALILI	1	37,133,569	26.13
NOORUR RAHMAN ABID	2	2,366,163	1.66
NAVEED GODIL	1	7,265,565	5.11
RUKHSANA ASGHAR	1	1,636	0.00
RIZWAN JAMIL	1	1,632	0.00
QAYSAR ALAM	1	1,636	0.00
MUHAMMED AMIN	1	571	0.00
MR. SARFARAZ RAHMAN	1	1	0.00
MR. ZAFAR SIDDIQUE	1	1	0.00
MR. UMAIR AHMED KHALILI	1	1	0.00
Associated Companies, undertakings and related parties	-	-	-
Executives	1	399	0.00
Public Sector Companies and Corporations	2	4,675,000	3.29
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	24	11,457,437	8.06
Mutual Funds			
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	1,329	0.00
CDC - TRUSTEE MEEZAN BALANCED FUND	1	326,190	0.23
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	500	0.00
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	219,691	0.15
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	3,035,274	2.14
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	214	0.00
CDC - TRUSTEE NAFA STOCK FUND	1	2,054,313	1.45
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	201	0.00
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	1,104,867	0.78
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	1	9,695	0.01
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	1,528,960	1.08
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	1,019,016	0.72
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	318,562	0.22
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	25,000	0.02
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	1,890,563	1.33
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	2,133,000	1.50
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	262	0.00
CDC - TRUSTEE DAWOOD ISLAMIC FUND	1	25,000	0.02
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	412	0.00
CDC - TRUSTEE LAKSON EQUITY FUND	1	969,821	0.68
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	1	92,000	0.06
CDC - TRUSTEE ASKARI EQUITY FUND	1	412	0.00
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	243,500	0.17
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	1,565,500	1.10
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	340,500	0.24
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	350,000	0.25
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	2,599,500	1.83
CDC - TRUSTEE LAKSON TACTICAL FUND	1	160,810	0.11
CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	1	28,018	0.02
General Public			
a. Local	5352	55,414,433	38.99
b. Foreign	3	220,459	0.16
Foreign Companies	1	217,646.00	0.15
Others	57	3,318,168	2.33
Totals	5480	142,117,427	100.00

Categories of Shareholders	Shares Held	Percentage
KAMRAN AHMED KHALILI	37,133,569	26.13
NAVEED GODIL	7,265,565	5.11
SHAIKH QAISER	7,230,565	5.09

NOTICE OF THE ANNUAL GENERAL MEETING OF AL SHAHEER CORPORATION LIMITED

Notice is hereby given that the 3rd Annual General Meeting of AlShaheer Corporation Limited (“Company”) will be held at Royal Rodale, 34th Street, Phase-V Extension, Defence Housing Authority, Karachi on Wednesday, October 25, 2017, at 11:30 a.m. for transacting the following business;

Ordinary Business

1. To confirm the minutes of 2nd Annual General Meeting held on October 26, 2016.
2. To receive, consider and adopt the Stand-alone and Consolidated Audited Financial Statements of the Company for the financial year ended June 30, 2017 together with the Directors’ and Auditors’ Report thereon.
3. To appoint auditors for the ensuing year ending June 30, 2018 and fix their remuneration. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

Sd.
Company Secretary
October 3, 2016

Encl:
Annual Report 2017

Notes:

1. The individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company/ Share Registrar, are once again reminded to send the same at the earliest directly to Company’s Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400.

The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC/ NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779(I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

2. Share Transfer Books will be closed from October 19, 2017 to October 25, 2016 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company’s Share Registrar Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400 by the close of the Business on October 18, 2017 will be treated in time for the purpose of bonus issue.
3. All Members/ Shareholders are entitled to attend and vote at the meeting. A Member may appoint a proxy who need not be a Member of the Company.
4. Duly completed instrument of proxy, and the other authority under which it is signed, or a notarially certified copy thereof, must be lodged with the Company Secretary at the Company’s Registered Office (Suite # G/5/5, 3rd Floor, Mansoor Tower, Shahrah e Roomi, Block 8, Clifton) at least 48 hours before the time of the meeting.
5. Any change of address of Members should be immediately notified to the Company’s Share Registrars, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400.
CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.
- ii) The proxy form shall be witnessed by two person whose names, addresses and CNIC number shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.
- v) In case of corporate entity, the Board of Directors resolution/ power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.

**FORM OF PROXY
ANNUAL GENERAL MEETING**

I / We _____ of _____ in the district of _____ being a member of "AL SHAHEER CORPORATION LIMITED" and holder of _____ ordinary shares as per Registration Folio No./CDC Participant I.D. No./Sub-Account No. _____ CNIC No./ Passport No. _____ entitled to vote, hereby appoint Mr./Mrs./Miss _____ of (full address) _____ (being member of the Company) as my/our proxy to attend, act and vote for me/us and on behalf at the Annual General Meeting of the Company to be held on 26th day of October, 2016 and/or at any adjournment thereof.

Dated : _____ Signature _____

Presence of:

- 1. _____
- 2. _____

Signature on Rs5/-
Revenue Stamp

Important Note

- 1. This form of proxy, duly completed and signed, must be deposited at the registered office of the company situated at Suite # G/5/5, 3rd Floor, Mansoor Tower, Block 8, Shahrah e Roomi, Clifton, Karachi.
- 2. This form should be signed by the Member or by his/her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
- 3. A member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is a Member.

For CDC Account Holders/Corporate Entities

In addition to the above, following requirements have to be met:

- i. The Proxy form shall be witnessed by two persons whose names, addresses and CNIC Numbers shall be mentioned on the form.
- ii. Attested copies of CNIC or Passport of the beneficial owners and proxy shall be furnished with the proxy form
- iii. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- iv. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form.

Mandatory Requirement of Bank Account Details for Electronic Credit of Cash Dividend Payment as per the Companies Act, 2017

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information to your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in Book Entry Form) or to our Share Registrar M/s. Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400 (in case your shareholding is in Physical Form):

Details of Shareholder	
Name of shareholder	
Folio / CDS Account No.	
CNIC No.	
Cell number of shareholder	
Landline number of shareholder, if any	
Email	
Details of Bank Account	
Title of Bank Account	
International Bank Account Number	PK _____ (24 digits) (Kindly provide your accurate IBAN number after consulting with your
(IBAN) “Mandatory”	
Bank’s name	
Branch name and address	
It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly.	
_____ Signature of shareholder	

Minutes of 2nd Annual General Meeting Al Shaheer Corporation Limited

Wednesday October 26, 2016

Royal Rodale, DHA, Karachi

The 2nd Annual General Meeting of Al Shaheer Corporation Limited (“Company”) was held at Royal Rodale, 34th Street, Phase-V Ext, Defence Housing Authority, Karachi on Wednesday, October 26, 2016, at 11:30 a.m.

At the start of the proceedings of the meeting, due to leave of absence of Mr. Noor ur Rahman Abid, Chairman of the Board of Directors of the Company, the directors of the Company in accordance with section 160 of the Companies Ordinance, 1984 elected Mr. Muhammad Ali, a non-executive director to be Chairman of the meeting.

The proceedings of the meeting started with a welcome note to the shareholders by the Company Secretary.

Recitation

The proceedings began with recitation of verses from the Holy Quran.

Before proceeding with the formal agenda, the Company Secretary informed the shareholders regarding the inadvertent omission in the annual report with respect to Auditors review report on the Code of Corporate Governance, accordingly the two points of the Review Report were read out as follows;

1. The Company is in process to disseminate Code of Conduct; and
2. Significant policies and mechanism for annual evaluation of Board’s own performance are in process of development.

Permission from Chair

The Company Secretary informed the Chair that the Quorum is Complete¹ and requested to proceed.

Presentation of Resolutions

The Company Secretary proceeded with the resolutions as per the pre-circulated agenda sent to the members through the notice dated October 3, 2016.

1 Annexure - A

Ordinary Business

1. To confirm the minutes of Annual General Meeting held on October 31, 2015.

The company secretary read out the minutes of the Annual General Meeting held on October 31, 2015 and requested the members for their approval.

The Chief Executive Officer asked for attention of the members to the approval granted to agenda number 5 of the previous annual general meeting as follows;

“It is hereby resolved that the Company be and is hereby authorized to invest an amount of Rupees Eight Hundred and Ninety Four Million (Rs894,000,000/-), out of its equity, by subscribing 89,400,000 million ordinary shares of Rs10/- each in Al Shaheer Group Company, name to be proposed and may change subject to regulatory approvals, being fully paid up, an unquoted company, to meet the necessary capital, pre and post commencement, expenditure during the Financial Year ending on June 30, 2016 and June 30, 2017.

Resolved further that the company is authorized to take all appropriate steps and execute all necessary documents and in this connection the Chief Executive and the Company Secretary be and are hereby authorized jointly and severally to do all the acts, deeds, and things necessary to implement this special resolution and also jointly and severally empowered to make amendments / modifications to the resolution as may be required by the members or by the regulators”

The Chief Executive Officer while referring to the above approval of the general meeting, informed the members that the Board of Directors and the management of the Company are still evaluating the prospects and the feasibility of the investment and the possible incorporation of the new Group Company. A decision in this regard is to be finalized in consultation with the Board and considering the financial benefit to the Company.

After discussions, the following resolution was unanimously passed by the house,

“Resolved that the minutes of the Annual General Meeting held on October 31, 2015 be and are hereby approved.”

2. To receive, consider and adopt the Stand alone and Consolidated Audited Financial Statements of Al Shaheer Corporation Limited for the financial year ended June 30, 2016 together with the Directors’ and Auditors’ Report thereon.

The Chairman of the meeting presented the Stand alone and Consolidated Audited Financial Statements of the Company and invited the members for their comments. The Chairman also informed the members with respect to the announcement earlier made by the Company with respect to issue of 15% bonus share approved by the Board of Directors of the Company.

The members asked various questions on the financial statements and the general functioning of the Company. The members also proposed for consideration of new avenues for expanding the outlets reach of the Company.

The Chairman of the meeting and the Chief Executive Officer of the Company responded to the comments of the members and provided satisfactory and detailed responses.

The Chief Executive Officer also informed the members of current pressures faced by export business of the Company which is expected to impact both turnover and profitability in the short term. Livestock costs in Pakistan are continuously increasing. Currencies of competing supplier countries (Brazil, India and Australia) have devalued significantly compared to Pakistani Rupee. This is making export business un-competitive in the regional markets. It was further emphasized that the Company is focusing on local markets which has potential and the Company shall put in its best efforts to take advantage of it.

After due discussion and on receiving satisfactory responses, the following resolution was passed by the house;

“Resolved that the Stand alone and Consolidated Audited Financial Statements of Al Shaheer Corporation Limited for the financial year ended June 30, 2016 together with the Directors’ and Auditors’ Report thereon are duly adopted.”

3. To elect directors of the Company for a three years term. The Board of Directors in the meeting held on September, 22 2016, fixed the number of Directors at ten (10). The existing directors of the Company being eligible for re-election have offered themselves for election, namely:-

- | | |
|-----------------------------|------------------------|
| 1. Mr. Kamran Ahmed Khalili | 5. Mr. M Qaysar Alam |
| 2. Mr. Rizwan Jamil | 6. Mr. Naveed Godil |
| 3. Mr. Muhammad Ali | 7. Mr. Muhammed Amin |
| 4. Mr. Noor-ur-Rehman Abid | 8. Ms. Rukhsana Asghar |

The company secretary informed the members that besides the existing eight (8) directors of the Company, two (2) nominations were received from individuals namely; Mr. Zafar Siddiqui and Mr. Sarfaraz Rehman. Similarly in pursuance of Section 178 of the Companies Ordinance, 1984 the number of persons who have offered themselves to be elected is not more than the numbers fixed by the directors, therefore, the following persons are deemed elected;

- | | |
|-----------------------------|------------------------|
| 1. Mr. Kamran Ahmed Khalili | 6. Mr. M Qaysar Alam |
| 2. Mr. Rizwan Jamil | 7. Mr. Naveed Godil |
| 3. Mr. Muhammad Ali | 8. Mr. Muhammed Amin |
| 4. Mr. Noor-ur-Rehman Abid | 9. Ms. Rukhsana Asghar |
| 5. Sarfaraz Rehman | 10. Mr. Zafar Siddiqui |

4. To appoint auditors for the ensuing year ending June 30, 2017, EY Ford Rhodes Chartered Accountants, retire and being eligible have offered themselves for reappointment.

The following resolution was unanimously approved by the house:

“Resolved that EY Ford Rhodes Chartered Accountants, be and are hereby reappointed on retirement as the statutory auditors of the Company for the year ending June 30, 2017”.

“Further resolved that CFO & Company Secretary of the Company be and are hereby authorized to sign necessary documents, proposal and engagement letters etc. necessary for appointment of EY Ford Rhodes Chartered Accountants as auditors for the year ending June 30, 2017”.

Vote of Thanks

There being no other item on agenda, the meeting concluded with a vote of thanks to the Chair.

Sd/-
Chief Executive Officer

Sd/-
Company Secretary

Annexure-A

**Attendees and Proxy Shareholders in the
Annual General Meeting 2016**

	SHAREHOLDERS	REPRESENTING SHARES
TOTAL	4658	123,580,371
PRESENT IN PERSON OR BY PROXY	100	41,780,726

ALSHAHEER FOODS

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@ascfoods.com