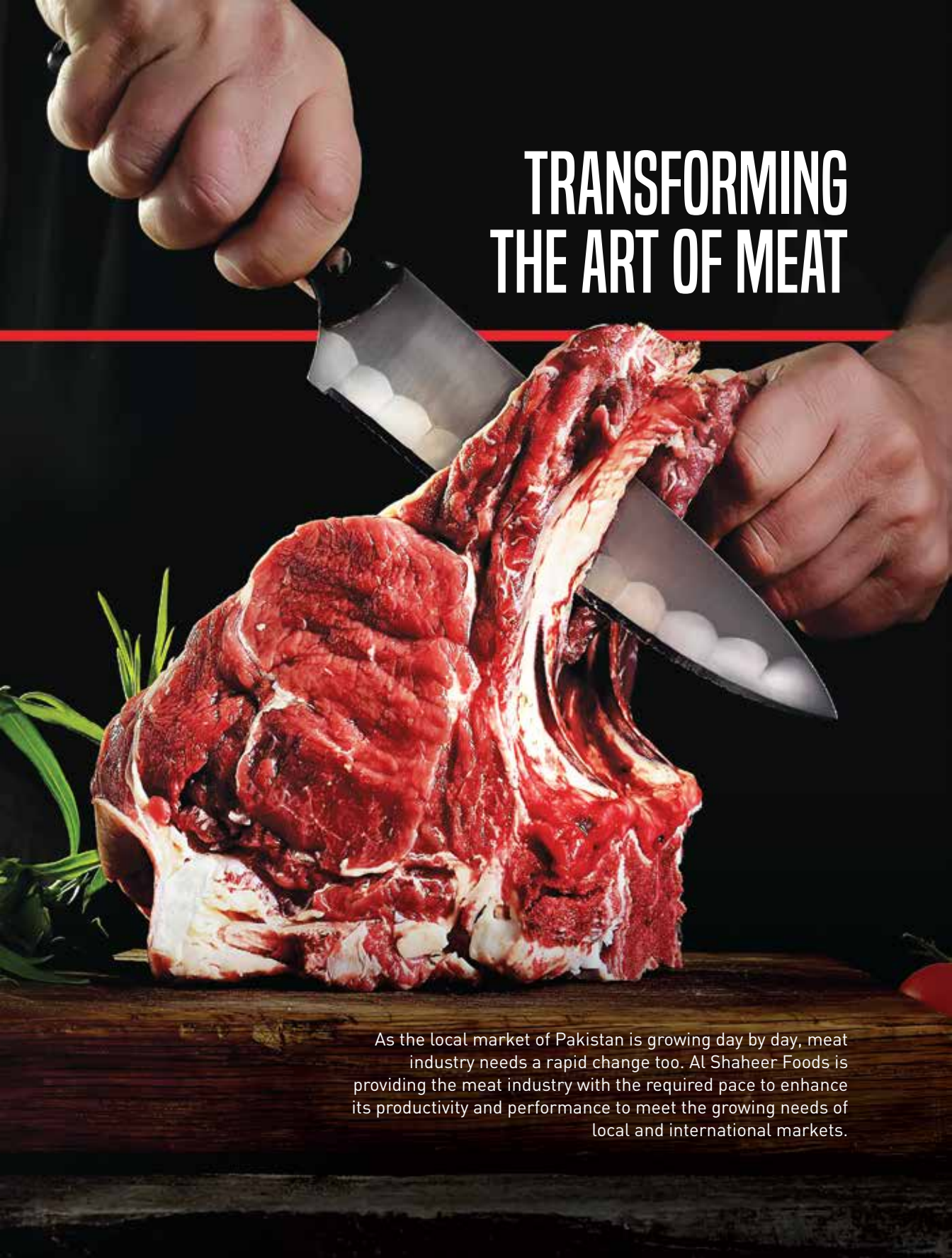


# TRANSFORMING THE ART OF MEAT

**ALSHAHEER**  
FOODS



**HALF YEARLY REPORT**  
2018 - 2019



# TRANSFORMING THE ART OF MEAT

As the local market of Pakistan is growing day by day, meat industry needs a rapid change too. Al Shaheer Foods is providing the meat industry with the required pace to enhance its productivity and performance to meet the growing needs of local and international markets.

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# OUR STORY

Al Shaheer Corporation entered the world of meat business in 2008 starting from humble beginnings and growing into a renowned name within a short span of time. The powerful fundamental values of teamwork, integrity, excellence, community service and consumer focus form the foundation of this business which aimed to serve and go beyond the expectations of the customers. Our meat products have always satisfied our consumers with the high hygiene and health standards we have always met, thus enabling us to grow and reach top levels in this industry.

Gadap Town-Karachi is home to our class apart abattoir, designed customarily as an answer to the global need and demand of Halal meat. Well organized logistics, spotless lairage area, cold storage and chillers imported from Australia, all make this abattoir one of the very best; and its capacity of 40 heads per hour makes it the country's largest private slaughtering facility. This has been further certified by the departments of health and food of Middle Eastern GCC countries as well. And if one would wonder who leads the meat export of Pakistan, the answer would be Al Shaheer Corporation venturing into export markets of Saudi Arabia, Dubai, Kuwait, Oman, Bahrain and Qatar in 2009.

'Meat One', the first red meat brand of Al Shaheer came into being in 2010 with the objective of providing innovative and convenient 'one stop fresh meat solutions' to consumers, placing us in the center of the fresh meat retail market of Pakistan. This brand offers various kinds of fresh meat operating through exclusively designed outlets as well as standard shop-in-shop models. The quality standards of Meat One are unmatched at every level of the meat selection process. Highest quality cattle is chosen as the first step of our process. Getting the cattle checked by skilled vets comes next as health and safety are the two top most priorities. These are then slaughtered in a completely halal way at our abattoir, sectioning and processing them in large cuts before transporting them in hygienic refrigerated trucks to various outlets.

'Khaas Meat', Al Shaheer's second retail brand emerged in 2014. This brand stands for three key elements: quality, hygiene and affordability. Neighborhood butcher shops were given a whole new look and meaning by this brand. The brand's reach further increased in 2015 through shop-in shop models in busy superstores across the major cities of Pakistan.

It was the same year that Al Shaheer Foods achieved yet another important milestone and became a corporate limited company, being listed on the Stock Exchange. The company transitioned to Al Shaheer Foods from Al Shaheer Corporation in the first month of 2017, with the objective of establishing itself as a 'foods' company. Keeping this objective in mind, products like poultry, ready-to-cook / ready-to-eat products, fruits and vegetables are now being considered to be further included in the line of business as well.

# OUR STORY

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ASC Foods is certified on following regulatory & international standards:

- ISO 9001:2008
- ISO 22000:2005,
- ISO 14001: 2015
- OHSAS 18001: 2007
- HACCP
- Pakistan Halal standard PS3733:2016
- Malaysian Halal standard MS 1500
- UAE/GSO Halal slaughtering standard 993:2015

With the grace of Allah, we have always been able to supersede the benchmarks created every year by ourselves. This has only been possible because of the astounding support shown by everyone associated with us. It is our key stakeholders; be it our customers, suppliers, employees, agencies, bankers or shareholders, whose unwavering support is what keeps us driven. And as this support keeps increasing, so will our dedication to attain even higher standards and go beyond your expectations every year.

# OUR MOTTO

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## 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.

# COMPANY INFORMATION

## BOARD OF DIRECTORS

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

## AUDIT COMMITTEE

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

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

## MANAGEMENT COMMITTEE

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

# COMPANY INFORMATION

## AUDITORS

Messrs. EY Ford Rhodes Chartered Accountants

## SHARE REGISTRATION OFFICE

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

## PRINCIPAL BANKERS

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

## REGISTERED OFFICE

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

## GADAP TOWN PLANT

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

## POULTRY & MEAT PROCESSING PLANT

3.5 Km Manga Mandi  
Near Raiwand Road, Lahore

## CHIEF FINANCIAL OFFICER

Ms. Maryam Ali

## COMPANY SECRETARY

Mr. Syed Sajjad

## HEAD OF INTERNAL AUDIT

Mr. Muhammad Adnan Khan



# DIRECTORS' REVIEW

The Directors of your Company are pleased to present the audited financial results of the Company for the half year ended December 31 ,2018.

## OPERATIONAL PERFORMANCE

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

	Half Year Ended December 201 8	Half Year Ended December 201 8
(Rupees in '000)		
Sales	2,194,037	774,911
Cost of Sales	(1,583,527)	(2,082,702)
<b>Gross Profit</b>	<b>610,510</b>	<b>692,1 09</b>
Expenses	(645,632)	(749,77s)
Other Income	123,166	45,606
Taxation	1,705	(22,201)
<b>Net Profit / (Loss)</b>	<b>89,749</b>	<b>(34,262)</b>
Basic & Diluted EPS (Rs./Share)	0.63	(0.24)

The Company is pleased to announce a Net Profit of Rs. 89.7M for the half year ended 31<sup>st</sup> December 2018. This is despite lower sales which have been under pressure in recent years.

## EXPORT PERFORMANCE

After a long wait, the export business profitability is finally back to its old levels, in the second quarter of this financial year. Meat export volumes have been declining since the last 3 years. Al Shaheer, as the country's largest meat exporter, has been most impacted. The pressure on the industry has primarily been due to previous disparity in the PKR/USD exchange rate as compared to other international currencies, which made Pakistani meat more expensive for our international customers vis-d-vis other countries. Pak Rupee started correcting itself against the USD in steps, through 2018, improving profit margins in this sector in the 2nd half of the calendar year.

Renewed efforts are already underway to win back our lost market share in the Middle East and Saudia. We will see a positive sales trend in the coming quarters.

# DIRECTORS' REVIEW

## DOMESTIC BUSINESS

This half of the year is the low season for meat in the local retail. Increasing livestock prices, absorbed more easily in Exports because of the devaluation, have dampened margins of the local business. KPI's are expected to start improving March quarter onwards.

## POULTRY & PROCESSED FOODS BUSINESS

The poultry and processed food plant in Lahore is near completion. In context of the significant change in the external business environment after devaluation, the Company is re-evaluating it's business strategy to maximize shareholders value. The new strategy will determine business priorities for each category. According to the revised strategy, poultry and processed food business launch timing will be determined,

## FUTURE OUTLOOK

Export margins have improved. The Company has already had discussions with its export customers and worked out a plan to increase sales. Restructuring of the local business is being carried out in current quarter. Operational and organizational efficiencies are being brought in. A cost cutting exercise has been conducted across the Company to strengthen margins going forward.

## ACKNOWLEDGMENT

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

26th February, 2019



On behalf of the Board of Directors  
CEO

# INDEPENDENT AUDITORS REVIEW REPORT

## TO THE MEMBERS OF AL SHAHEER CORPORATION LIMITED REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

### INTRODUCTION

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Al Shaheer Corporation Limited (the Company) as at 31 December 2018, the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the three-months period ended 31 December 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures of the six-months period ended 31 December 2018.

### SCOPE OF REVIEW

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

### CONCLUSION

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

The engagement partner on the audit resulting in this independent auditors report is Mr. Shaikh Ahmed Salman.



Chartered Accountants  
Place: Karachi  
Date: 26 February 2019



# BEEFING UP THE STANDARDS

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Al Shaheer Foods has defined the new standards of meat in the Pakistani market. By introducing meat chains like Meat One & Khaas Meat, we have provided consumers with the quality halal meat in their neighborhoods at affordable prices, which was never done before.

**UNCONSOLIDATED** FINANCIAL STATEMENTS

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Note	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	4,951,458	4,731,490
Intangible assets		4,565	5,219
Long-term investments		55,700	55,700
Long term loans		17,674	18,600
Deferred taxation		208,824	192,815
		<u>5,238,221</u>	<u>5,003,824</u>
<b>CURRENT ASSETS</b>			
Fuels and lubricants		94	286
Stock-in-trade		96,672	107,959
Trade debts		1,250,963	1,211,970
Loans and advances		619,467	567,750
Trade deposits and short-term prepayments		23,434	21,365
Short-term investments		606	590
Other receivables		279,501	233,910
Taxation - net		148,911	141,958
Cash and bank balances		17,070	52,094
		<u>2,436,718</u>	<u>2,337,882</u>
<b>TOTAL ASSETS</b>		<u><u>7,674,939</u></u>	<u><u>7,341,706</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		1,421,175	1,421,175
Share premium		1,507,705	1,507,705
Unappropriated profit		735,759	634,687
Revaluation surplus on property, plant and equipment		840,816	852,139
		<u>4,505,455</u>	<u>4,415,706</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	6	764,086	708,077
Deferred liabilities - staff gratuity		68,038	59,639
		<u>832,124</u>	<u>767,716</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	731,045	565,037
Short-term borrowings	8	1,088,857	1,123,374
Accrued mark-up		31,635	21,543
Current portion of long-term financing	6	274,097	179,183
Due to a related party	9	211,726	269,147
		<u>2,337,360</u>	<u>2,158,284</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>7,674,939</u></u>	<u><u>7,341,706</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10		

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.

  
\_\_\_\_\_  
Chief Executive

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)

Note	Half Year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Rupees in '000)		(Rupees in '000)	
Turnover	<b>2,194,037</b>	2,774,811	<b>1,062,391</b>	1,256,455
Cost of sales	<b>(1,583,527)</b>	(2,082,702)	<b>(759,769)</b>	(932,908)
<b>Gross profit</b>	<b>610,510</b>	692,109	<b>302,622</b>	323,547
Administrative and distribution expenses	<b>(573,731)</b>	(715,255)	<b>(289,185)</b>	(348,798)
Other expenses	<b>(7,060)</b>	(216)	<b>(6,577)</b>	(216)
Other income	11 <b>123,166</b>	45,606	<b>101,244</b>	37,965
<b>Operating profit</b>	<b>152,885</b>	22,244	<b>108,104</b>	12,498
Finance costs	<b>(64,841)</b>	(34,305)	<b>(42,250)</b>	(19,758)
<b>Profit / (loss) before taxation</b>	<b>88,044</b>	(12,061)	<b>65,854</b>	(7,260)
Taxation	<b>(14,304)</b>	(20,595)	<b>(4,848)</b>	(8,195)
- Current	<b>16,009</b>	(1,606)	<b>19,549</b>	(1,204)
- Deferred	<b>1,705</b>	(22,201)	<b>14,701</b>	(9,399)
<b>Profit / (loss) after taxation</b>	<b>89,749</b>	(34,262)	<b>80,555</b>	(16,659)
<b>Earnings / (loss) per share – basic and diluted (Rupee)</b>	<b>0.63</b>	(0.24)	<b>0.57</b>	(0.12)

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)

	Half Year ended		Quarter ended	
	<b>December 31, 2018</b>	December 31, 2017	<b>December 31, 2018</b>	December 31, 2017
	(Rupees in '000)		(Rupees in '000)	
Profit / (loss) after taxation	<b>89,749</b>	(34,262)	<b>80,555</b>	(16,659)
Other comprehensive income	-	-	-	-
<b>Total comprehensive profit / (loss) for the period</b>	<b><u>89,749</u></b>	<u>(34,262)</u>	<b><u>80,555</u></b>	<u>(16,659)</u>

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.

  
\_\_\_\_\_  
Chief Executive

  
\_\_\_\_\_  
Director

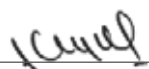
  
\_\_\_\_\_  
Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)

	December 31, 2018	December 31, 2017
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit / (loss) before taxation</b>	<b>88,044</b>	(12,061)
<b>Adjustments for:</b>		
Depreciation	43,884	38,013
Amortisation	652	834
Provision for defined benefit plan - gratuity	13,125	9,532
Loss on disposal of property, plant and equipment	535	216
Unrealised loss / (gain) on remeasurement of short-term investments	1	(9)
Dividend income	(17)	-
Finance costs	64,841	34,305
	<b>123,021</b>	<b>82,891</b>
<b>Operating profit before working capital changes</b>	<b>211,065</b>	<b>70,830</b>
<b>(Increase) / decrease in current assets:</b>		
Fuels and lubricants	192	260
Stock-in-trade	11,287	4,688
Trade debts	(38,993)	67,924
Loans and advances	(50,790)	(164,769)
Trade deposits and short-term prepayments	(2,069)	(3,988)
Other receivables	(45,591)	(40,524)
	<b>(125,964)</b>	<b>(136,409)</b>
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	166,005	169,003
Due to a related party	(57,421)	(12,996)
	<b>108,584</b>	<b>156,007</b>
<b>Cash generated from operations</b>	<b>193,685</b>	<b>90,428</b>
Taxes paid	(21,257)	(33,988)
Staff gratuity paid	(4,722)	(4,696)
<b>Net cash generated from operating activities</b>	<b>167,706</b>	<b>51,744</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to:		
- property, plant and equipment	(267,604)	(390,000)
- intangible assets	-	(2,051)
Sale proceeds from disposal of property, plant and equipment	3,217	4,461
	<b>(264,387)</b>	<b>(387,590)</b>
<b>Net cash used in investing activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term financing - net	150,922	315,568
Short-term financing - net	(34,517)	52,761
Finance costs paid	(54,748)	(32,011)
<b>Net cash generated from financing activities</b>	<b>61,657</b>	<b>336,318</b>
<b>Net increase in cash and cash equivalents</b>	<b>(35,024)</b>	<b>472</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>52,094</b>	<b>27,933</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>17,070</b>	<b>28,405</b>

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer



# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)

	Issued, subscribed and paid-up capital	Capital reserves Share premium account	Revenue reserves Unappropriated profit	Revaluation surplus on property, plant and equipment	Total
	(Rupees in '000)				
<b>Balance as at 30 June 2017 (Audited)</b>	1,421,175	1,507,705	678,941	186,922	3,794,743
Net Loss for the period	-	-	(34,262)	-	(34,262)
Other comprehensive loss for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	(34,262)	-	(34,262)
Revaluation surplus on property, plant and equipment on account of incremental depreciation net of deferred tax	-	-	4,830	(4,830)	-
<b>Balance as at 31 December 2017 - Restated</b>	<u>1,421,175</u>	<u>1,507,705</u>	<u>649,509</u>	<u>182,091</u>	<u>3,760,481</u>
<b>Balance as at 30 June 2018 (Audited)</b>	<b>1,421,175</b>	<b>1,507,705</b>	<b>634,687</b>	<b>852,139</b>	<b>4,415,706</b>
Net Profit for the period	-	-	89,749	-	89,749
Other comprehensive loss for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	89,749	-	89,749
Revaluation surplus on property, plant and equipment on account of incremental depreciation net of deferred tax	-	-	11,323	(11,323)	-
<b>Balance as at 31 December 2018</b>	<u>1,421,175</u>	<u>1,507,705</u>	<u>735,759</u>	<u>840,816</u>	<u>4,505,455</u>

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.

  
\_\_\_\_\_  
Chief Executive

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chief Financial Officer

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

### 1. THE COMPANY AND ITS OPERATIONS

Al Shaheer Corporation Limited (the Company) was incorporated on June 30, 2012 under the repealed Companies Ordinance, 1984 (the Ordinance), now 'the Companies Act, 2017', and is quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Suite No. G/5/5, 3rd Floor, Mansoor Tower, Block-8, Shahrah-e-Roomi, Clifton, Karachi. The Company is engaged in trading of different kinds of halal meat including goat, cow, chicken and fish, both for export market and local sales through chain of retail stores.

### 2. BASIS OF PREPARATION

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2018.

These unconsolidated condensed interim financial statements are unaudited, but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance.

The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and December 31, 2017 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they have reviewed the cumulative figures for the six months ended December 31, 2018 and December 31, 2017.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2018 except for:

#### a) New / Revised Standards, Interpretations and Amendments

The Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

#### Standard or Interpretation

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

IFRS 9 Financial Instruments \*

IFRS 15 Revenue from Contracts with Customers

### Standard or Interpretation

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The adoption of the above standards and amendments in the accounting standards did not have effect on the accounting policies of the Company.

\* Subsequent to the period ended December 31, 2018, the SECP has modified the applicability of IFRS 9 vide its order no. S.R.O. 229 (I)/2019 dated February 14, 2019 whereby the effective date for applicability of IFRS 9 - Financial Instruments in place of IAS 39 - Financial Instruments: Recognition and Measurement has been revised as "Reporting period / year ending on or after June 30, 2019".

### 3.1 IFRS 15 – Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company is engaged in slaughtering, export and retailing of beef, mutton, fish and chicken products. The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of their relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

## 4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are same as those applied in the Company's annual financial statements for the year ended June 30, 2018 except for changes as disclosed in note 3 above.

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Note	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
(Rupees in '000)			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1.1	1,777,228	1,822,109
Capital work-in-progress	5.2	3,174,230	2,909,381
		<u>4,951,458</u>	<u>4,731,490</u>

### 5.1 The movement in operating fixed assets during the period / year are as follows:

Opening Balance - book value		1,822,109	1,165,775
Additions during the period / year - end	5.1.1	2,754	67,822
Surplus on revaluation of fixed assets		-	673,569
		<u>1,824,863</u>	<u>1,907,166</u>
Disposals during the period / year - end - book value		(3,751)	(8,376)
Depreciation charge for the period / year		(47,635)	(76,681)
		<u>(47,635)</u>	<u>(85,057)</u>
Closing balance - book value		<u>1,777,228</u>	<u>1,822,109</u>

Additions (cost)		Deletions (net book value)	
(Un-audited) December 31, 2018	(Audited) June 30, 2018	(Un-audited) December 31, 2018	(Audited) June 30, 2018
(Rupees in '000)			

### 5.1.1 Details of additions and deletions are as follows:

Building	261	20,055	-	-
Plant and machinery	30	6,900	-	-
Furniture and fittings	1,916	15,511	-	690
Motor vehicles	79	18,372	3,685	7,448
Office equipment	468	4,623	9	134
Tools and equipment	-	1,580	-	-
Computers and accessories	-	781	57	104
	<u>2,754</u>	<u>67,822</u>	<u>3,751</u>	<u>8,376</u>

	Opening balance	Capital expenditure incurred / advance made	Transfers to operating fixed assets	Closing Balance
(Rupees in '000)				
<b>5.2 Capital work-in-progress</b>				
Land	59,130	4,967	-	64,097
Civil works	40,203	-	-	40,203
Plant and machinery	1,547,025	-	-	1,547,025
Advance to suppliers and contractors	1,241,267	253,798	-	1,495,065
Computer Software	21,756	6,084	-	27,840
	<u>2,909,381</u>	<u>264,849</u>	<u>-</u>	<u>3,174,230</u>

\*Capital expenditure incurred during the year includes borrowing costs amounting to Rs.42.55 million (June 30, 2018: Rs.104.25 million) capitalized during the period using capitalization rate of 7.20-15.79% (June 30, 2018: 7.14-10.01%) per annum.

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Note	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
(Rupees in '000)			
<b>6. LONG-TERM FINANCING</b>			
Diminishing musharka	6.1	1,038,183	887,260
Less: Current maturity		(274,097)	(179,183)
		<u>764,086</u>	<u>708,077</u>

6.1 This includes diminishing musharka facilities obtained from an Islamic bank amounting to Rs.250 million during the period. These facilities carry mark-up rate of 3 months KIBOR + 2-2.5% per annum and are secured by exclusive charge over respective fixed assets of the company.

### 7. TRADE AND OTHER PAYABLES

Creditors	547,059	453,287
Accrued liabilities	43,040	35,628
Withholding tax payable	51,842	20,454
Workers' Profits Participation Fund	25,751	19,370
Workers' Welfare Fund	14,548	12,751
Retention money	2,521	2,521
Other payables	46,284	21,026
	<u>731,045</u>	<u>565,037</u>

### 8. SHORT-TERM BORROWINGS

This include diminishing musharka facility obtained from a Commercial bank amounting to Rs.350 million during the period. The facility carries mark-up rate of 6 month's KIBOR + 3-5% per annum and is secured by exclusive charge over respective assets of the Company.

### 9. DUE TO A RELATED PARTY

During the last year, the Company received a sum of Rs.250 million by way of loan from Kamran Ahmed Khalili, CEO of the Company in order to meet its working capital and food processing unit requirements. The loan is unsecured, interest free and repayable on demand.

### 10. CONTINGENCIES AND COMMITMENTS

#### 10.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual unconsolidated financial statements of the Company for the year ended June 30, 2018.

	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
(Rupees in '000)		
<b>10.2 Commitments</b>		
Outstanding letters of guarantees	-	14,006
Capital commitments	174,220	215,698
Post dated cheques	89,661	16,530

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

### 11. OTHER INCOME

This includes net exchange gain amounting to Rs.120.856 million (December 31, 2017: Rs.40.469 million) on revaluation of trade debts and payables in foreign currency.

### 12. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associates, directors and key management personnel. Transactions with related parties during the period, other than those which have been disclosed elsewhere in this unconsolidated condensed interim financial information, are as follows:

Transaction for the period	Relationship	(Un-audited) Half year ended	
		December 31, 2018	June 30, 2018
(Rupees in '000)			
<b>Nature of transaction</b>			
Payments made on behalf of the subsidiary company	Subsidiary	-	7,835
Sales	Associate	-	11
Settlement of liabilities by / (Repayment) to chief executive of the company	Key Management	45,859	(12,995)
Loan repaid to CEO during the period	Personnel	(103,280)	-
<b>Balance as at period / year end</b>		<b>December 31, 2018 (Un-Audited)</b>	June 30, 2018 (Audited)
(Rupees in '000)			
<b>Nature of balance</b>	<b>Relationship</b>		
Due to Related Party	Key Management Personnel	211,726	269,147

### 13. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

#### 13.1 Financial risk management information and disclosures

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018. There have been no change in any risk management policies since the year end.

#### 13.2 Fair value of financial instruments

IFRS 13 - Fair Value Measurement establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

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

# NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

The following table shows financial instruments recognized at fair value, analyzed between those whose fair value is based on:

- Level 1:** quoted prices in active markets for identical assets or liabilities;
- Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3:** those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	(Rupees in '000)			
<b>December 31, 2018 (Un-audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
At fair value through profit or loss	-	606	-	606
<b>June 30, 2018 (Audited)</b>				
At fair value through profit or loss	-	590	-	590

**13.2.1** The Company has not disclosed the fair values for all other financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of their fair values.

**13.2.2** During the period ended December 31, 2018, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

#### 14. DATE OF AUTHORISATION FOR ISSUE

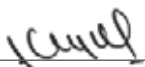
This unconsolidated condensed interim financial statements was authorized for issue on February 26, 2019 by the Board of Directors of the Company.

#### 15. GENERAL

**15.1** Corresponding figures have been reclassified for the purpose of better presentation and comparison, wherever necessary. However, there are no material reclassifications to report except for the following:

Reclassified from component	Reclassified to component	June 30, 2018 (Rupees in '000)
Loans and advances	Long term loans	18,600

**15.2** All figures have been rounded off to the nearest thousand rupees, unless otherwise stated.



Chief Executive



Director



Chief Financial Officer



# CUTTING OUT NEW PATHS

While fulfilling the meat industry needs in Pakistan, Al Shaheer Foods is also making waves in the international meat markets. Right now our main markets include Middle Eastern side; Bahrain, Saudi Arabia, Qatar, Kuwait, Oman and UAE which are also playing their vital role in boosting the exports and eventually country's economy.

**CONSOLIDATED** FINANCIAL STATEMENTS



# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	5,025,373	4,805,419
Intangible assets		4,565	5,217
Long term loans		17,674	18,600
Deferred taxation		208,824	192,815
		<u>5,256,436</u>	<u>5,022,051</u>
<b>CURRENT ASSETS</b>			
Fuels and lubricants		94	286
Consumables		282	282
Stock-in-trade		96,672	107,959
Trade debts		1,250,963	1,211,970
Loans and advances		620,172	568,309
Trade deposits and short-term prepayments		23,437	21,368
Short-term investments		606	590
Other receivables		279,802	230,214
Taxation - net		148,911	141,956
Cash and bank balances		17,222	52,462
		<u>2,438,161</u>	<u>2,335,396</u>
<b>TOTAL ASSETS</b>		<u><b>7,694,597</b></u>	<u><b>7,357,447</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		1,421,175	1,421,175
Share premium		1,507,705	1,507,705
Unappropriated profit		717,466	616,436
Surplus on revaluation of fixed assets		840,816	852,139
<b>Total equity</b>		<u><b>4,487,162</b></u>	<u><b>4,397,455</b></u>
Non-controlling interest		20,568	20,609
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	6	764,086	708,077
Deferred liabilities - Staff gratuity		68,038	59,639
		<u>832,124</u>	<u>767,716</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	732,396	566,386
Short term borrowings	8	1,088,857	1,123,374
Accrued mark-up		31,635	21,543
Current portion of long-term financing	6	274,097	179,183
Due to a related party	9	227,758	281,181
		<u>2,354,743</u>	<u>2,171,667</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>7,694,597</b></u>	<u><b>7,357,447</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		

The annexed notes 1 to 15 form an integral part of these condensed interim consolidated financial statements.

  
Chief Executive

  
Director

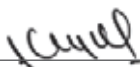
  
Chief Financial Officer

# CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)

	Half Year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Rupees in '000)		(Rupees in '000)	
Turnover	2,194,037	2,774,811	1,062,391	1,256,455
Cost of sales	(1,583,527)	(2,082,702)	(759,769)	(932,908)
<b>Gross profit</b>	<b>610,510</b>	692,109	<b>302,622</b>	323,547
Administrative and distribution expenses	(573,814)	(719,496)	(289,227)	(350,761)
Other expenses	(7,060)	(216)	(6,577)	(160)
Other income	123,166	44,474	101,244	36,777
<b>Operating Profit</b>	<b>152,802</b>	16,871	<b>108,062</b>	9,403
Finance costs	(64,841)	(34,305)	(42,250)	(19,758)
<b>Profit / (Loss) before taxation</b>	<b>87,961</b>	(17,434)	<b>65,812</b>	(10,355)
Taxation	(14,304)	(20,595)	(4,848)	(8,195)
- Current	16,009	(1,606)	19,549	(1,204)
- Deferred	1,705	(22,201)	14,701	(9,399)
<b>Profit / (Loss) for the period</b>	<b>89,666</b>	(39,635)	<b>80,513</b>	(19,754)
<b>Attributable to:</b>				
Owners of the Holding Company	89,707	(37,002)	80,534	(18,236)
Non controlling interests	(41)	(2,633)	(21)	(1,518)
	<b>89,666</b>	(39,635)	<b>80,513</b>	(19,754)
<b>Earning / (Loss) per share – basic and diluted (rupee)</b>	<b>0.63</b>	(0.28)	<b>0.57</b>	(0.14)

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)

	Half Year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Rupees in '000)		(Rupees in '000)	
Profit/(Loss) for the period	89,666	(39,635)	80,513	(19,754)
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive profit / (loss) for the period</b>	<b>89,666</b>	<b>(39,635)</b>	<b>80,513</b>	<b>(19,754)</b>
<b>Attributable to:</b>				
Owners of the Holding Company	89,707	(37,002)	80,534	(18,236)
Non controlling interests	(41)	(2,633)	(21)	(1,518)
	<b>89,666</b>	<b>(39,635)</b>	<b>80,513</b>	<b>(19,754)</b>

The annexed notes 1 to 15 form an integral part of these condensed interim consolidated financial statements.

  
\_\_\_\_\_  
Chief Executive

  
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Director

  
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Chief Financial Officer

# CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)

	December 31, 2018 (Un-Audited)	December 31, 2017 (Un-Audited)
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss before taxation</b>	<b>87,961</b>	(17,434)
<b>Adjustments for:</b>		
Depreciation	43,898	38,026
Amortisation	652	834
Provision for defined benefit plan - gratuity	13,125	9,532
Loss on disposal of property, plant and equipment	535	216
Gain on remeasurement of short-term investments	1	(9)
Dividend income	(17)	-
Finance costs	64,841	34,305
	<b>123,035</b>	82,904
<b>Operating profit before working capital changes</b>	<b>210,996</b>	65,470
<b>(Increase)/ decrease in current assets:</b>		
Fuels and lubricants	192	260
Consumables	-	(6,374)
Stock-in-trade	11,287	4,688
Trade debts	(38,993)	67,924
Loans and advances	(50,937)	(158,878)
Trade deposits and short-term prepayments	(2,069)	(3,993)
Other receivables	(49,588)	(32,712)
	<b>(130,108)</b>	(129,085)
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	166,005	165,572
Due to a related party	(53,421)	(12,045)
	<b>112,584</b>	153,527
<b>Cash generated from operations</b>	<b>193,472</b>	89,912
Taxes paid	(21,257)	(33,931)
Staff gratuity paid	(4,725)	(4,696)
<b>Net cash generated from operating activities</b>	<b>167,490</b>	51,285
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to:		
- Property, plant and equipment	(267,604)	(390,010)
- intangible assets	-	(2,051)
Sale proceeds from disposal of property, plant and equipment	3,217	4,461
<b>Net cash used in investing activities</b>	<b>(264,387)</b>	(387,600)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term financing - net	150,922	315,568
Short term financing	(34,517)	52,761
Finance costs paid	(54,748)	(32,011)
<b>Net cash generated from/ (used in) financing activities</b>	<b>61,657</b>	336,318
<b>Net increase in cash and cash equivalents</b>	<b>(35,240)</b>	3
<b>Cash and cash equivalents at the beginning of the period</b>	<b>52,462</b>	28,687
<b>Cash and cash equivalents at the end of the period</b>	<b>17,222</b>	28,690

The annexed notes 1 to 15 form an integral part of these condensed interim consolidated financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Issued, subscribed and paid-up capital	Capital reserves Share premium account	Revenue reserves Unappropriated profit	Non Controlling Interest	Surplus on revaluation of Fixed Assets	Total
	(Rupees in '000)					
<b>As at 01 July 2017 (Audited)</b>	<b>1,421,175</b>	<b>1,507,705</b>	<b>668,120</b>	<b>23,907</b>	<b>186,921</b>	<b>3,807,828</b>
Loss for the period	-	-	(37,002)	(2,633)	-	(39,635)
Other comprehensive profit for the period	-	-	-	-	-	-
Total comprehensive profit for the period	-	-	(37,002)	(2,633)	-	(39,635)
Surplus on revaluation of fixed assets realised on account of incremental depreciation charged on related assets, net of deferred tax	-	-	4,830	-	(4,830)	-
<b>As at 31 December 2017 (Restated)</b>	<b>1,421,175</b>	<b>1,507,705</b>	<b>635,948</b>	<b>21,274</b>	<b>182,091</b>	<b>3,768,193</b>
<b>As at 30 June 2018 (Audited)</b>	<b>1,421,175</b>	<b>1,507,705</b>	<b>616,436</b>	<b>20,609</b>	<b>852,139</b>	<b>4,418,064</b>
Profit/(Loss) for the period	-	-	89,707	(41)	-	89,666
Other comprehensive profit for the period	-	-	-	-	-	-
Total comprehensive profit/(loss) for the period	-	-	89,707	(41)	-	89,666
Surplus on revaluation of fixed assets realised on account of incremental depreciation charged on related assets, net of deferred tax	-	-	11,323	-	(11,323)	-
<b>As at 31 December 2018 (Un-audited)</b>	<b>1,421,175</b>	<b>1,507,705</b>	<b>717,466</b>	<b>20,568</b>	<b>840,816</b>	<b>4,507,730</b>

The annexed notes 1 to 15 form an integral part of these condensed interim consolidated financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

### 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. 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 consolidated statement of financial position date, the Holding Company has 51% shareholding in the Subsidiary Company.

### 2. BASIS OF PREPARATION

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2018.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2018 except for:

#### a) New / Revised Standards, Interpretations and Amendments

The Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

### Standard or Interpretation

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IFRS 9 Financial Instruments \*

### Standard or Interpretation

IFRS 15 Revenue from Contracts with Customers

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The adoption of the above standards and amendments in the accounting standards did not have effect on the accounting policies of the Company.

Subsequent to the period ended December 31, 2018, the SECP has modified the applicability of IFRS 9 vide its order no. S.R.O. 229 (I)/2019 dated February 14, 2019 whereby the effective date for applicability of IFRS 9 - Financial Instruments in place of IAS 39 - Financial Instruments: Recognition and Measurement has been revised as "Reporting period / year ending on or after June 30, 2019".

### 3.1 IFRS 15 – Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company is engaged in slaughtering, export and retailing of beef, mutton, fish and chicken products. The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of their relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

## 4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are same as those applied in the Company's annual financial statements for the year ended June 30, 2018 except for changes as disclosed in note 3 above.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Note	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
(Rupees in '000)			
<b>5 Property, plant and equipment</b>			
Operating fixed assets	5.1	1,777,375	1,822,270
Capital work-in-progress	5.2	3,247,998	2,983,147
		<b>5,025,373</b>	4,805,419
<b>5.1</b>	The movement in operating fixed assets during the period / year are as follows:		
Opening Balance - book value		1,822,270	1,165,963
Additions during the period / year - end	5.1.1	2,754	67,822
Surplus on revaluation of fixed assets		-	673,568
		<b>1,825,024</b>	1,907,353
Disposals during the period / year - end - book value		(3,751)	(8,376)
Depreciation charge for the period / year		(47,649)	(76,707)
		<b>(47,649)</b>	(85,083)
Closing balance - book value		<b>1,777,375</b>	1,822,270

	Additions (cost)		Deletions (net book value)	
	(Un-audited) December 31, 2018	(Audited) June 30, 2018	(Un-audited) December 31, 2018	(Audited) June 30, 2018
(Rupees in '000)				

### 5.1.1 Details of additions and deletions are as follows:

Building	261	20,055	-	-
Plant and machinery	30	6,900	-	-
Furniture and fittings	1,916	15,511	-	690
Motor vehicles	79	18,372	3,685	7,448
Office equipment	468	4,623	9	134
Tools and equipment	-	1,580	-	-
Computers and accessories	-	781	57	104
	<b>2,754</b>	67,822	<b>3,751</b>	8,376

	Opening balance	Capital expenditure incurred / advance made	Transfers to operating fixed assets	Closing Balance
(Rupees in '000)				
<b>5.2 Capital work-in-progress</b>				
Land	59,130	4,967	-	64,097
Civil works	113,971	-	-	113,971
Plant and machinery	1,547,025	-	-	1,547,025
Advance to suppliers and contractors	1,241,267	253,798	-	1,495,065
Computer Software	21,756	6,084	-	27,840
	<b>2,983,149</b>	<b>264,849</b>	<b>-</b>	<b>3,247,998</b>

\* Include borrowing costs amounting to Rs.65.66 million (June 30, 2018: Rs.104.25 million) capitalized during the period using capitalization rate of 7.20-15.79% (June 30, 2018: 7.14-10.01%) per annum.



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Note	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
(Rupees in '000)			
<b>6. LONG-TERM FINANCING</b>			
Diminishing musharka	6.1	1,038,183	887,260
Less: Current maturity		<u>(274,097)</u>	<u>(179,183)</u>
		<u><b>764,086</b></u>	<u>708,077</u>

- 6.1 This includes diminishing musharka facilities obtained from an Islamic bank amounting to Rs. 250 million during the period. These facilities carry markup rate of 3 months KIBOR + 2-2.5% per annum and are secured by exclusive charge over respective fixed assets of the company.

	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
(Rupees in '000)		
<b>7. TRADE AND OTHER PAYABLES</b>		
Creditors	547,059	453,287
Accrued liabilities	44,320	36,910
Withholding tax payable	51,882	20,454
Workers' Profits Participation Fund	25,751	19,370
Workers' Welfare Fund	14,548	12,751
Retention money	2,520	2,521
Other payables	46,316	21,093
	<u><b>732,396</b></u>	<u>566,386</u>

### 8. SHORT-TERM BORROWINGS

This include diminishing musharka facility obtained from a Commercial bank amounting to Rs.350 million during the period. The facility carries mark-up rate of 6 month's KIBOR + 3-5% per annum and is secured by exclusive charge over respective assets of the Company.

### 9. DUE TO A RELATED PARTY

During the last year, the Company received a sum of Rs.250 million by way of loan from Kamran Ahmed Khalili, CEO of the Company in order to meet its working capital and food processing unit requirements. The loan is unsecured, interest free and repayable on demand.

### 10. CONTINGENCIES AND COMMITMENTS

#### 10.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual consolidated financial statements of the Company for the year ended 30 June 2018.

	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
(Rupees in '000)		
<b>10.2 Commitments</b>		
- Outstanding letter of Guarantees	-	14,006
- Post dated cheques	89,661	16,530
- Outstanding capital commitments	174,220	215,698

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

### 11. OTHER INCOME

This includes net exchange gain amounting to Rs.120.856 million (December 31, 2017: Rs.40.469 million) on revaluation of trade debts and payables in foreign currency.

### 12. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associates, directors and key management personnel. Transactions with related parties during the period, other than those which have been disclosed elsewhere in this consolidated condensed interim financial information, are as follows:

Transaction for the period	Relationship	(Un-audited) Half year ended	
		December 31, 2018 (Rupees in '000)	June 30, 2018
<b>Nature of transaction</b>			
Sales	Associate	-	11
Settlement of liabilities by / (Repayment) to chief executive of the company	Key Management	49,856	(12,045)
Loan repaid to CEO during the period	Personnel	103,280	-
<b>Balance as at period / year end</b>			
<b>Nature of balance</b>	<b>Relationship</b>	<b>December 31, 2018 (Un-Audited)</b>	<b>June 30, 2018 (Audited)</b>
		(Rupees in '000)	
Due to Related Party	Key Management Personnel	227,758	281,181

### 13. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

#### 13.1 Financial risk management information and disclosures

These consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018. There have been no change in any risk management policies since the year end.

#### 13.2 Fair value of financial instruments

IFRS 13 - Fair Value Measurement establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

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

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

The following table shows financial instruments recognized at fair value, analyzed between those whose fair value is based on:

- Level 1:** quoted prices in active markets for identical assets or liabilities;
- Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3:** those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	(Rupees in '000)			
<b>December 31, 2018 (Un-audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
At fair value through profit or loss	-	606	-	606
<b>June 30, 2018 (Audited)</b>				
At fair value through profit or loss	-	590	-	590

**13.2.1** The Company has not disclosed the fair values for all other financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of their fair values.

**13.2.2** During the period ended December 31, 2018, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

#### 14. DATE OF AUTHORISATION FOR ISSUE

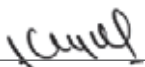
This consolidated condensed interim financial statements was authorized for issue on February 26, 2019 by the Board of Directors of the Company.

#### 15. GENERAL

**15.1** Corresponding figures have been reclassified for the purpose of better presentation and comparison, wherever necessary. However, there are no material reclassifications to report except for the following:

Reclassified from component	Reclassified to component	June 30, 2018 (Rupees in '000)
Loans and advances	Long term loans	18,600

**15.2** All figures have been rounded off to the nearest thousand rupees, unless otherwise stated.



Chief Executive



Director



Chief Financial Officer

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# **ALSHAHEER**

**FOODS**

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