ALSHAHEER FOODS

BRINGING PERFECTION TO YOUR TABLE

ANNUAL REPORT 2018-19

ALSHAHEER FOODS

BRINGING PERFECTION TO YOUR TABLE

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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.

The list of international accreditations to Al Shaheer Foods is nothing less than impressive. These include the ISO 9001:2015, ISO 22000:2005, HACCP for quality and food safety standards in the production process, SAFE Food Award 2009 & 2010 by URS for quality and hygiene. The Federation of Pakistan Chambers of Commerce and Industry has also awarded Al Shaheer Foods with the 'Best Export Performance' Award in 2009, 2010, 2012 and 2013 for Fresh and Frozen Meat while Exhibitor (Pvt.) Ltd. has awarded us with Brand of the Year Award in 2009 and Best Emerging Brand of the Year 2009.

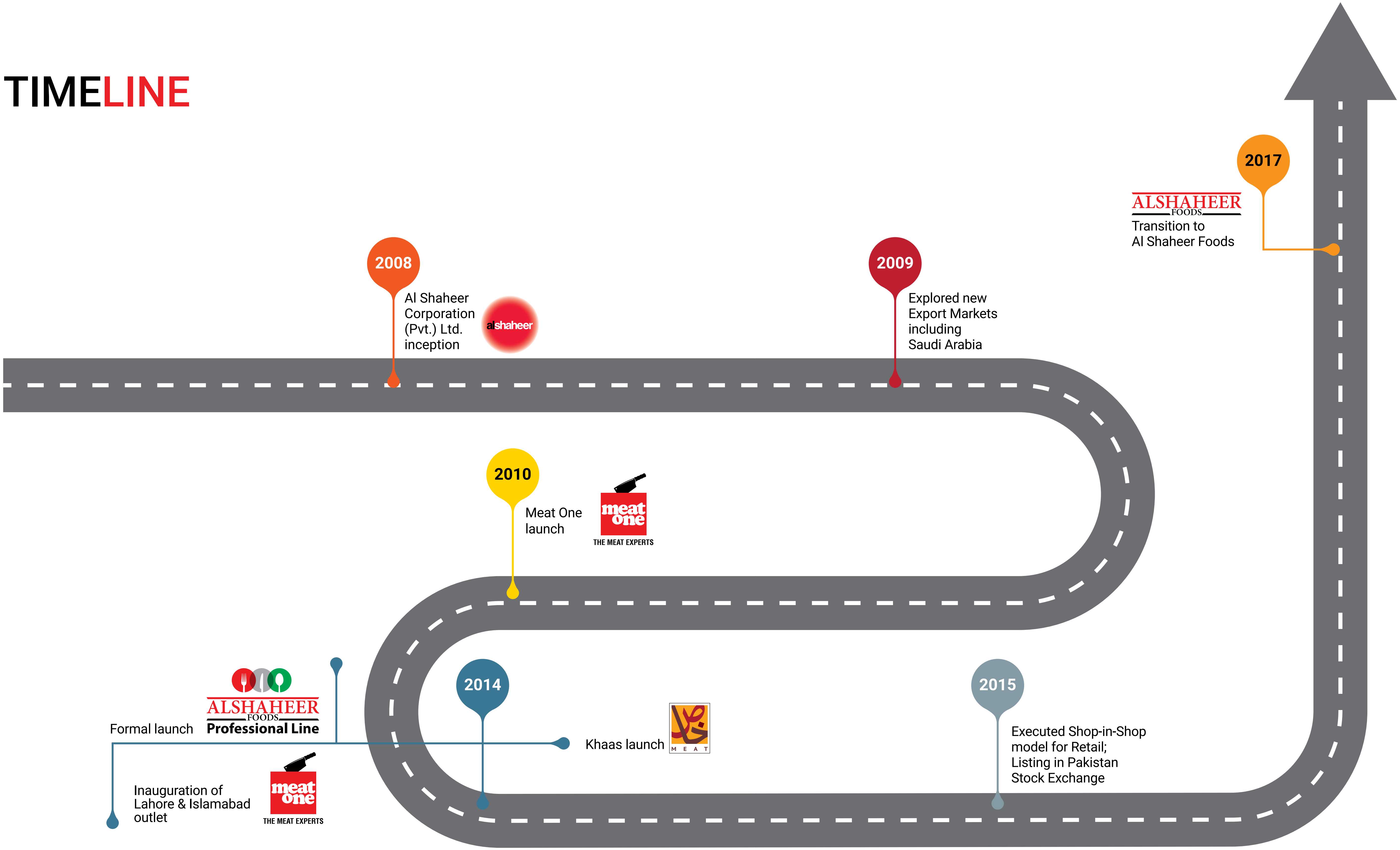
ASC Foods is certified on following regulatory & international standards:

- ISO 9001:2015
- 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

The latest and most anticipated project of ASC Foods is the much awaited poultry and processed food line. This project with the grace of Allah is in its final stages of completion and will be launched in the retail market very soon Inshallah. Following the benchmarks set by Meat One, the essence of this upcoming brand is yet again innovation and convenience, meeting consumer needs with a differentiated and diverse offering. Just like its predecessor, this brand will also uphold the quality standards of health and hygiene and will bring significant improvement in our customer's lives not just through delicious satisfactionto the taste buds but also through an assortment of product offering currently unmet in entirety by any other local brand. This will hence be the perfect opportunity for our company to expand its presence even further both locally and internationally through general and modern trade.

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 expecta-tions every year.

TIMELINE


2008
Al Shaheer Corporation (Pvt.) Ltd. inception
alshaheer
2009
Explored new Export Markets including Saudi Arabia
2010
Meat One launch
meat one
THE MEAT EXPERTS
2014
Formal launch
ALSHAHEER FOODS
Professional Line
Khaas launch
MEAT
Inauguration of Lahore & Islamabad outlet
meat one
THE MEAT EXPERTS
2015
Executed Shop-in-Shop model for Retail;
Listing in Pakistan Stock Exchange
2017
ALSHAHEER FOODS
Transition to Al Shaheer Foods

CHAIRMAN'S REVIEW

2018-2019 was the most difficult year in Al Shaheer Corporation's history. Previous four quarters had posted losses because of an unfavourable external business environment. Immediate priority was to turn the business around and regain profitability. The management team took up this challenge aggressively - the whole Company has been restructured, extensive efficiency-building and cost-saving programmes have been put in place. Aided by an export-favourable exchange rate, these efforts have yielded positive results to close the year with healthy profits.

These business pressures coincided with the completion period of the new poultry and processed food project. This resulted in severe cash issues for the Company which has built up outstanding and caused delays in payments. The Board took the hard decision of halting the new project and advised management to focus all resources on stabilizing its core business before venturing into a new category. The situation has started improving now but it will take time to stabilize the Company's cash flows.

The Board of Directors reflects a mix of varied backgrounds and experience in the fields of food and industrial business, finance, HR, banking and regulations. The Board has provided strategic direction to the management, and reviewed performance on a quarterly basis ensuring that a healthy and effective business environment is maintained throughout the Company. The Board ensures compliance of all regulatory requirements through the management, internal audit as well as external audit. The Board has set up its own performance evaluation mechanism as required under the Code of Corporate Governance.

The Board is supported in its tasks by its competent Committees.

The Audit Committee reviews financial statements and ensures these fairly represent the financial position of the Company. It also ensures the effectiveness of internal controls through internal audit as well as external auditors. It has also focused on all important issues that have arisen during the year particularly relating to cash flows and management thereof.

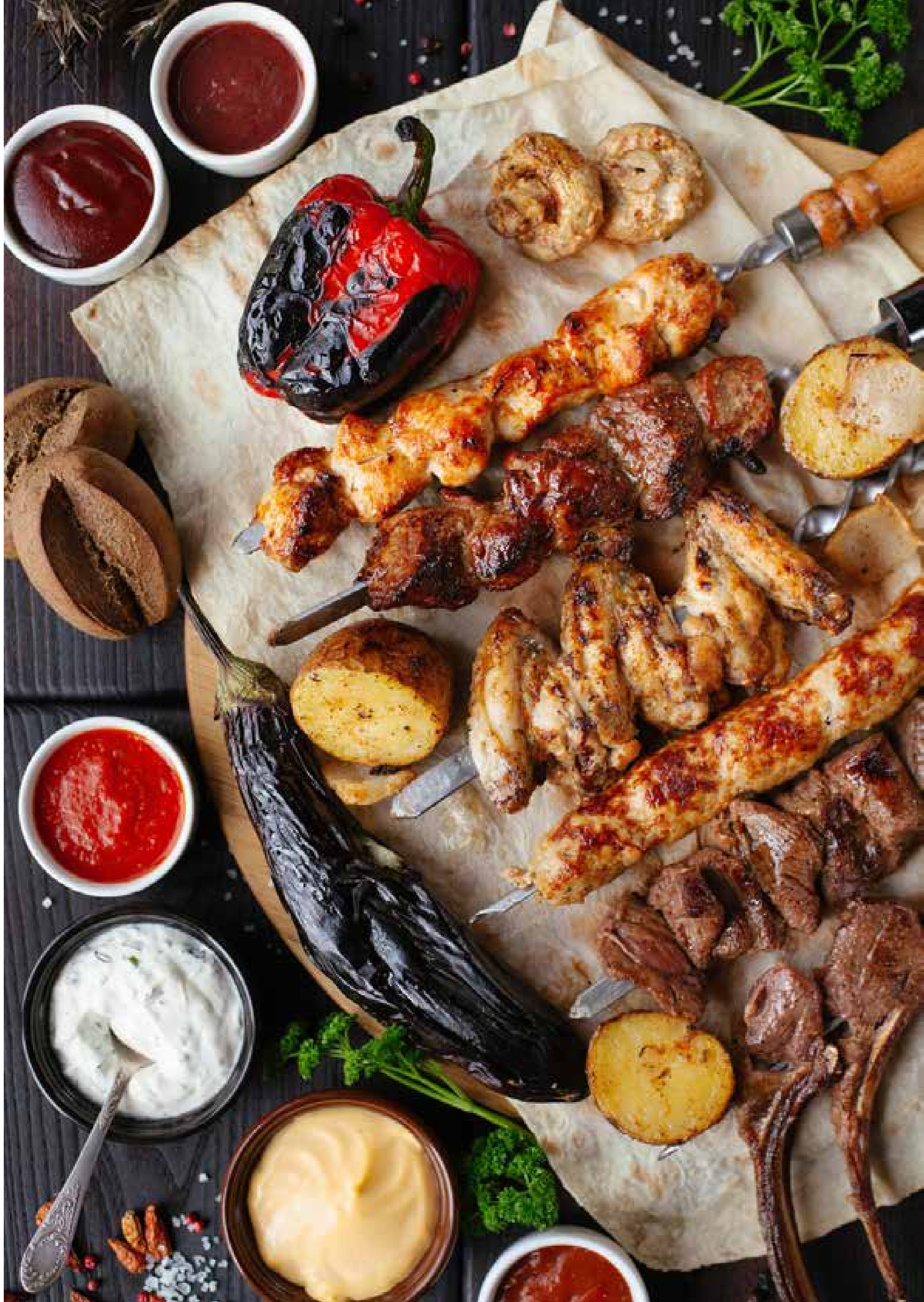
The HR Committee worked diligently to develop and formalize HR Policies and recommend compensation of all staff members.

The Strategy Steering Committee has provided specific direction and overview to the management in designing its future plans and, to ensure Company returns to profitability. It was the Strategy Committee which identified and strongly recommended to the Board the need for temporarily suspending plans of launching the new poultry and processed foods line, to divert all resources towards reviving the health of the core business.

I would like to thank the Company's staff and management who have worked extremely hard against most challenging circumstances and, of course, the Board for its guidance and support throughout the year.

I pray that may Allah TabarakwaTaalah enables us to succeed in our ambitious plans and bring prosperity and success to the company, its staff, its shareholders and all other stakeholders.

Adeeb Ahmed
Chairman
Al Shaheer Corporation Ltd.



OUR MOTTO

VISION

“Dominate the meal table offering delightful food solutions to consumers”.

MISSION

- We will delight and vitalize our consumers with food products that meet the highest standards of health, hygiene and fulfillment.
- We will achieve this by sourcing the best quality of livestock, purest ingredients and world class manufacturing processes.
- We will have excellence in our Shariah compliance standards for all our products, our operations and the way we interact with the communities and environment around us.
- We value diversity & teamwork and promote an open informal work environment.
- All our actions will clearly exhibit our relentless commitment to ethics, product safety and consumer satisfaction.

CORE VALUES

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

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

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

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

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

CODE OF CONDUCT

INTRODUCTION

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

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

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

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

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

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

c) To employees: To respect rights of our employees and to provide them with good and safe working environment and competitive terms and conditions of employment. To develop leadership that continuously promotes best utilization of talent, to create a conducive work environment where every employee has an equal opportunity to develop his or her skills and talents. To encourage the involvement of employees in planning and strategizing their work and to provide them with appropriate channels and structure. We recognize that commercial and sustainable success depends on the commitment of all employees and disposition of their energies and efforts in the right direction.

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

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

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

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

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

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

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

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

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

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

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

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

PURPOSE OF EXISTANCE

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 9001:2015, IS022000:2005, 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.

Adeeb Ahmed

Mr. Ahmad's career spans over 30 years with premier multilateral, leading private equity firms and several international investment banks primarily in the Gulf region. He has held C-suite positions engaged in multi-sectoral asset management, private equity investments and M&A across multiple emerging markets, including Pakistan.

He has raised and led several large funds, managed landmark investments, and led several M&A advisory assignments. His last role was as Senior Advisor to the CEO (& Deputy CEO-Designate) at Islamic Corporation for the Development of the Private Sector ("ICD") in Saudi Arabia.

Mr. Ahmad holds an M.Sc. from the London School of Economics, United Kingdom, and an MBA from the Institute of Business Administration, Karachi, Pakistan. Other Engagements: Chairman, Al-Shaheer Corporation Ltd.

Kamran Khalili

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

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

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

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

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

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

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

M. Qaysar Alam

On the Board of Directors of GS1 and Al-Shaheer Corporation Limited, 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.

Rizwan Jamil

Rizwan is a change catalyst and enjoys a track record of having effectively turned around businesses under pressure. He has been instrumental in bringing about organizational and cultural changes in the companies he has worked in, improving speed & effectiveness. His initial schooling was at St. Patrick's and Karachi Grammar Schools. He completed his MBA in 1985 from the Institute of Business Administration, Karachi University.

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

Rizwan later joined Lafarge Pakistan, a subsidiary of the Paris based MNC, global leaders in construction materials. He worked there for over 6 years heading Business Strategy, Innovation & Marketing.
A past Chairman of Pakistan Advertisers Society (PAS), Rizwan has been on the PAS Advertising Awards jury since its inception.

Rukhsana Asghar

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

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

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

Syed Tariq Husain

Mr. Husain is a Former CEO/MD of Takaful Pakistan Limited. He has also been associated with Takaful Pakistan as a director/chairman since 2007. Mr. Husain is well-known as a veteran banker in financial circles particularly the banking and insurance for his vast experience in top positions.

Prior to joining Takaful Pakistan, he was the founding CEO of the formerly Emirates Global Islamic Bank (later merged with AlBaraka Bank), and has served at senior level positions both in Pakistan, Gulf, UK and Canada with renowned groups wiz Spicer and Pegler, Arthur Young Clarkson Gordon, Ministry of Finance - Govt. of Ontario, Price Waterhouse Coopers (A.F. Fergusons & Co.), Pakistan Emerging Ventures Limited, ANZ Bank, Dubai Investment Group, Emirates Investment Group, and Hunar Foundation.

Mr. Husain has also led establishment of various food and agri projects mainly in the gulf region, particularly the GCC in partnership with leading international food and agri companies at Emirates Investment Group (a leading private equity investor) where he served as Chief Executive Officer. Besides various accolades and certifications, he is a qualified Chartered Accountant from England & Wales and holds an MBA degree from York University, Toronto, Canada.

Sarfaraz Rehman

Sarfaraz 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, Sarfaraz 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.

Sarfaraz 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, Sarfaraz 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.

Sarfaraz 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.

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

Naveed Godil

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

Umair Khalili

Umair Khalili is the youngest Director of Al-Shaheer Corporation Limited. 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.

DIRECTOR'S REPORT

The Directors of your Company are pleased to present the audited financial results of the Company for the year ended June 30, 2019.

Operational Performance

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

	Year Ended: 30 June 2019	30 June 2018
	---------------- (Rupees 000)	----------------
Turnover	4,188,673	5,373,148
Cost of sales	(2,951,079)	(4,151,927)
Gross profit	**1,237,594**	**1,221,221**
Expenses	(1,298,828)	(1,363,464)
Other income	294,005	120,638
Taxation	(41,840)	(22,376)
Profit/(Loss) for the period	**190,931**	**(43,981)**
Basic and diluted EPS (Rs/share)	**1.34**	(0.31)

The year started with many challenges, the key task being to turn the business around after making losses in 2017-2018. A rigorous cost-saving exercise and a focused operational efficiency improvement programme was conducted throughout the Company. This resulted in cost and operational efficiencies in second half of the year. Helped by an export favourable foreign exchange rate, the year has closed profitably for the shareholders.

Export Performance

Exports declined by 7% during the year. The entire export industry has been under pressure for the last 3 years suffering from several macroeconomic factors affecting both, business volume and margins. Revised exchange rates, helped by the internal cost efficiency exercise, has resulted in Al Shaheer delivering good profits for the year inspite of depressed volumes.

Meat One

The entire Meat One retail network operations were subjected to close scrutiny. A significant reduction was brought about in operational systems and costs. Outlets continuously making losses and not showing potential in the mid-term to at least break-even, were shut down. This was a difficult step for the Company resulting in closure of almost half the shops, but essential for a financial turnaround. It has allowed the Company to focus all energies and resources on the more potential shops, which has already started showing positive results. This business unit's focus now will be on growing the topline, mainly through the shop-in-shop model, while strictly maintaining operational margins.

Khaas Meat

A similar critical evaluation was conducted on Khaas. In fact, this was more intensive due to the lower pricing and margins model of Khaas that has been making losses in past years. Number of outlets were reduced to maintain only those which show a potentially favourable financial viability.

Institutional Sales

The B2B business has also stayed under pressure as this channel became very price competitive and the fight for market share coming entirely from the unorganized sector. Top-line decreased by double digits as clientele was reduced to eliminate customers with very low or no-margins. The current model now maintains a client base that appreciates, and is willing to pay for, high quality products and service, and is willing to pay a small premium for it.

Poultry & Processed Foods Business

The poultry and processed food plant in Lahore is almost complete. In context of the significant change in the industry's external business environment, the Board of Directors decided to focus Company's resources and energies on current businesses, to fully exploit and benefit from the changed external economic environment and internal actions taken, to maximize shareholders value.

As such, launch of the new portfolio has been held back for the moment. Production, portfolio, Marketing and Sales mix is fully geared up for launch when the Board gives the go-ahead.

Future Outlook

Liquidity of the Company remained under stress throughout last year creating in cash flow issues. Company's capacity to buy livestock was reduced, thereby affecting volumes. This is being addressed through the cost-cutting and efficiency-building exercises that have now resulted in leaner business operations and improved margins. Cash flow position has started improving and the Company should arrive at normal levels well before the close of the current financial year.

Export margins are already quite healthy in view of the changes in the exchange rate. The focus will be on increasing top-line. by winning back lost export customers. Company's history with them is strong enough to give confidence that they will come back and help deliver growth in the top-line. Re-engineering of all channels of the domestic business will deliver both, top-line and bottom-line growths.

Corporate Social Responsibility

The Company makes charitable donations of meat and funds to welfare and educational institutes. We are committed to local sourcing and local employment at our production facilities – creating jobs and supporting small businesses in rural areas.

Human Resource Policies

The Company is an equal opportunity employer with systems and procedures in place to reward success. Policies covering all aspects of Human Resource management are in place and have been disseminated to all. The Company considers people its core strength, who work continuously to meet individual challenges and help the Company achieve its targets.

Consumer Protection Measures

The Company ensures across the entire supply and dispatch chain that meat is handled in accordance with international standards to deliver a healthy, safe and hygienic product to all its consumers. It 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. The Company has a whistle-blowing policy in place where any employee can point out any perceived discrepancy in total confidence.

Contribution to National Exchequer

The company contributed around Rs. 39 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) Outstanding liabilities on account of taxes, duties, levies and charges, if any, are disclosed in the financial statements.

i) The Board consists of 6 independent Directors, 2 non-executive Directors and 2 executive Directors. It includes 9 male and 1 female member.

j) During the year, four meetings of the Board of Directors were held. Attendance by each director in the meetings of the Board and its sub-committees is as follows. The list contains some Directors who left during the course of the year and were replaced by new ones.

Board / Committee	Board of Directors	Audit Committee	HR Committee	Strategic Steering Committee
Meetings held during YE 2018-19	4	4	2	4
Mr. Kamran Ahmed Khalili	4	4	1	4
Mr. Naveed Godil	1	-	-	-
Mr. Noor ur Rahman Abid	2	2	-	2
Mr. Muhammed Amin	3	3	-	4
Mr. Rizwan Jamil	4	4	2	4
Mr. M. Qaysar Alam	4	4	-	4
Ms. Rukhsana Asghar	3	-	2	-
Mr. Sarfaraz Rehman	3	-	1	4
Mr. Umair Ahmed Khalili	4	-	-	-
Mr. Adeeb Ahmad	2	-	-	-
Mr. Tariq Husain	1	-	-	-

k) 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.

l) The company pays gratuity to its employees for which liability as at 30 June 2019 is Rs. 73.4 million.

m) Pattern of shareholding is annexed with the report.

n) Transactions with related parties are presented in note number 38 of the financial statements.

Directors' Remuneration

The Board of Directors have a policy and established procedures for remuneration of Directors in accordance with the relevant regulations. There was no change in the policy during the year.

Sales Tax Refunds

During the year, sales tax refunds of Rs. 163.7 million were claimed. Refund Payment Orders (RPO's) of Rs. 83.2 million were received, against which sales tax bonds of the same value have also been received.

Al Shaheer Farms (Pvt.) Ltd.

The company has 51% holding in Al Shaheer Farms (Pvt.) Ltd. The subsidiary was incorporated on 2 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

No dividend is proposed.

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.

Syed Tariq Husain
Director

Kamran Khalili
Chief Executive Officer

MANAGEMENT TEAM

Kamran Khalili
CEO

Kamran Khalili is the CEO of Al-Shaheer Corporation Limited. It was his vision to establish a Halal meat processing company. Kamran Khalili took the initiative and started Al Shaheer Foods 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.

Maryam Ali
CFO

Maryam Ali is the Chief Financial Officer of Al Shaheer Foods. 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.

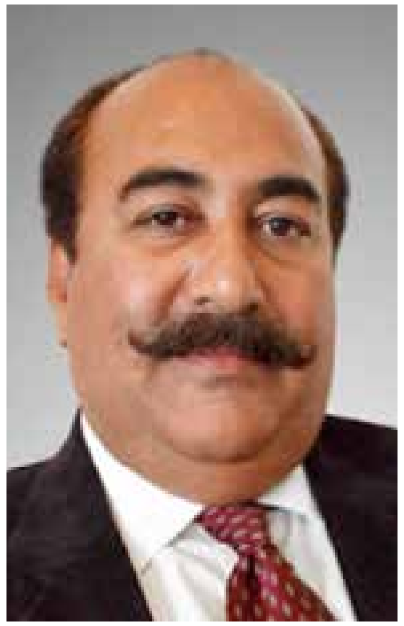
Rizwan Jamil
DCEO

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.

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

Rizwan later joined Lafarge Pakistan, a subsidiary of the Paris based MNC, global leaders in construction materials. He worked there for over 6 years heading Business Strategy, Innovation & Marketing.
A past Chairman of Pakistan Advertisers Society (PAS), Rizwan has been on the PAS Advertising Awards jury since its inception.

Shahnawaz Akbar
Head of Factory Operations



Mr. Shahnawaz looks after the factory of Alshaheer Foods. Prior to joining the Company, he has worked in various concerns in Administration, Production and Procurement, for a period accumulating to twenty years.

He has been with the Company since its inception where he started his career as Procurement Manager.

Adnan Budhani

Project Head - New Projects

Mr. Adnan Budhani looks after Meat One operations. In addition to this, Adnan is also involved in developing business plans, and improving company's technology infrastructure. He was also responsible for the launch of Khaas Meat.

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 faculty of Computer Science.

Mahmood Khuram

Head of Sales & Marketing

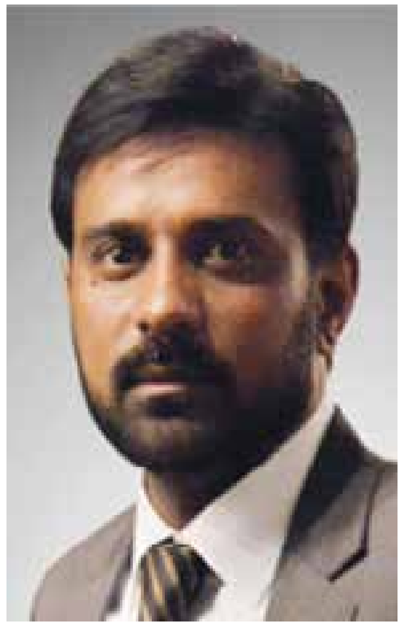
Mahmood Khuram is the Head of Sales & Marketing at Al Shaheer Foods. He is an MBA in Marketing from Bahauddin Zakariya University, Multan.

He is an accomplished business leader with a vast experience of Marketing, Sales and Business Management in top-notch global FMCG companies (Unilever, Dabur, Best Foods/Rafhan, Sucral). He has proven skills in strategic planning, P&L management, strategic revenue management, brand management, developing holistic brand campaigns, innovation design, media mix planning with high ROI, digital marketing, in-store/shopper marketing, trade marketing and distributor management.

He has a consistent track record of leading cross-functional teams (finance, sales, communication, supply chain, marketing, people and corporate) and iconic brands across markets (West Asia, East Africa). He was a Marketing Manager (West Asia) at Dabur in his last assignment.

Shoaib Saleem

Head of IT



Mr. Muhammad Shoaib Saleem is currently heading IT & Systems department of the company. He holds Master Degree in Computer Sciences. Mr. Shoaib was previously associated with a Saudi based IT company and was deputed to Royal Saudi Air force (RSAF) as Manager Projects.

Mr. Shoaib has almost 14 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 Central Depository Company (CDC), KASB, InfoTech and Ora-Tech Systems

Osama Javed

Head of HR & Administration

Mr. 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 structure, HR policies and procedures and implemented SAP – HCM.

He also worked in TimeLenders, a management consultancy firm, where he got the experience of Training and Event Management, and attended a number of world renowned training programs related to Leadership, Strategic Visions, etc.

Further, he bears 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 and Yellow belt in Six Sigma.

BUSINESS CHANNELS

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 not withstanding 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.

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

MEAT ONE

There is a quagmire that residents of Karachi meat find themselves in when it comes to buying one 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. This was the obvious way of giving back to our country.

'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 customers 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.

RETAIL

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.

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.

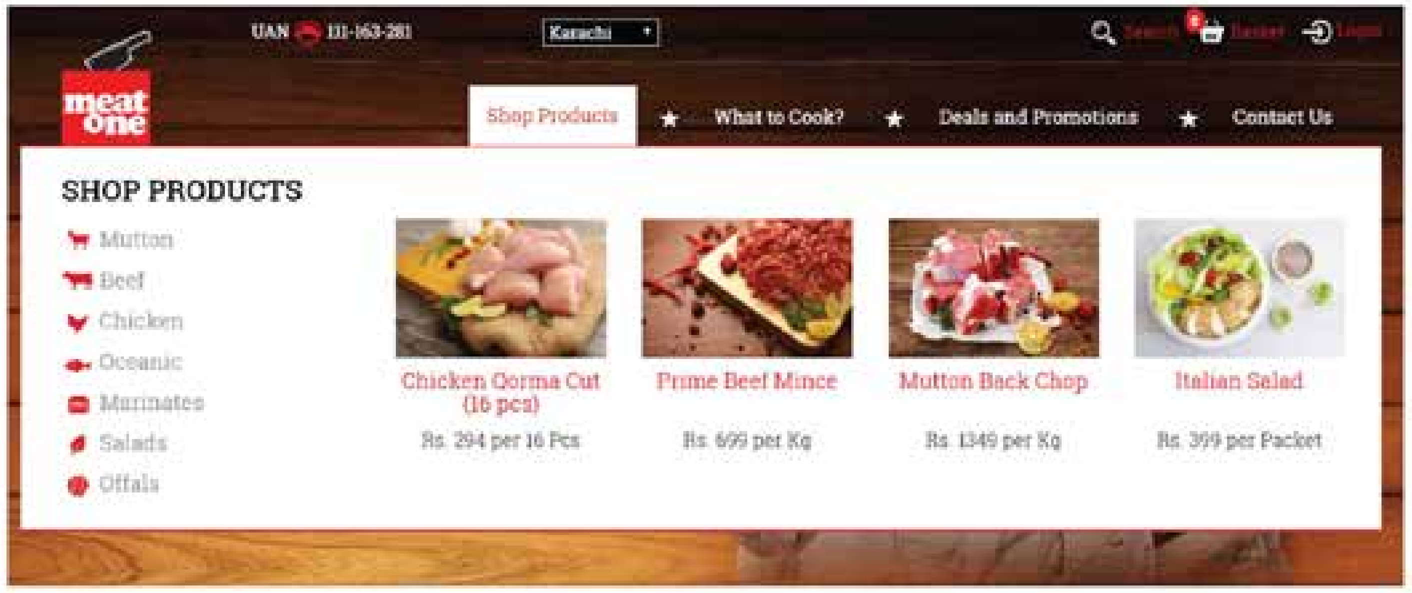
The best export quality meat can be found at our retail stores along with great service from competent, courteous and friendly staff. Our outlets are designed not only with an aesthetic sense but in a way that our customers can follow the whole process of meat preparation leaving no doubts about the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

Initially the delivery service was being provided through a traditional way of call center in which a customer dials 1-11-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

ALSHAHEER FOODS
Professional Line

Traveling 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 students and staff. These customers are targeted on the basis of nutrition and health benefits.

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.

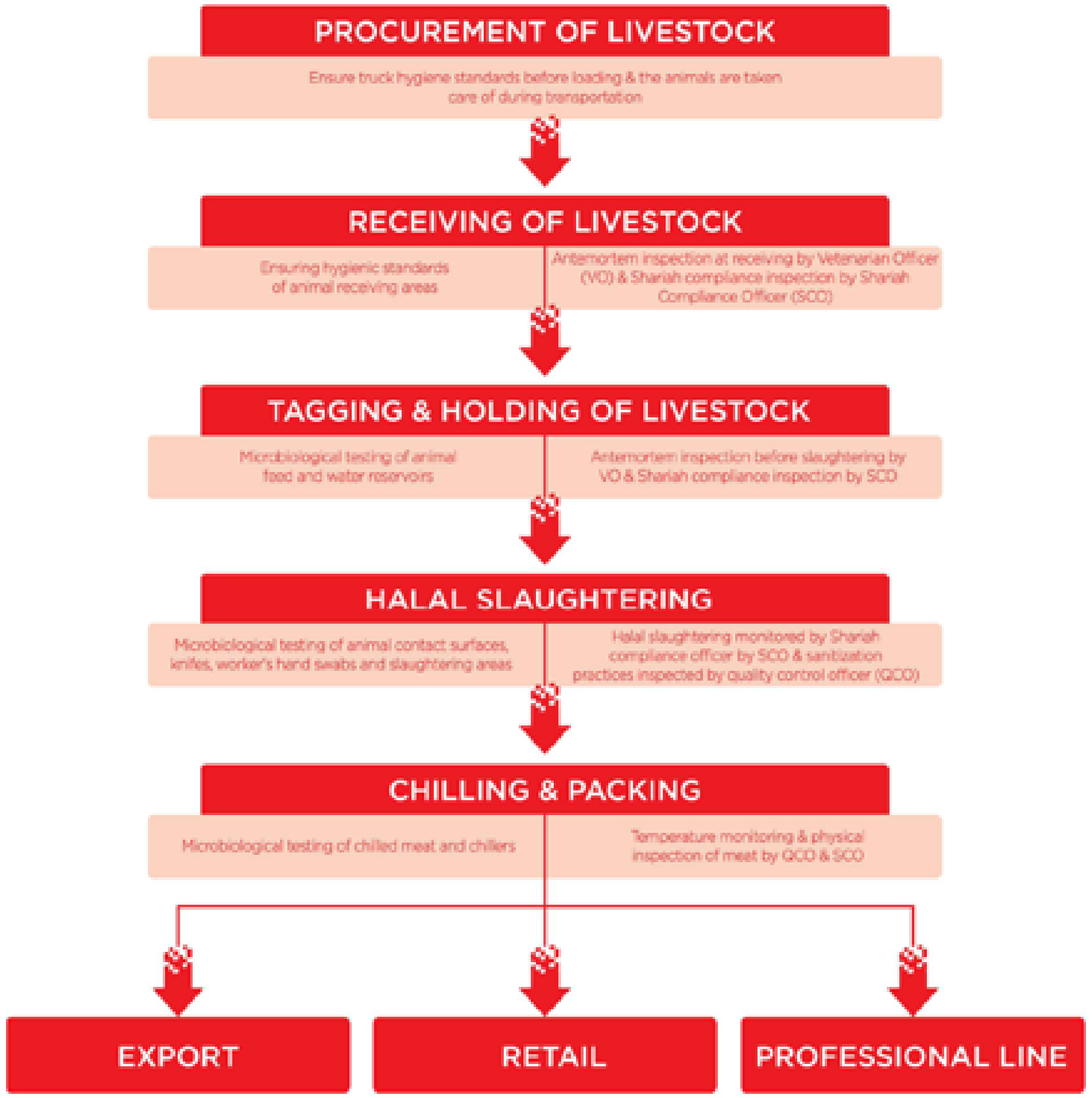
Certificates & Accreditations

1. HALAL certification on Pakistan HALAL standard PS 3733:2016
2. HALAL certification on international HALAL standard MS 1500
3. HALAL certification on UAE / GSO 993:2015 (HALAL slaughtering standard)
4. ISO 22000:2005
5. HACCP
6. ISO 14001:2015 7. OHSAS 18001:2007 8. ISO 9001:2015

VALUE SUPPLY CHAIN

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

We take care to ensure only the best, export-quality meat makes it to the customer'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 meats make it to their 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, as a special fleet of chilled trucks transports all meat to our retail outlets, keeping it fresh in controlled temperature, but never frozen so it retains the nutrition and reaches the customer in best way possible, as fresh as it could get.

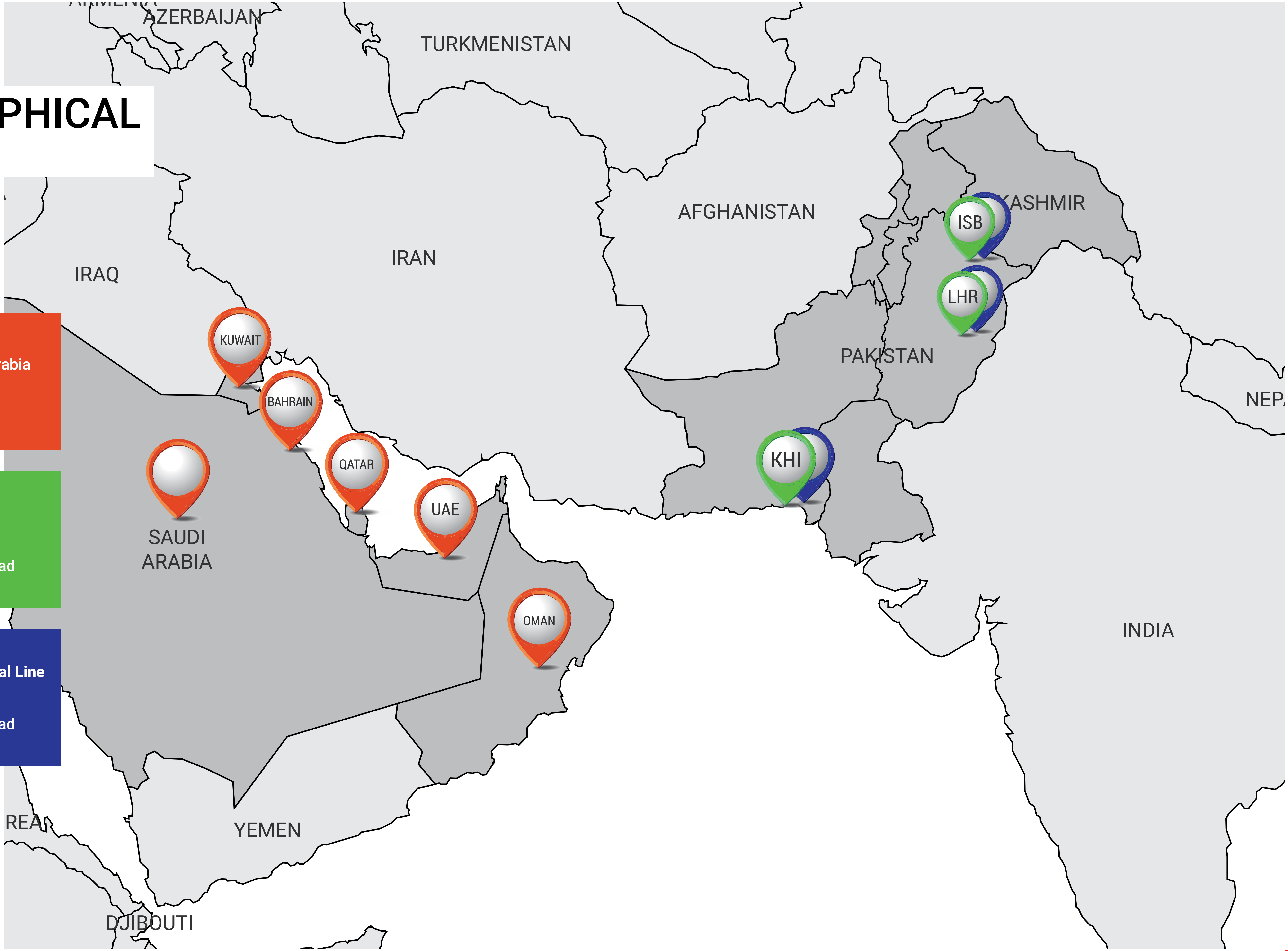


GEOGRAPHICAL REACH

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

Retail
- Karachi
- Lahore
- Islamabad

Professional Line
- Karachi
- Lahore
- Islamabad



CORPORATE GOVERNANCE

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 share-holders.

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

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 forms 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. Muhammad Amin	Member
Mr. Sarfaraz Rehman	(on invitation)

The Audit Committee comprised 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 2018-19, 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. Rizwan Jamil	Member

The HRC comprises two Independent Non-Executive Directors and one Executive Director. The Chairperson of the HRC is an Independent Non-Executive Director. HRC meetings are conducted at such frequency as the Chairperson may determine. The minutes of the meetings 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. Seven Direc-tors of the Company are also certified under the Directors Training Program offered by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Business Administration (IBA).

Evaluation of Board Performance

Board Evaluation Mechanism facilitates the Board of Directors to evaluate and assess its performance for providing strategic leadership and oversight to the management. Accordingly, 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 Board Audit Committee are held at least once every quarter. Four meetings of the Audit Committee were held during the year 2017-2018. 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 external 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 and International Financial Reporting 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 Act, 2017 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 Act, 2017 and applicable International Accounting Standards and International Financial Reporting Standards notified by SECP.

Muhammad Qaysar Alam
Chairman - Audit Committee

ALSHAHEER FOODS

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Al Shaheer Corporation Limited (the 'Company')
Year ended 30th June 2019

The Company has complied with the Regulations in the following manner:

1. The total number of directors are ten as per the following:

   a. Male: 9
   b. Female: 1

2. The composition of board is as follows:

Independent Directors	Mr. Adeeb Ahmad – Chairman*
	Mr. Sarfaraz Rehman
	Ms. Rukhsana Asghar
	Mr. Muhammad Qaysar Alam
	Mr. Zafar Ahmed Siddiqui
	Mr. Tariq Husain*
Executive Directors	Mr. Kamran Ahmed Khalili (CEO)
	Mr. Rizwan Jamil (Deputy CEO)
Non-Executive Directors	Mr. Naveed Godil
	Mr. Umair Ahmed Khalili

*During the year, Mr. Adeeb Ahmad and Mr. Tariq Husain have been appointed in place of outgoing directors Mr. Noorur Rahman Abid and Mr. Muhammed Amin respectively.

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

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. 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.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The board has arranged Directors' Training program for the following:

Mr. Umair Khalili	Non-Executive Director

10. Company Secretary and Head of Internal Audit resigned during the year on 31 January 2019 and 6 May 2019, respectively. Currently, these positions are fulfilled by the acting Company Secretary and acting Head of Internal Audit, however, the acting Company Secretary does not have the required experience as per applicable laws and regulations. The Company is in the process of filling the casual vacancies in the next board meeting.

Further, no new appointment of the CFO has been made during the year.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

Audit Committee	Mr. Muhammad Qaysar Alam (Chairman of the Audit Committee) During the year, member of audit committee, Mr. Noorur Rahman Abid and Mr. Muhammed Amin resigned with effect from 17 January 2019 and 14 March 2019, respectively. The Company is in the process of filling the casual vacancies in the next audit committee meeting.
Human Resource & Remuneration Committee	Ms. Rukhsana Asghar (Chairperson of the Human Resource and Remuneration Committee) Mr. Sarfaraz Rehman

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:

Audit Committee	Quarterly
HR & Remuneration Committee	Half yearly

15. 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.

16. 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 and registered with Audit Oversight Board of Pakistan, 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.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Syed Tariq Husain
Chairman / Director

Kamran Khalili
Chief Executive Officer

Dated: 31 October 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Al Shaheer Corporation Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Al Shaheer Corporation Limited** (the Company) for the year ended **30 June 2019** in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a part of our audit of the 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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Reference	Description
i. 12	There was only one member of the audit committee as on 30 June 2019.
ii. 10	Acting Company Secretary does not hold required experience as per the applicable laws and regulations.

Chartered Accountants
Place: Karachi
Date: 5 November 2019

Standalone Financial Statements 2018-19

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INDEPENDENT AUDITOR'S REPORT

To the members of Al Shaheer Corporation Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Al Shaheer Corporation Limited** (the Company), which comprise the unconsolidated statement of financial position as at 30 **June 2019**, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2019 and of the profit, comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the key audit matters:

S No.	Key audit matters	How the matter was addressed in our audit
1.	**Recoverability and recognition of deferred tax asset**	
	As disclosed in note 12, the Company has recognized deferred tax asset on unused business losses and tax credits amounting to Rs.173.318 million. In order to ascertain that sufficient future taxable profit will be available, the management has prepared future projections of taxable profit by taking into account various assumptions mainly comprising of future throughput of the new Chicken Processing Plant, average inflation and exchange rates and growth rate. The analysis of the recognition and recoverability of the deferred tax asset was significant to our audit because of the significant value of deferred tax asset and the assessment of future taxable income involves significant management judgement, estimates and assessment of timing of reversals.	We evaluated the appropriateness of the items which the company has recognized as deferred tax asset considering the factors including age and the expiry of the carry forward tax losses and tax rates enacted. For this purpose, we involved our internal specialist, to assist us on the above evaluation. We evaluated the Company's assumptions and estimates in relation to the likelihood of generating future taxable income, principally by performing sensitivity analysis and testing the key assumptions used by the management. We have also assessed the adequacy of the Company's disclosures in accordance with relevant laws as applicable in Pakistan (refer note 12).
2.	**Capital work-in-progress and related long-term financing facility**	
	As disclosed in note 8.5 to the accompanying unconsolidated financial statements, the Company has incurred significant amount of capital expenditure for its new Chicken Processing Plant. The expenditure capitalized to date in relation to this new Chicken Processing Plant has been classified in capital work-in-progress as of 30 June 2019. Further, as disclosed in note 22 to the accompanying unconsolidated financial statements, the Company has obtained long-term financing facilities from commercial banks amounting to Rs.935.975 million to finance the capital expenditure. We considered material additions in capital work-in-progress and long-term financing as key area of focus during our audit as the amounts reported are material to the unconsolidated statement of financial position and therefore, we have identified these as a key audit matter.	Our key audit procedures in these areas included, amongst others, obtaining an understanding of the Company's process with respect to capital expenditure and controls relevant to such process. We performed substantive audit procedures through inspection of related contracts and documents supporting various components of the capitalized costs. We also considered whether the items of cost capitalized, including borrowing costs, meet the recognition criteria of an asset in accordance with the applicable financial reporting standards. In relation to the long-term financing facility, we reviewed the significant terms and conditions contained in the financing agreement executed during the year. We also inquired management in respect of future compliance with the loan covenants and any challenges expected in this regard. We circularized and received confirmation from the banks financing the Company. We have also reviewed the maturity analysis of the financing to ascertain the classification of loan as per the remaining maturity. We further assessed the adequacy of unconsolidated financial statement disclosures in accordance with the applicable financial reporting framework.

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S No.	Key audit matters	How the matter was addressed in our audit
3.	**First time adoption of IFRS 9 - 'Financial Instruments' (IFRS 9)**	
	As referred to in note 5.1.1 to the unconsolidated financial statements, the Company has adopted IFRS 9 with effect from 01 July 2018. The new standard requires the Company to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company. Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.	Our key procedures to review the application of IFRS 9 included, amongst others, review of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. Further, we assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose. We checked the mathematical accuracy of the ECL model by performing recalculation on test basis. In addition to above, we assessed the adequacy of disclosures in the unconsolidated financial statements of the Company regarding application of IFRS 9 as per the requirements of the above standard.
4.	**Revenue recognition**	
	The Company's revenue comprise of both local and export sales. Local sales are generated through both retail outlets and the corporate customers involving large volume of transactions. We identified revenue recognition and its reporting in the unconsolidated financial statements as a key audit matter due to large volume of transactions, and the amount of audit efforts in relation to this area. Please refer to note 29 for relevant disclosures in respect of revenue.	We performed audit procedures in relation to revenue including the following: - We inspected the terms and conditions of sale transactions for both export and local sales and assessed the appropriateness of revenue recognition policies and practices followed by the Company. - We tested controls over revenue recognition and reporting process within export and local sales including sales to retail and corporate customers. - We performed analytical review procedures and other test of details for export and local sales including procedures ensure that revenue has been recognised in the appropriate accounting period. - We also assessed the adequacy of the disclosures made in respect of revenue in accordance with the financial reporting standards.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows, and together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

Chartered Accountants

Place: Karachi

Date: **5 November 2019**

Unconsolidated Statement of Financial Position

As at June 30, 2019

ASSETS	Note	2019	2018
		---------- (Rupees in '000) ----------	
NON-CURRENT ASSETS			
Property, plant and equipment	8	4,987,659	4,731,490
Intangible asset	9	3,913	5,219
Long-term investments	10	93,642	55,700
Long-term loan	11	15,947	17,400
Deferred tax asset - net	12	179,295	192,815
		5,280,456	5,002,624
CURRENT ASSETS			
Stock-in-trade	13	84,453	107,959
Fuel and lubricants		486	286
Trade debts	14	1,480,172	1,211,970
Short-term loans and advances	15	283,101	567,863
Trade deposits and short-term prepayments	16	19,321	22,452
Short-term investment	17	626	590
Other receivables	18	253,689	233,910
Taxation - net		150,714	141,958
Cash and bank balances	19	19,735	52,094
		2,292,297	2,339,082
TOTAL ASSETS		7,572,753	7,341,706
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2018: 150,000,000) ordinary shares of Rs.10 each		1,500,000	1,500,000
Issued, subscribed and paid-up capital	20	1,421,175	1,421,175
Share premium		1,507,705	1,507,705
Unappropriated profit		844,912	634,687
Revaluation surplus on property, plant and equipment	21	824,194	852,139
		4,597,986	4,415,706
NON-CURRENT LIABILITIES			
Long-term financing	22	590,780	708,077
Deferred liabilities	23	73,386	59,639
		664,166	767,716
CURRENT LIABILITIES			
Trade and other payables	24	744,856	565,037
Short-term borrowings	25	1,074,360	1,123,374
Accrued mark-up	26	60,520	21,543
Due to a related party	27	77,449	269,147
Current portion of long-term financing	22	353,416	179,183
		2,310,601	2,158,284
TOTAL EQUITY AND LIABILITIES		7,572,753	7,341,706
COMMITMENTS	28		

The annexed notes 1 to 43 form an integral part of these unconsolidated financial statements.

Chief Executive Officer   Director   Chief Financial Officer

Unconsolidated Statement of Profit or Loss

For the Year Ended June 30, 2019

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Turnover - net	29	**4,188,673**	5,373,148
Cost of sales	30	**(2,951,079)**	(4,151,927)
Gross profit		**1,237,594**	1,221,221
Administrative and distribution costs	31	**(1,066,589)**	(1,327,590)
Operating profit / (loss)		**171,005**	(106,369)
Other expenses	32	**(75,998)**	(304)
Other income	33	**294,005**	120,638
Finance costs	34	**(156,241)**	(35,570)
Profit / (loss) before taxation		**232,771**	(21,605)
Taxation	35	**(41,840)**	(22,376)
Net profit / (loss) for the year		**190,931**	(43,981)
Earnings / (loss) per share – basic and diluted	36	**1.34**	(0.31)

The annexed notes 1 to 43 form an integral part of these unconsolidated financial statements.

Chief Executive Officer   Director   Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For the Year Ended June 30, 2019

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Net profit / (loss) for the year		**190,931**	(43,981)
Other comprehensive income:			
Items not to be reclassified to statement of profit or loss account in subsequent years			
Remeasurement gain / (loss) on defined benefit plan	23.1	**1,624**	(10,871)
Related tax		**(2,068)**	1,459
		(444)	(9,412)
Revaluation surplus on property, plant and equipment		-	673,568
Related tax		-	788
		-	674,356
Total comprehensive income for the year		**190,487**	620,963

The annexed notes 1 to 43 form an integral part of these unconsolidated financial statements.

Chief Executive Officer   Director   Chief Financial Officer

Unconsolidated Statement of Changes in Equity

As at June 30, 2019

	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) ----------				
Balance as at June 30, 2017	1,421,175	1,507,705	678,941	186,922	3,794,743
Net loss for the year	-	-	(43,981)	-	(43,981)
Other comprehensive income	-	-	(9,412)	674,356	664,944
Total comprehensive income for the year	-	-	(53,393)	674,356	620,963
Revaluation surplus on property, plant and equipment realised on account of incremental depreciation	-	-	9,139	(9,139)	-
Balance as at June 30, 2018	**1,421,175**	**1,507,705**	**634,687**	**852,139**	**4,415,706**
Impact on adoption of IFRS 9 - net of tax	**-**	**-**	**(8,207)**	**-**	**(8,207)**
Adjusted balance as on June 30, 2018	**1,421,175**	**1,507,705**	**626,480**	**852,139**	**4,407,499**
Net income for the year	**-**	**-**	**190,931**	**-**	**190,931**
Other comprehensive loss	**-**	**-**	**(444)**	**-**	**(444)**
Total comprehensive income for the year	**-**	**-**	**190,487**	**-**	**190,487**
Revaluation surplus on property, plant and equipment realised on account of incremental depreciation	**-**	**-**	**27,945**	**(27,945)**	**-**
Balance as at June 30, 2019	**1,421,175**	**1,507,705**	**844,912**	**824,194**	**4,597,986**

The annexed notes 1 to 43 form an integral part of these unconsolidated financial statements.

Chief Executive Officer   Director   Chief Financial Officer

Unconsolidated Statement of Cash Flows

As at June 30, 2019

	Note	2019	2018
		---------- (Rupees in '000) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		232,771	(21,605)
Adjustments for:			
Depreciation		80,825	76,680
Amortisation		1,306	1,699
Provision for defined benefit plan		26,599	19,112
Provision for doubtful debts		9,818	8,197
Provision for impairment		36,651	-
Loss on initial recognition of long-term investment		9,444	-
Liabilities no longer payable written back		-	(3,230)
Loss on disposal of property, plant and equipment		576	304
Profit on long-term investment		(837)	-
Gain on remeasurement of short-term investment		(36)	(24)
Finance costs		156,241	35,570
		320,587	138,308
Operating profit before working capital changes		553,358	116,703
(Increase) / decrease in current assets:			
Fuels and lubricants		(200)	156
Stock-in-trade		23,506	8,659
Trade debts		(278,020)	(29,015)
Loans and advances		286,215	(93,332)
Trade deposits and short-term prepayments		3,131	(551)
Other receivables		(19,779)	135
		14,853	(113,948)
Increase / (decrease) in current liabilities:			
Trade and other payables		179,819	117,528
Due to a related party		(191,698)	255,620
		(11,879)	373,148
Cash generated from operations		556,332	375,903
Taxes paid		(39,290)	(68,203)
Gratuity paid		(11,228)	(13,870)
Net cash generated from operating activities		505,814	293,830
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
- Property, plant and equipment		(351,322)	(774,789)
- Intangible asset		-	(2,055)
- Long-term investment		(83,200)	-
Sale proceeds from disposal of property, plant and equipment		13,703	8,072
Net cash used in investing activities		(420,819)	(768,772)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing - net		56,936	446,430
Short term borrowings - net		(49,014)	78,456
Finance costs paid		(125,276)	(25,783)
Net cash (used in) / flows from financing activities		(117,354)	499,103
Net increase in cash and cash equivalents		(32,359)	24,161
Cash and cash equivalents at the beginning of the year		52,094	27,933
Cash and cash equivalents at the end of the year	19	19,735	52,094

The annexed notes 1 to 43 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2019

1. THE COMPANY AND ITS OPERATIONS

1.1 Al Shaheer Corporation Limited (the Company) was incorporated on June 30, 2012 and is quoted on Pakistan Stock Exchange. The Company is principally 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 Geographical location and address of all the business units are as under:

Location	Business Unit
Karachi Suit # G/5/5, 3rd Floor, Mansoor Tower, Block-8, Shahrah-e-Roomi, Clifton, Karachi	Registered office
Gadap Plot Bearing Survey No. 348, Deh Shah Mureed, Tappo, Songal, Gadap Town, Karachi	Slaughter house
Raiwand 3.5 km Manga Road Raiwand, Lahore	Poultry plant

1.3 These are the separate financial statements of the Company in which investment in subsidiary is stated at cost less impairment loss, if any.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

- During the year, the Company has incurred significant amount of capital expenditure amounting to Rs.334 million for the construction of a new site and a related long term financing was availed amounting to Rs.250 million.
- For a detailed discussion about the Company's performance please refer to the Directors' report.

3. STATEMENT OF COMPLIANCE

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the 'Act'); and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

4. BASIS OF MEASUREMENT

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

a) certain items of property, plant and equipment that are stated at revalued amount;

b) short term investments that are carried at fair value; and

c) defined benefit plan is measured at present value.

4.2 These unconsolidated financial statements have been presented in Pakistani rupees, which is the Company's functional and presentation currency.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2019

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

5.1 New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except that the Company has adopted the following amendments of IFRS which became effective for the current year:

IFRS 2	Share based Payments: Classification and Measurement of Share Based Payments Transactions
IFRS 9	Financial Instruments
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 to accounting standards did not have any material effect on these unconsolidated financial statements except for IFRS 9. The impact of adoption of IFRS 9 is described below:

5.1.1 IFRS 9 "Financial Instruments"

The Company adopted IFRS 9 Financial Instruments on its effective date of July 01, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting.

(a) Classification and measurement

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on July 01, 2018. However, the Company has chosen to take advantage of the option not to restate comparatives. Therefore, the 2018 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Company's financial assets and financial liabilities as at July 01, 2018:

Financial assets

July 01, 2018	IAS 39 Classification	IAS 39 Measurement	IFRS 9 Classification	IFRS 9 Measurement
		---(Rupees in '000)---		---(Rupees in '000)---
Long-term loan	Held to maturity	17,400	Amortised cost	17,400
Trade debts	Held to maturity	1,211,970	Amortised cost	1,211,970
Short-term loans and advances	Held to maturity	10,251	Amortised cost	10,251
Short-term investment	Held for trading	590	Fair value through profit and loss	590
Cash and bank balances	Held to maturity	52,094	Amortised cost	52,094

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2019

Financial liabilities

Financial liabilities continue to be carried at amortised cost.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

The application of ECL model under IFRS 9 has not significantly changed the carrying amounts of the Company's financial assets except for trade debts. An ECL allowance of Rs.8.207 million (net of tax) has been recorded against the Company's trade receivables as compared to impairment recorded under IAS 39.

The adoption of IFRS 9 resulted in following:

	Rupees in '000
Reserves	
As at June 30, 2018	634,687
IFRS 9 impact:	
Decrease due to impairment charge against trade debts	(8,044)
Related tax impact	(163)
	(8,207)
As at July 01, 2018 - restated	626,480
Trade debts	
As at June 30, 2018	1,211,970
IFRS 9 impact:	
Decrease due to impairment charge against trade debts	(8,044)
As at July 01, 2018 - restated	1,203,926
Deferred tax assets - net	
As at June 30, 2018	192,815
IFRS 9 impact:	
Increase due to impairment charge against trade debts	(163)
As at July 01, 2018 - restated	192,652

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2019

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

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	January 01, 2020
IFRS 3	Business Combinations: Previously held interests in a joint operation	January 01, 2019
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	July 01, 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	January 01, 2019
IFRS 10 / IAS 28	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
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	January 01, 2019
IFRS 16	Leases	January 01, 2019
IAS 1 / IAS 8	Definition of Material (Amendments)	January 01, 2020
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 01, 2019

Standard or Interpretation		Effective date (annual periods beginning on or after)
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation	January 01, 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	January 01, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019

The above standards and interpretations are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 16 – Leases. The Company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2019

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

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First Time adoption of IFRSs	January 01, 2014
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 17 – Insurance Contracts	January 01, 2021

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

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical 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, management has made the following estimates and judgments which are significant to the unconsolidated 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.

Revaluation surplus on property, plant and equipment

The Company reviews the appropriateness of the revaluation of property, plant and equipment (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.

Impairment of financial assets

The Company uses a provision matrix to calculate ECLs for trade debts and other receivables. The provision rates are based on days past due for Company's various customer that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's financial assets exposed to credit risk is disclosed in note 40.2.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2019

Taxation

In applying the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instance where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

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.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1 Financial instruments

In the current year the Company has adopted IFRS 9 Financial instruments. See note 5.1.1 for an explanation of the impact. Comparative figures for the year ended June 30, 2018 have not been restated as allowed by IFRS 9. Therefore, financial instruments in the comparative year are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

7.1.1 Policy effective from July 01, 2018

Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Bank balances are recognised when funds are transferred to the banks.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

Classification

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and

- The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. The Company

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2019

includes in this category trade debts, short-term loans and advances and other receivables.

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding;

(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

(c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss, if any

Impairment

Financial assets at fair value through profit or loss are not subject to impairment under IFRS 9.

The Company only considers expected credit losses for bank balances, trade and other receivables and measures expected credit losses using the probability of default (PD) and loss given default (LGD) estimates using the published information about these risk parameters.

For trade and other receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, the Company has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade and other receivables. The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

(a) Transferred substantially all of the risks and rewards of the asset; or

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Comapny's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2019

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 unconsolidated statement of financial position 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.

7.1.2 Policy effective before July 01, 2018

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 unconsolidated statement of profit or loss.

Investments

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 unconsolidated statement of profit or loss. 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 unconsolidated statement of profit or loss.

Trade debts and other receivables

These are carried at original invoice amounts 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.

Loans and advances

These are stated at cost, less allowance for impairment if any.

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.

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 unconsolidated statement of profit or loss.

7.2 Property, plant and equipment

Operating fixed assets

Except for computer and accessories all items of property, plant and equipment are stated at revalued amount less accumulated depreciation and impairment. Computers and accessories are stated at cost less accumulated depreciation and impairment.

Depreciation is charged to unconsolidated statement of profit or loss applying the reducing balance method at the rates

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2019

mentioned in note 8 to the unconsolidated financial statements. Depreciation is charged from the month in which an asset is available for use, while no depreciation is charged in the month on which an asset is disposed off.

Maintenance and repairs are charged to profit or loss as and when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposals of operating assets, if any, are recognized in the unconsolidated statement of profit or loss. The assets residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end.

Increases in the carrying amounts arising on revaluation of certain items of property plant and equipment are recognized, in unconsolidated statement of comprehensive income and accumulated in reserves in unconsolidated statement of changes in equity. To the extent that the increase reverses a decrease previously recognized in unconsolidated statement of profit or loss, the increase is first recognized in unconsolidated statement of profit or loss.

Decreases that reverse previous increases of the same asset are first recognized in unconsolidated statement of comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to unconsolidated statement of profit or loss.

The carrying values of property, plant and equipment are reviewed at each unconsolidated statement of financial position date for impairment when events or changes in circumstances indicate that carrying values may not be recoverable.

If such indication exists where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

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.

7.3 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 9 of these unconsolidated 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 reporting date and adjusted, if appropriate.

7.4 Investment in subsidiary

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

7.5 Fuel and lubricants

These are stated at cost.

7.6 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.

7.7 Cash and cash equivalents

These are stated at cost. For the purpose of unconsolidated statement of cash flows, cash and cash equivalents comprise of cash in hand and bank balances net off book overdrafts.

7.8 Impairment

The carrying values of non financials 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

Notes to the Unconsolidated Financial Statements
For the Year Ended June 30, 2019

recoverable amount, the assets or related cash-generating units are written down to their recoverable amount.

7.9 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 actuarial valuation is carried out as of reporting date using Projected Unit Credit method.

7.10 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 reporting 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 reporting date.

7.11 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 unconsolidated statement of profit or loss on straight line basis over the lease term.

7.12 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 reporting date and adjusted to reflect the current best estimate.

7.13 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 reporting 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 unconsolidated statement of profit or loss.

7.14 Revenue recognition

The Company recognises revenue at a point in time when control of product is transferred to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from Company premises or when it is delivered by the Company at customer premises.

The Company generally enters into an agreement with its customers for supply of its products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation. The credit limits in contract with customers varies depending on the terms of specific contract.

7.15 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

Notes to the Unconsolidated Financial Statements
For the Year Ended June 30, 2019

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.

7.16 Dividend and appropriation of reserves

Dividends and appropriation to reserves are recognised to the unconsolidated 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 unconsolidated financial statements.

7.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decisionmaker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

		2019	2018
8. PROPERTY, PLANT AND EQUIPMENT	**Note**	---------- (Rupees in '000) ----------	
Operating fixed assets	8.1	1,737,198	1,822,109
Capital work-in-progress	8.5	3,250,461	2,909,381
		4,987,659	4,731,490

Notes to the Unconsolidated Financial Statements
For the Year Ended June 30, 2019

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For the Year Ended June 30, 2019

8.1 Operating fixed assets

	COST / REVALUED AMOUNT							ACCUMULATED DEPRECIATION						NET BOOK VALUE
	As at July 01, 2018	Additions	Transfers	Revaluation	(Disposals)	As at June 30, 2019	Rate	As at July 01, 2018	(On transfers)	Charge for the year	(On disposals)	Revaluation	As at June 30, 2019	As at June 30, 2019
	(Rupees in '000)							(Rupees in '000)						
Freehold land	597,840	-	-	-	-	597,840	-	-	-	-	-	-	-	597,840
Leasehold land	442,499	-	-	-	-	442,499	-	-	-	-	-	-	-	442,499
Buildings on freehold land	205,526	6,000	-	-	-	211,526	10%	2,492	-	20,373	-	-	22,865	188,661
Plant and machinery	227,115	935	-	-	-	228,050	5% - 20%	54,970	-	9,293	-	-	64,263	163,787
Furniture and fixture	197,043	2,654	-	-	-	199,697	10%	54,224	-	14,454	-	-	68,678	131,019
Motor vehicles *	140,420	135	-	-	(17,825)	122,730	15%	21,997	-	17,183	(3,928)	-	35,252	87,478
Office equipment	168,641	469	-	-	(517)	168,593	15%	70,233	-	14,607	(326)	-	84,514	84,079
Tools and equipment	26,894	-	-	-	-	26,894	10%	8,267	-	1,863	-	-	10,130	16,764
Computers and accessories	48,722	-	-	-	(302)	48,420	10%	20,408	-	3,052	(111)	-	23,349	25,071
2019	**2,054,700**	**10,193**	**-**	**-**	**(18,644)**	**2,046,249**		**232,591**	**-**	**80,825**	**(4,365)**	**-**	**309,051**	**1,737,198**

	COST / REVALUED AMOUNT							ACCUMULATED DEPRECIATION						NET BOOK VALUE
	As at July 01, 2017	Additions	Transfers	Revaluation	(Disposals)	As at June 30, 2018	Rate	As at July 01, 2017	(On transfers)	Charge for the year	(On disposals)	Revaluation	As at June 30, 2018	As at June 30, 2018
	(Rupees in '000)							(Rupees in '000)						
Freehold land	283,227	-	-	314,613	-	597,840	-	-	-	-	-	-	-	597,840
Leasehold land	170,416	-	-	272,083	-	442,499	-	-	-	-	-	-	-	442,499
Buildings on freehold land	165,471	20,055	-	20,000	-	205,526	10%	44,664	-	12,278	-	(54,450)	2,492	203,034
Plant and machinery	241,166	6,900	(8,218)	(12,733)	-	227,115	5% - 20%	44,675	-	10,295	-	-	54,970	172,145
Furniture and fixture	186,335	15,511	-	(3,927)	(876)	197,043	10%	38,245	-	16,165	(186)	-	54,224	142,819
Motor vehicles *	134,293	18,372	-	-	(12,245)	140,420	15%	44,712	-	14,959	(4,797)	(32,877)	21,997	118,423
Office equipment	186,447	4,623	(18,415)	(3,795)	(219)	168,641	15%	63,806	(10,862)	17,374	(85)	-	70,233	98,408
Tools and equipment	25,314	1,580	-	-	-	26,894	10%	6,272	-	1,995	-	-	8,267	18,627
Computers and accessories	21,479	781	26,633	-	(171)	48,722	10%	5,999	10,862	3,614	(67)	-	20,408	28,314
2018	1,414,148	67,822	-	586,241	(13,511)	2,054,700		248,373	-	76,680	(5,135)	(87,327)	232,591	1,822,109

* Include assets costing Rs.39.547 million (2018: Rs.52.734 million) under Diminishing Musharaka Arrangements.

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2019

8.1.1 The Company carries its freehold land, leasehold land, buildings, furniture and fixtures, office equipment, motor vehicles and tools and equipment on revalued amount. The latest revaluation was conducted by an independent valuer namely Sadruddin Associates (Private) Limited on June 30, 2018. Had there been no revaluation, the book value of freehold land would have been Rs.283.227 (2018: Rs.283.227) million, leasehold land Rs.170.416 (2018: Rs.170.416) million, building Rs.121.654 (2018: Rs.128.582) million, plant and machinery Rs.175.794 (2018: Rs.184.878) million, furniture and fixtures Rs.134.553 (2018: Rs.146.746) million, office equipment Rs.87.233 (2018: Rs.102.203) million, tools and equipments Rs.16.764 million (2018: Rs.18.627) million and motor vehicles Rs.61.707 (2018: Rs.85.546) million.

8.1.2 Forced Sale value as per the latest valuation of freehold and lease hold land is Rs.448.38 million and Rs.331.87 million, respectively.

	Note	2019	2018
8.2 Depreciation for the year has been allocated as follows:	**Note**	---------- (Rupees in '000) ----------	
Cost of sales	30	**31,671**	24,752
Administrative and distribution costs	31	**49,154**	51,928
		80,825	76,680

8.3 Particulars of Immovable Assets in the name of the Company are as follows:

Location	Addresses	Total Area
Karachi	Suite G/5/5, 3rd Floor, Mansoor Tower, Block-8, Clifton	5,000 Sq. Fts
Karachi	Survey No. 348, Deh Shah Mureed, Tapu Songle	18.22 Acres
Karachi	Banglow No. D-143, KDA Scheme No. 5, Clifton	983.33 Sq. Yards
Karachi	Plot No. GA-55, 56-A6, 57-A9, Korangi Creek Industrial Park	6,780.84 Sq. Yards
Rawalpindi	Plot No. 4, Road No. N-4, RCCI Rawat Industrial Estate	2,400 Sq. Yards
Lahore	Rohinala Bypass, 3.5KMs Manga Raiwind Road	11 Acres

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2019

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

	Cost / Revaluation	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
	---------- (Rupees in '000)				----------		
Motor vehicles							
Honda Civic DM-494	2,857	208	2,649	2,600	(49)	Insurance Claim	Pak Qatar
Toyota Altis - DM-475	2,237	336	1,901	2,100	199	Tender	Najiye Akbar
Toyota Altis - BGA-324	2,089	392	1,697	1,439	(258)	Tender	Syed Sajjad
Suzuki Jimny - LEJ-8513	1,337	300	1,037	570	(467)	Negotiation	Muhammad Junaid
Suzuki Cultus - BEN-046	1,059	235	824	609	(215)	As Per Company Policy	Osama Shahid
Suzuki Cultus - BCH-967	1,095	347	748	520	(228)	As Per Company Policy	Moona Sharif
Suzuki Cultus - BCH-961	1,095	377	718	530	(188)	As Per Company Policy	Hafiz Faizan Ur Rehman
Suzuki Cultus - BCH-958	1,095	407	688	513	(175)	As Per Company Policy	Adnan Khan Qadri
Suzuki Mehran - BFT-911	706	100	606	497	(109)	Tender	Haris Sarani
Suzuki Mehran - BFT-944	706	134	572	471	(101)	Tender	Hammad Ullah Siddiqui
Suzuki Mehran - BFT-943	706	134	572	490	(82)	Tender	Bilal Dossani
Suzuki Mehran - BEN-962	693	138	555	398	(157)	Tender	Muhammad Safdar
Suzuki Ravi - LES-9067	640	104	536	560	24	Negotiation	Shafay Rauf
Aggregate amount of assets disposed having book value less than Rs.500,000	1,510	716	794	1,306	512	Negotiation	Various
	17,825	3,928	13,897	12,603	(1,294)		
Office Equipment							
3 units Generator	400	273	127	915	788	Negotiation	Shahzad Ahmed
Aggregate amount of assets disposed having book value less than Rs.500,000	117	53	64	12	(52)	Various	Various
	517	326	191	927	736		
Computers and accessories							
Aggregate amount of assets disposed off having book value less than Rs.500,000	302	111	191	173	(18)	Various	Various
2019	18,644	4,365	14,279	13,703	(576)		
2018	13,511	5,135	8,376	8,072	(304)		

*None of the directors or the Company has any relationship with the purchaser.

Notes to the Unconsolidated Financial Statements
For the Year Ended June 30, 2019

	2019	2018
8.5 Capital work-in-progress	---------- (Rupees in '000) ----------	
Land	65,610	59,130
Civil works	42,059	40,303
Plant and machinery	1,586,969	1,547,225
Advance to suppliers and contractors	1,532,010	1,240,967
Intangible asset under development	23,813	21,756
	3,250,461	2,909,381

8.5.1 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	59,130	40,303	1,547,225	1,240,967	21,756	2,909,381
Addition during the year *	6,480	1,756	39,744	291,092	2,057	341,129
Transfers during the year	-	-	-	(49)	-	(49)
Closing balance	65,610	42,059	1,586,969	1,532,010	23,813	3,250,461

* Include borrowing cost amounting Rs.74.45 million (2018: Rs.104.25 million) capitalised during the year using capitalisation rate of 10.15% - 12.53% (2018: 7.14% - 10.01%).

9. INTANGIBLE ASSET

	COST			Rate	ACCUMULATED AMORTISATION			DOWN VALUE
	As at July 01	Additions	As at June 30		As at 01 July	For the year	As at June 30	As at June 30
	(Rupees in '000)				(Rupees in '000)			
Computer software	12,281	-	12,281	25%	7,062	1,306	8,368	3,913
2019	12,281	-	12,281		7,062	1,306	8,368	3,913
2018	10,226	2,055	12,281		5,363	1,699	7,062	5,219

	Note	2019	2018
		--------- (Rupees in '000) ---------	
10. LONG-TERM INVESTMENTS			
Subsidiary Company - unquoted			
Al Shaheer Farms (Private) Limited			
5,570,000 ordinary shares of Rs.10 each Net assets value Rs.3.42 based on financial statements for the year ended June 30, 2019	10.1	55,700	55,700
Less: Provision for impairment		(36,651)	-
		19,049	55,700
At amortised cost			
Sales tax refund bonds	10.2	73,756	-
Add: Accrued profit		837	-
		74,593	-
		93,642	55,700

Notes to the Unconsolidated Financial Statements
For the Year Ended June 30, 2019

10.1 Investment in a subsidiary has been made in accordance with the requirement of the Act. This includes 2,000,000 shares of Rs.10 each against issuance of right shares. These shares have not been issued by the Subsidiary Company.

10.2 This represents 832 sales tax refund bonds of Rs.100,000 each issued by the FBR Refund Settlement Company (Private) Limited on May 31, 2019 in lieu of payments of sales tax. These bonds carry profit @ 10% per annum and maturing latest by May 31, 2022.

11. LONG-TERM LOAN

This represents loan extended to an executive amounting to Rs.15.947 million (2018: Rs.17.4 million) which is in the nature of house loan. The loan is secured against his personal property. This loan is recoverable in 200 monthly installments and is interest free. Current portion of this loan amounts to Rs.1.2 million (2018: Rs.1.2 million), as mentioned in note 15.

	Note	2019	2018
		---------- (Rupees in '000) ----------	
12. DEFERRED TAX ASSET - NET			
Deferred tax assets on deductible temporary differences:			
Unused tax losses / credits		173,318	211,757
Provisions		33,363	11,477
		206,681	223,234
Deferred tax liabilities on taxable temporary differences:			
Accelerated tax depreciation		(15,077)	(16,060)
Revaluation surplus on property, plant and equipment		(12,309)	(14,359)
		(27,386)	(30,419)
	12.1	179,295	192,815

12.1 Movement in deferred tax asset - net is as follows:

	2019	2018
Balance at beginning of the year	192,815	177,563
Impact of change in accounting policy	(163)	-
Balance at beginning of the year - restated	192,652	177,563
- recognized in profit or loss	(11,289)	13,004
- recognized in other comprehensive income	(2,068)	2,248
Balance at end of the year	179,295	192,815

13. STOCK-IN-TRADE

	2019	2018
Livestock	63,159	63,403
Raw and packaging materials	10,657	20,577
Finished goods	10,637	23,979
	84,453	107,959

Notes to the Unconsolidated Financial Statements
For the Year Ended June 30, 2019

14. TRADE DEBTS	Note	2019	2018
		---------- (Rupees in '000) ----------	
Considered good - unsecured			
Overseas	14.1	1,391,389	974,016
Local		88,783	237,954
		1,480,172	1,211,970
Considered doubtful		29,769	11,907
Provision for doubtful debts	14.3	(29,769)	(11,907)
		-	-
	14.2	1,480,172	1,211,970

14.1 Particulars of export sales in respect of outstanding debts:

	Contract	Total
	---------- (Rupees in '000) ----------	
Asia		
2019	1,391,389	1,391,389
Asia		
2018	974,016	974,016

There are no defaulting parties as of June 30, 2019.

14.2 As of the unconsolidated statement of financial position date, the ageing analysis of unimpaired trade debts is as follows:

	Neither past due nor impaired	Past due but not impaired: Up to 90 days	> 90 days up to 180 days	> 180 days up to 360 days	> 360 days	Total
	---------- (Rupees in '000) ----------					
2019	380,489	457,666	285,659	353,836	2,522	1,480,172
2018	407,188	447,061	266,548	91,173	-	1,211,970

14.3 Movement of provision for doubtful debts:	Note	2019	2018
		---------- (Rupees in '000) ----------	
Opening balance		11,907	3,710
Impact of change in accounting policy		8,044	-
Opening balance - restated		19,951	3,710
Charge for the year		9,818	8,197
Closing balance		29,769	11,907

Notes to the Unconsolidated Financial Statements
For the Year Ended June 30, 2019

	Note	2019	2018
		---------- (Rupees in '000) ----------	
15. SHORT-TERM LOANS AND ADVANCES			
Loans - considered good - secured			
Executives		1,935	2,227
Other employees		3,548	6,824
Current portion of long-term loan	11	1,200	1,200
		6,683	10,251
Advances			
Suppliers		230,561	524,354
Service providers and other vendors		45,211	30,397
Employees		646	2,861
		276,418	557,612
		283,101	567,863
16. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits		14,790	17,148
Prepayments			
- takaful		263	2,820
- others		4,268	2,484
		4,531	5,304
		19,321	22,452
17. SHORT-TERM INVESTMENT			
Investment at fair value through profit or loss			
Mutual fund units		626	590
18. OTHER RECEIVABLES			
Sales tax receivables		156,261	226,185
Receivable from shareholders	18.1	1,496	1,496
Export rebate / duty drawback		94,272	-
Others		1,660	6,229
		253,689	233,910

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

	Note	2019	2018
19. CASH AND BANK BALANCES			
Cash in hand		4,513	13,413
With banks:			
Saving accounts	19.1	3,684	3,048
Current accounts		11,538	36,029
	19.2	15,222	39,077
Book overdraft		-	(396)
		19,735	52,094

19.1 These carry profit at the rates ranging between 4.5% to 6% (2018: 1.7% to 3.7%) per annum.

19.2 Included herein are balances amounting to Rs.3.911 million (2018: Rs.19.98) million which are held in accounts maintained under Islamic banking.

Notes to the Unconsolidated Financial Statements
For the Year Ended June 30, 2019

20. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018			2019	2018
Number of shares in thousands		Ordinary shares of Rs. 10 each	Note	---------- (Rupees in '000) ---------	
29,941	29,941	Issued for cash		299,407	299,407
26,000	26,000	Issued for consideration other than cash	20.1	260,000	260,000
86,177	86,177	Issued as bonus shares		861,768	861,768
142,118	142,118		20.2	1,421,175	1,421,175

20.1 Represents shares issued at a face value of Rs. 10 each against transfer of net assets from the amalgamated firms namely, 'Al Shaheer Corporation' and 'MeatOne'.

20.2 As at June 30, 2019, institutions and others held 29,574,487 and 112,542,541 shares, respectively (June 30, 2018: 29,574,487 and 112,542,541). Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

	Note	2019	2018
		---------- (Rupees in '000) ---------	
21. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT			
Opening balance		866,498	203,787
Revaluation surplus on property, plant and equipment during the year		-	673,568
Transferred to unappropriated profit in respect of incremental depreciation during the year		(27,239)	(10,857)
Disposal of fixed assets during the year		(2,756)	-
		836,503	866,498
Related deferred tax liability			
Opening balance		(14,359)	(16,865)
Liability reversed during the year		-	788
Incremental depreciation charged during the year		1,906	1,156
Adjustment due to change in tax rate		144	562
		(12,309)	(14,359)
		824,194	852,139
22. LONG-TERM FINANCING			
Secured			
Diminishing musharaka			
Askari Bank Limited	22.1	100,000	100,000
Dubai Islamic Bank Pakistan Limited	22.2	835,975	764,583
Habib Metropolitan Bank Limited	22.3	6,492	14,190
Al Baraka Bank	22.4	1,729	8,487
		944,196	887,260
Less: Current maturity shown under current liabilities		(353,416)	(179,183)
		590,780	708,077

Notes to the Unconsolidated Financial Statements
For the Year Ended June 30, 2019

22.1 Represents diminishing musharaka facility in respect of purchase of various fixed assets for a period of 5 years including 1 year grace period . It carries profit at the rate of 3 month KIBOR + 2% per annum and having maturity till June 2023. The facility is secured by exclusive charge of Rs.134 million over plant and machinery and Rs.100 million ranking charge over fixed assets of the Company. The musharaka units are to be purchased commencing from July 2019 on the basis of percentages set out in the musharaka agreement.

22.2 This includes the following facilities:

a) Diminishing musharaka facility amounting to Rs.258.41 million 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 and having maturity till June 2021. The facility is secured by equitable mortgage charge over the Company's building.

b) Diminishing musharaka facility amounting to Rs.8.33 million to retire the usance LC for the procurement of generator for a period of 2 years. It carries profit at the rate of 3 months KIBOR + 2% per annum and having maturity till September 2019. The facility is secured by exclusive charge over the leased assets / generator.

c) Diminishing musharaka facility amounting to Rs.350 million in respect of procurement and installation of chicken processing plant for a period of 4.5 years including 1.5 years grace period. It carries profit at the rate of 6 months KIBOR + 2% per annum and having maturity till May 2022. The facility is secured by exclusive charge over land and building and plant and machinery of the Company's chicken plant located in Lahore.

d) Diminishing musharaka facility amounting to Rs.200 million in respect of procurement and installation of chicken processing plant for a period of 4 years including 1 year grace period and having maturity till November 2022. It carries profit at the rate of 3 months KIBOR + 2.5% per annum. The facility is secured by exclusive charge over land and building and plant and machinery of the Company's chicken plant located in Lahore.

e) Diminishing musharaka facility amounting to Rs.19.23 million in respect of procurement and installation of chicken processing plant for a period of 13 months. It carries profit at the rate of 3 months KIBOR + 2% per annum and having maturity till October 2019. The facility is secured by exclusive charge over land and building and plant and machinery of the Company's chicken plant located in Lahore.

22.3 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.

22.4 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.

	Note	2019	2018
23. DEFERRED LIABILITIES		---------- (Rupees in '000) ---------	
Defined benefit plan - gratuity	23.1	73,386	59,639
23.1 Amount recognised in unconsolidated statement of financial position			
Opening balance		59,639	43,526
Charge for the year		26,599	19,112
Recognised in other comprehensive income		(1,624)	10,871
Benefits paid		(11,228)	(13,870)
Closing balance		73,386	59,639
23.2 Expense recognised in unconsolidated statement of profit or loss			
Current service cost		22,007	16,642
Net interest cost		4,592	2,470
		26,599	19,112
23.3 Actuarial (gain) / loss on defined benefit obligation recognised in other comprehensive income			
Actuarial (gain) / loss on defined benefit obligation			
- (Gain) / loss due to change in experience adjustments		(1,624)	10,871
		(1,624)	10,871

Notes to the Unconsolidated Financial Statements
For the Year Ended June 30, 2019

23.4 Principal actuarial assumptions

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

	2019	2018
	--- Number of Employees ---	
The number of employees covered under the defined benefit scheme are:	412	654

	2019	2018
Expected rate of increase in salary	13.00%	8.50%
Valuation discount rate	13 .00%	8.50%
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

23.5 Sensitivity analysis

	2019			
	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	------------------------- (Rupees in '000) -------------------------			
Present value of defined benefit obligations	(1,480)	1,578	1,564	(1,493)

	2018			
	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	------------------------- (Rupees in '000) -------------------------			
Present value of defined benefit obligations	(1,728)	1,850	1,833	(1,743)

24. TRADE AND OTHER PAYABLES

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Creditors:			
Trade		71,860	57,909
Non-trade		448,016	395,378
		519,876	453,287
Accrued liabilities		60,947	35,628
Withholding tax payable		72,200	20,454
Workers' Profits Participation Fund	24.1	33,523	19,370
Workers' Welfare Fund		17,501	12,751
Retention money		2,520	2,521
Other payables		38,289	21,026
		744,856	565,037

24.1 Workers' Profits Participation Fund

	2019	2018
Opening balance	19,370	17,547
Charge for the year	12,501	-
Interest on WPPF	1,652	1,823
Closing balance	33,523	19,370

Notes to the Unconsolidated Financial Statements
For the Year Ended June 30, 2019

25. SHORT-TERM BORROWINGS

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Secured			
Murabaha - islamic banking			
Summit Bank Limited		-	350,000
Sindh Bank Limited	25.1	350,000	-
Habib Metropolitan Bank Limited	25.2	264,400	290,100
Dubai Islamic Bank Pakistan Limited	25.3	199,975	199,975
Askari Bank Limited	25.4	100,000	100,000
Faysal Bank Limited	25.5	100,000	100,000
		1,014,375	1,040,075
Diminishing Musharaka - Islamic banking		-	23,333
Running Musharaka - Summit Bank Limited	25.6	59,985	59,966
		1,074,360	1,123,374

25.1 It carries profit at the rate of 6 months KIBOR + 3% to 6% per annum for local facility. Rs.145.04 million is secured by specific charge over plant and machinery and Rs.467 million is secured against ranking charge on the current assets of the Company. The remaining facility is secured by first mortgage charge over Gadap Land amounting to Rs.367 million and Rs.133 million pari passu charge over stocks and receivables of the Company.

25.2 It carries profit at the rate of relevant LIBOR / KIBOR + 1% per annum. The facility is secured by first pari passu charge over receivables for Rs.334 million and first exclusive charge over specific plant and machinery of the Company for Rs.87 million and Rs.50 million respectively, duly insured in bank's favor.

25.3 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 for Rs.257 million and the remaining facility is secured against exclusive charge over specific plant and machinery of Rs.43 million and Rs.64.29 million.

25.4 It carries profit at the rate of KIBOR + 1% to 2.5% per annum. The facility is secured against 1st pari passu hypothecation charge of Rs.134 million over receivables of the Company.

25.5 It carries profit at the rate of KIBOR + 1% to 2.5% per annum. The facility is secured against 1st pari passu hypothecation charge of Rs.34 million over receivables of the Company and Rs.115 million exclusive charge over plant and machinery of the Company.

25.6 It carries profit at the rate of 6 months KIBOR + 3% per annum for the facility. The facility is secured by exclusive charge over plant and machinery of the Company amounting to Rs.194.237 million.

26. ACCRUED MARK-UP

	2019	2018
	---------- (Rupees in '000) ----------	
Accrued mark-up on:		
- Long-term financing	13,195	5,268
- Short-term borrowings	47,325	16,275
	60,520	21,543

27. DUE TO A RELATED PARTY

Represents Rs.77.449 million (2018: Rs.269.147 million) interest free loan obtained from Chief Executive Officer of the Company. The loan is unsecured and is repayable on demand.

Notes to the Unconsolidated Financial Statements
For the Year Ended June 30, 2019

	Note	2019	2018
		---------- (Rupees in '000) ----------	
28. COMMITMENTS			
Outstanding letter of guarantees		-	14,006
Capital commitments		112,453	215,698
Post dated cheques		-	16,350
29. TURNOVER - net			
Sales		4,257,769	5,495,731
Trade discount		(69,096)	(122,583)
		4,188,673	5,373,148
30. COST OF SALES			
Live stock consumed			
Opening stock		63,403	80,740
Purchases		2,862,346	4,065,198
Recovery against livestock residuals - net		(121,367)	(150,792)
Closing stock		(63,159)	(63,403)
		2,741,223	3,931,743
Conversion cost			
Salaries, wages and other benefits		52,046	60,040
Electricity, diesel and related expenses		26,288	31,710
Repairs and maintenance		4,475	12,049
Depreciation	8.2	31,671	24,752
Clearing and forwarding		24,247	28,057
Packing material		34,946	43,291
Marination		5,367	11,989
Others		7,754	16,818
		186,794	228,706
Cost of goods available for sale		2,928,017	4,160,449
Finished goods and fuels and lubricants			
Opening stock		44,842	36,320
Closing stock		(21,780)	(44,842)
		23,062	(8,522)
		2,951,079	4,151,927

Notes to the Unconsolidated Financial Statements
For the Year Ended June 30, 2019

	Note	2019	2018
		---------- (Rupees in '000) ----------	
31. ADMINISTRATIVE AND DISTRIBUTION COSTS			
Salaries, wages and other benefits	31.1	292,083	328,306
Electricity, diesel and related expenses		40,043	45,473
Repair and maintenance		15,023	13,809
Fuel and vehicle maintenance		9,878	15,636
Travelling and conveyance		4,963	12,977
Telephone and communication		8,617	11,927
Cargo		379,697	485,008
Marketing and advertisement		32,366	69,617
Rent, rates and taxes		141,137	168,888
Food		7,979	10,690
Depreciation	8.2	49,154	51,928
Amortization	9	1,306	1,699
Legal and professional		11,804	10,501
Software maintenance and development cost		6,414	8,112
Donation	31.2	9,268	17,408
Office supplies		3,743	7,579
Postage and courier		195	639
Takaful		11,564	11,236
Staff welfare		1,105	2,282
Provision for bad debts		9,818	8,197
Security		1,046	1,377
Training		-	1,922
Cleaning		3,908	7,525
Commission on credit card facilities		6,094	8,847
Auditor's remuneration	31.3	3,159	2,805
Others		16,225	23,202
		1,066,589	1,327,590

31.1 Include Rs.26.599 million (2018: Rs.19.112 million) in respect of staff retirement benefits.

31.2 Represents donation made to Indus Hospital, Jamia Darul `Uloom Karachi and Masjid Jamiat-ul-Islamia. None of the directors and their spouses had any interest in these donations.

	2019	2018
	---------- (Rupees in '000) ----------	
31.3 Auditor's remuneration		
Audit fee	1,733	1,575
Half yearly review	550	500
Certifications and other services	589	530
Out of pocket expenses	287	200
	3,159	2,805

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2019

	Note	2019	2018
		(Rupees in '000)	
32. OTHER EXPENSES			
Workers' Profit Participation Fund		12,501	-
Workers' Welfare Fund		4,750	-
Loss on disposal of property, plant and equipment		576	304
Provision for impairment of investment in subsidiary	10	36,651	-
Loss on initial recognition of long term investment		9,444	-
Others		12,076	-
		75,998	304
33. OTHER INCOME			
Income from financial assets			
Profit on saving accounts		62	149
Gain on remeasurement of short-term investments		19	24
Exchange gain - net		289,350	97,059
Dividend income		21	-
		289,452	97,232
Income from non - financial assets			
Liabilities no longer payable written back		-	3,230
Others		4,553	20,176
		4,553	23,406
		294,005	120,638
34. FINANCE COSTS			
Profit on financing		139,299	18,030
Bank charges		15,290	15,717
Interest on WPPF		1,652	1,823
		156,241	35,570
35. TAXATION			
Current		34,013	35,506
Prior		(3,462)	(126)
		30,551	35,380
Deferred		11,289	(13,004)
		41,840	22,376

35.1 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.

35.2 The return of income for the tax year 2018 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 Unconsolidated Financial Statements

For the Year Ended June 30, 2019

35.3 Management's assessment of Tax Provision

The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analyzed as follows:

	Provision for taxation	Tax assessed	Excess / (short)
	(Rupees in '000)		
2018	35,506	32,044	3,462
2017	51,627	51,501	126
2016	45,085	54,091	(9,006)

	2019	2018
	(Rupees in '000)	
36. EARNINGS / (LOSS) PER SHARE - basic and diluted		
Net profit / (loss) for the year	190,931	(43,981)
Weighted average ordinary shares of Rs.10/- each - (Number in '000)	142,117	142,117
Earning / (loss) per share (Rupees) – basic and diluted	1.34	(0.31)

37. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Managerial remuneration	28,080	28,470	21,178	21,260	77,089	86,676
Gratuity	-	-	-	-	4,368	2,386
Board meeting fees	-	-	2,775	2,250	-	-
	28,080	28,470	23,953	23,510	81,457	89,062
Number of persons	1	1	10	10	28	22

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2019

38. RELATED PARTY TRANSACTIONS

Related parties of the Company comprise major shareholders, a subsidiary, directors, companies under common directorship, key management personnel and staff provident fund. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements are as follows:

	2019	2018
Subsidiary Company	---------- (Rupees in '000) ----------	
Received from / payments made to a subsidiary	-	21,869
Interest on advance against shares	-	3,997
Companies under common directorship		
Sales	-	157
Key management personnel		
(Repayment to) / Settlement of liabilities by CEO of the Company	(13,533)	4,925
Loan (paid to) / received from CEO during the year	(178,165)	250,695

38.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

S.No.	Company name	Basis of relationship	Aggregate % of shareholding
1	Mr. Kamran Ahmed Khalili	Key Management Personnel	24.20%

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2019

39. OPERATING SEGMENTS

These unconsolidated financial statements have been prepared on the basis of a single reportable segment.

All non-current assets of the Company at June 30, 2019 are located in Pakistan.

40. 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:

40.1 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 two types of risk: interest rate risk and currency risk.

40.1.1 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:

	Increase / decrease in basis points	Effect on loss / profit before tax Rupees in '000
2019	**+100**	**(20,186)**
	-100	**20,186**
2018	+100	(20,106)
	-100	20,106

40.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to change in a 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 Rupees	Effect on loss / profit before tax Rupees in '000
2019	**10%**	**106,631**
	-10%	**(106,631)**
2018	10%	88,495
	-10%	(88,495)

Notes to the Unconsolidated Financial Statements
For the Year Ended June 30, 2019

40.2 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	
	2019	2018
	(Rupees in '000)	
Investment	75,219	590
Trade debts	1,480,172	1,211,970
Loans	22,630	27,651
Trade deposits	14,790	17,148
Bank balances	15,222	39,077
	1,608,033	1,296,436

40.2.1 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:

	2019	2018
	(Rupees in '000)	
Trade debts		
Customers with no defaults in the past one year	380,489	407,188
Bank balances		
Ratings		
AAA	1,378	438
AA+	12,718	18,535
AA	1,052	4,771
AA-	-	15,299
A+	52	-
A	11	15
A-	-	18
BBB-	11	-
	15,222	39,076

Notes to the Unconsolidated Financial Statements
For the Year Ended June 30, 2019

40.3 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 June 30, 2019 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)				
2019					
Long-term financing	22,460	75,395	255,561	590,780	944,196
Short-term borrowings	422,000	203,700	448,660	-	1,074,360
Trade and other payables	2,521	227,798	241,013	138,226	609,558
Accrued mark-up	43,968	9,265	7,287	-	60,520
Due to a related party	77,449	-	-	-	77,449
	568,398	516,158	952,521	729,006	2,766,083
2018					
Long-term financing	-	38,726	204,645	643,889	887,260
Short-term borrowings	59,966	439,966	623,442	-	1,123,374
Trade and other payables	2,521	246,963	262,978	-	512,462
Accrued mark-up	-	21,543	-	-	21,543
Due to a related party	269,147	-	-	-	269,147
	331,634	747,198	1,091,065	643,889	2,813,786

40.4 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 a subsidiary are carried at cost. The carrying values of all other financial assets and liabilities reflected in the unconsolidated financial statements approximate their fair values.

40.4.1 Fair value

Financial Instruments carried at fair value are categorized as follows:

Level 1: Quoted market price.
Level 2: Valuation techniques (market observable)
Level 3: Valuation techniques (non-market observables)

40.4.2 The Company held the following financial and non-financial assets measured at fair value:

	Total	Level 1	Level 2	Level 3
	(Rupees in '000)			
June 30, 2019				
Financial assets				
Short-term investments	626	-	626	-
Non-financial assets				
Property, plant and equipment	1,737,198	-	-	1,737,198
June 30, 2018				
Financial assets				
Short-term investments	590	-	590	-
Non-financial assets				
Property, plant and equipment	3,250,461	-	-	3,250,461

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2019

40.5 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, reserves and revaluation surplus on property, plant and equipment. The gearing ratio as at June 30, 2019 is as follows:

	2019	2018
	---------- (Rupees in '000) ----------	
Long-term financing	944,196	887,260
Short-term borrowings	1,074,360	1,123,374
Accrued mark-up	60,520	21,543
Total debt	2,079,076	2,032,177
Less: Cash and bank balances	(19,735)	(52,094)
Net debt	2,059,341	1,980,083
Share capital	1,421,175	1,421,175
Reserves	2,352,617	2,142,392
Revaluation surplus on property, plant and equipment	824,194	852,139
Total equity	4,597,986	4,415,706
Equity and net debt	6,657,327	6,395,789
Gearing ratio		
Including revaluation surplus on property, plant and equipment	31%	31%
Excluding revaluation surplus on property, plant and equipment	35%	36%

Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2019

41. NUMBER OF EMPLOYEES

	2019	2018
	----------Numbers---------	
Total number of employees as at the reporting date	420	675
Average number of employees during the year	616	705
Total number of factory employees as at the reporting date	101	152
Average number of factory employees during the year	108	148

42. GENERAL

42.1 Figures have been rounded off to the nearest rupee.

42.2 Certain prior year figures have been reclassified for better presentation. However, there are no material reclassifications to report other than mentioned below:

Reclassified from component	Reclassified to component	June 30, 2018 -- (Rupees in '000) --
Finance cost	Administrative and distribution costs	20,462
Short-term loans and advances	Trade deposits and short-term prepayments	1,087

42.3 The Finance Act 2019, has levied a tax at the rate of 5% to be imposed on every public company that derives profit for a tax year but does not distribute atleast 20% of its after tax profits ('requisite dividend') within six months of the end of the tax year ('requisite time') through cash. Any liability in this respect will be recognised when the requisite time expires without the Company having distributed the requisite dividend.

43. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on October 31, 2019 by the Board of Directors of the Company.

Chief Executive Officer	Director	Chief Financial Officer

Consolidated Financial Statements 2018-19

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INDEPENDENT AUDITOR'S REPORT

To the members of Al Shaheer Corporation Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Al Shaheer Corporation Limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at **30 June 2019**, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at **30 June 2019**, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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S No.	Key audit matters	How the matter was addressed in our audit
1.	**Recoverability and recognition of deferred tax asset**	
	As disclosed in note 12, the Group has recognized deferred tax asset on unused business losses and tax credits amounting to Rs.173.318 million. In order to ascertain that sufficient future taxable profit will be available, the management has prepared future projections of taxable profit by taking into account various assumptions mainly comprising of future throughput of the new Chicken Processing Plant, average inflation and exchange rates and growth rate. The analysis of the recognition and recoverability of the deferred tax asset was significant to our audit because of the significant value of deferred tax asset and the assessment of future taxable income involves significant management judgement, estimates and assessment of timing of reversals.	We evaluated the appropriateness of the items which the Group has recognized as deferred tax asset considering the factors including age and the expiry of the carry forward tax losses and tax rates enacted. For this purpose, we involved our internal specialist, to assist us on the above evaluation. We evaluated the Group's assumptions and estimates in relation to the likelihood of generating future taxable income, principally by performing sensitivity analysis and testing the key assumptions used by the management. We have also assessed the adequacy of the Group's disclosures in accordance with relevant laws as applicable in Pakistan (refer note 12).
2.	**Capital work-in-progress and related long-term financing facility**	
	As disclosed in note 8.5 to the accompanying consolidated financial statements, the Group has incurred significant amount of capital expenditure for its new Chicken Processing Plant. The expenditure capitalized to date in relation to this new Chicken Processing Plant has been classified in capital work-in-progress as of 30 June 2019. Further, as disclosed in note 22 to the accompanying consolidated financial statements, the Group has obtained long-term financing facilities from commercial banks amounting to Rs.935.975 million to finance the capital expenditure. We considered material additions in capital work-in-progress and long-term financing as key area of focus during our audit as the amounts reported are material to the consolidated statement of financial position and therefore, we have identified these as a key audit matter.	Our key audit procedures in these areas included, amongst others, obtaining an understanding of the Group's process with respect to capital expenditure and controls relevant to such process. We performed substantive audit procedures through inspection of related contracts and documents supporting various components of the capitalized costs. We also considered whether the items of cost capitalized, including borrowing costs, meet the recognition criteria of an asset in accordance with the applicable financial reporting standards. In relation to the long-term financing facility, we reviewed the significant terms and conditions contained in the financing agreement executed during the year. We also inquired management in respect of future compliance with the loan covenants and any challenges expected in this regard. We circularized and received confirmation from the banks financing the Group. We have also reviewed the maturity analysis of the financing to ascertain the classification of loan as per the remaining maturity. We further assessed the adequacy of consolidated financial statement disclosures in accordance with the applicable financial reporting framework.

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S No.	Key audit matters	How the matter was addressed in our audit
3.	**First time adoption of IFRS 9 - 'Financial Instruments' (IFRS 9)**	
	As referred to in note 5.1.1 to the consolidated financial statements, the Group has adopted IFRS 9 with effect from 01 July 2018. The new standard requires the Group to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Group. Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.	Our key procedures to review the application of IFRS 9 included, amongst others, review of the methodology developed and applied by the Group to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. Further, we assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Group as well as the related external sources as used for this purpose. We checked the mathematical accuracy of the ECL model by performing recalculation on test basis. In addition to above, we assessed the adequacy of disclosures in the consolidated financial statements of the Group regarding application of IFRS 9 as per the requirements of the above standard.
4.	**Revenue recognition**	
	The Group's revenue comprise of both local and export sales. Local sales are generated through both retail outlets and the corporate customers involving large volume of transactions. We identified revenue recognition and its reporting in the consolidated financial statements as a key audit matter due to large volume of transactions, and the amount of audit efforts in relation to this area. Please refer to note 29 for relevant disclosures in respect of revenue.	We performed audit procedures in relation to revenue including the following: - We inspected the terms and conditions of sale transactions for both export and local sales and assessed the appropriateness of revenue recognition policies and practices followed by the Group. - We tested controls over revenue recognition and reporting process within export and local sales including sales to retail and corporate customers. - We performed analytical review procedures and other test of details for export and local sales including procedures ensure that revenue has been recognised in the appropriate accounting period. - We also assessed the adequacy of the disclosures made in respect of revenue in accordance with the financial reporting standards.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

Chartered Accountants

Place: Karachi

Date: 5 November 2019

Consolidated Statement of Financial Position

As at June 30, 2019

ASSETS	Note	2019	2018
		---------- (Rupees in '000) ----------	
NON-CURRENT ASSETS			
Property, plant and equipment	8	5,034,729	4,805,419
Intangible asset	9	3,913	5,217
Long-term investment	10	74,593	-
Long-term loan	11	15,947	17,400
Deferred tax asset - net	12	179,295	192,815
		5,308,477	5,020,851
CURRENT ASSETS			
Stock-in-trade	13	84,453	107,959
Fuel and lubricants		486	568
Trade debts	14	1,480,172	1,211,970
Short-term loans and advances	15	283,161	568,422
Trade deposits and short-term prepayments	16	19,321	22,455
Short-term investment	17	626	590
Other receivables	18	253,689	230,214
Taxation - net		150,714	141,956
Cash and bank balances	19	20,052	52,462
		2,292,674	2,336,596
TOTAL ASSETS		7,601,151	7,357,447
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2018: 150,000,000) ordinary shares of Rs.10 each		1,500,000	1,500,000
Issued, subscribed and paid-up capital	20	1,421,175	1,421,175
Share premium		1,507,705	1,507,705
Unappropriated profit		849,204	616,436
Revaluation surplus on property, plant and equipment	21	824,194	852,139
		4,602,278	4,397,455
Non-controlling interest		7,090	20,609
		4,609,368	4,418,064
NON-CURRENT LIABILITIES			
Long-term financing	22	590,780	708,077
Deferred liabilities	23	73,386	59,639
		664,166	767,716
CURRENT LIABILITIES			
Trade and other payables	24	745,518	566,386
Short-term borrowings	25	1,074,360	1,123,374
Accrued mark-up	26	60,520	21,543
Due to a related party	27	93,803	281,181
Current portion of long-term financing	22	353,416	179,183
		2,327,617	2,171,667
TOTAL EQUITY AND LIABILITIES		7,601,151	7,357,447
COMMITMENTS	28		

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Chief Executive Officer | Director | Chief Financial Officer

Consolidated Statement of Profit or Loss

For the Year Ended June 30, 2019

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Turnover - net	29	4,188,673	5,373,148
Cost of sales	30	(2,951,079)	(4,151,927)
Gross profit		1,237,594	1,221,221
Administrative and distribution costs	31	(1,067,340)	(1,333,207)
Operating profit / (loss)		170,254	(111,986)
Other expenses	32	(66,183)	(304)
Other income	33	294,005	115,527
Finance costs	34	(156,281)	(35,570)
Profit / (loss) before taxation		241,795	(32,333)
Taxation	35	(41,840)	(22,376)
Net profit / (loss) for the year		199,955	(54,709)
Attributable to:			
Owners of the Holding Company		213,474	(51,411)
Non controlling interests		(13,519)	(3,298)
		199,955	(54,709)
		---------- (Rupees) ---------	
Earnings / (loss) per share – basic and diluted	36	1.50	(0.36)

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Chief Executive Officer | Director | Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the Year Ended June 30, 2019

	Note	2019	2018
		----------- (Rupees in '000) -----------	
Net profit / (loss) for the year		**199,955**	(54,709)
Other comprehensive income:			
Items not to be reclassified to statement of profit or loss account in subsequent years			
Remeasurement gain / (loss) on defined benefit plan	23.3	**1,624**	(10,871)
Related tax		**(2,068)**	1,459
		(444)	(9,412)
Revaluation surplus on property, plant and equipment		**-**	673,568
Related tax		**-**	788
		-	674,356
Total comprehensive income for the year		**199,511**	610,235
Attributable to:			
Owners of the Holding Company		**213,030**	613,533
Non controlling interests		**(13,519)**	(3,298)
		199,511	610,235

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Chief Executive Officer — Director — Chief Financial Officer

Consolidated Statement of Changes in Equity

For the Year Ended June 30, 2019

	Issued, subscribed and paid-up capital	Capital reserves: Share premium account	Revenue reserves: Unappropriated profit	Non-controlling interest	Revaluation surplus on property, plant and equipment	Total
	-- (Rupees in '000)				--	
Balance as at June 30, 2017	1,421,175	1,507,705	668,120	23,907	186,922	3,807,829
Net loss for the year	-	-	(51,411)	(3,298)	-	(54,709)
Other comprehensive income	-	-	(9,412)	-	674,356	664,944
Total comprehensive income for the year	-	-	(60,823)	(3,298)	674,356	610,235
Revaluation surplus on property, plant and equipment realised on account of incremental depreciation	-	-	9,139	-	(9,139)	-
Balance as at June 30, 2018	**1,421,175**	**1,507,705**	**616,436**	**20,609**	**852,139**	**4,418,064**
Impact on adoption of IFRS 9 - net of tax	**-**	**-**	**(8,207)**	**-**	**-**	**(8,207)**
Adjusted balance as on July 01, 2018	**1,421,175**	**1,507,705**	**608,229**	**20,609**	**852,139**	**4,409,857**
Net income for the year	**-**	**-**	**213,474**	**(13,519)**	**-**	**199,955**
Other comprehensive loss	**-**	**-**	**(444)**	**-**	**-**	**(444)**
Total comprehensive income for the year	**-**	**-**	**213,030**	**(13,519)**	**-**	**199,511**
Revaluation surplus on property, plant and equipment realised on account of incremental depreciation	**-**	**-**	**27,945**	**-**	**(27,945)**	**-**
Balance as at June 30, 2019	**1,421,175**	**1,507,705**	**849,204**	**7,090**	**824,194**	**4,609,368**

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Chief Executive Officer — Director — Chief Financial Officer

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2019

	Note	2019	2018
		---------- (Rupees in '000) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		241,795	(32,333)
Adjustments for:			
Depreciation		80,848	76,707
Amortisation		1,304	1,699
Provision for defined benefit plan		26,599	19,112
Provision for doubtful debts		9,818	8,197
Provision for impairment on capital work-in-progress		26,836	-
Loss on initial recognition of long-term investment		9,444	-
Liabilities no longer payable written back		-	(3,230)
Loss on disposal of property, plant and equipment		576	304
Profit on long-term investment		(837)	-
Gain on remeasurement of short-term investment		(36)	(24)
Finance costs		156,281	35,570
		310,833	138,335
Operating profit before working capital changes		552,628	106,002
Decrease / (Increase) in current assets:			
Fuels and lubricants		82	13,566
Stock-in-trade		23,506	8,659
Trade debts		(278,020)	(29,016)
Loans and advances		286,714	(87,595)
Trade deposits and short-term prepayments		3,134	(554)
Other receivables		(23,475)	(17,767)
		11,941	(112,707)
(Decrease) / Increase in current liabilities:			
Trade and other payables		179,132	114,545
Due to a related party		(187,378)	267,654
		(8,246)	382,199
Cash generated from operations		556,323	375,494
Taxes paid		(39,290)	(68,168)
Gratuity paid		(11,228)	(13,870)
Net cash generated from operating activities		505,805	293,456
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
- Property, plant and equipment		(351,322)	(774,801)
- Intangible asset		-	(2,055)
- Long-term investment		(83,200)	-
Sale proceeds from disposal of property, plant and equipment		13,703	8,072
Net cash used in investing activities		(420,819)	(768,784)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing - net		56,936	446,430
Short term borrowings - net		(49,014)	78,456
Finance costs paid		(125,318)	(25,783)
Net cash (used in) / flows from financing activities		(117,396)	499,103
Net (decrease) / increase in cash and cash equivalents		(32,410)	23,775
Cash and cash equivalents at the beginning of the year		52,462	28,687
Cash and cash equivalents at the end of the year	19	20,052	52,462

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

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

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 reporting date, the Holding Company has 51% shareholding in the Subsidiary Company.

1.2 Geographical location and address of all the business units are as under:

Location	**Business Unit**
Karachi Suit # G/5/5, 3rd Floor, Mansoor Tower, Block-8, Shahrah-e-Roomi, Clifton, Karachi	Registered office
Gadap Plot Bearing Survey No. 348, Deh Shah Mureed, Tappo, Songal, Gadap Town, Karachi	Slaughter house
Raiwand 3.5km Manga Road Raiwand, Lahore	Poultry plant
Badin Mirza Farm, Hasnainabad, Morjhar Shaakh, Golarchi, District Badin.	Farm

1.3 These financial statements denote the consolidated financial statements of the Group. Unconsolidated financial statements of the Holding Company and its subsidiary have been presented separately.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

- During the year, the Group has incurred significant amount of capital expenditure amounting to Rs.334 million for the construction of a new site and a related long term financing was availed amounting to Rs.250 million.
- For a detailed discussion about the Group's performance please refer to the Directors' report.

3. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the 'Act'); and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

4. BASIS OF MEASUREMENT

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

a) certain items of property, plant and equipment that are stated at revalued amount;

b) short term investments that are carried at fair value; and

c) defined benefit plan is measured at present value.

4.2 These consolidated financial statements have been presented in Pakistani rupees, which is the Group's functional and presentation currency.

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

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.

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 New Standards, Interpretations and Amendments

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 amendments of IFRS which became effective for the current year:

IFRS 2	Share based Payments: Classification and Measurement of Share Based Payments Transactions
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IAS 40	Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22	Foreign Currency Transactions and Advance Consideration

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

The adoption of the above standards and amendments to accounting standards did not have any material effect on these consolidated financial statements except for IFRS 9. The impact of adoption of IFRS 9 is described below:

5.2.1 IFRS 9 "Financial Instruments"

The Group adopted IFRS 9 Financial Instruments on its effective date of July 01, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting.

(a) Classification and measurement

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on July 01, 2018. However, the Group has chosen to take advantage of the option not to restate comparatives. Therefore, the 2018 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at July 01, 2018:

Financial assets

July 01, 2018	IAS 39 Classification	IAS 39 Measurement	IFRS 9 Classification	IFRS 9 Measurement
		(Rupees in '000)		(Rupees in '000)
Long-term loan	Held to maturity	17,400	Amortised cost	17,400
Trade debts	Held to maturity	1,211,970	Amortised cost	1,211,970
Short-term loans and advances	Held to maturity	10,311	Amortised cost	10,311
Short-term investment	Held for trading	590	Fair value through profit and loss	590
Cash and bank balances	Held to maturity	52,462	Amortised cost	52,462

Financial liabilities

Financial liabilities continue to be carried at amortised cost.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

The application of ECL model under IFRS 9 has not significantly changed the carrying amounts of the Group's financial assets except for trade debts. An ECL allowance of Rs.8.207 million (net of tax) has been recorded against the Group's trade receivables as compared to impairment recorded under IAS 39.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

The adoption of IFRS 9 resulted in following:

	Rupees in '000
Reserves	
As at June 30, 2018	616,436
IFRS 9 impact:	
Decrease due to impairment charge against trade debts	(8,044)
Related tax impact	(163)
	(8,207)
As at July 01, 2018 - restated	608,229
Trade debts	
As at June 30, 2018	1,211,970
IFRS 9 impact:	
Decrease due to impairment charge against trade debts	(8,044)
As at July 01, 2018 - restated	1,203,926
Deferred tax assets - net	
As at June 30, 2018	192,815
IFRS 9 impact:	
Increase due to impairment charge against trade debts	(163)
As at July 01, 2018 - restated	192,652

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

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	January 01, 2020
IFRS 3	Business Combinations: Previously held interests in a joint operation	January 01, 2019
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	July 01, 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	January 01, 2019
IFRS 10 / IAS 28	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
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	January 01, 2019
IFRS 16	Leases	January 01, 2019
IAS 1 / IAS 8	Definition of Material (Amendments)	January 01, 2020
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 01, 2019

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

Standard or Interpretation		Effective date (annual periods beginning on or after)
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation	January 01, 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	January 01, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019

The above standards and interpretations are not expected to have any material impact on the Group's financial statements in the period of initial application except for IFRS 16 – Leases. The Group is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Group expects that such improvements to the standards will not have any material impact on the Group's consolidated financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standards	Effective date (annual periods beginning on or after)
IFRS 1 – First Time adoption of IFRSs	January 01, 2014
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 17 – Insurance Contracts	January 01, 2021

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

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical 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 Group's accounting policies, management has made the following estimates and judgments which are significant to the consolidated financial statements:

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.

Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2019

Revaluation surplus on property, plant and equipment

The Group reviews the appropriateness of the revaluation of property, plant and equipment (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.

Impairment of financial assets

The Group uses a provision matrix to calculate ECLs for trade debts and other receivables. The provision rates are based on days past due for Group's various customer that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's financial assets exposed to credit risk is disclosed in note 40.2.

Taxation

In applying the estimate for income tax payable, the Group takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instance where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

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.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1 Financial instruments

In the current year the Group has adopted IFRS 9 Financial instruments. See note 5.2.1 for an explanation of the impact. Comparative figures for the year ended June 30, 2018 have not been restated as allowed by IFRS 9. Therefore, financial instruments in the comparative year are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

7.1.1 Policy effective from July 01, 2018

Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Bank balances are recognised when funds are transferred to the banks.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2019

Classification

In accordance with IFRS 9, the Group classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

Financial assets

The Group classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. The Group includes in this category trade debts, short-term loans and advances and other receivables.

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding;

(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

(c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss, if any.

Impairment

Financial assets at fair value through profit or loss are not subject to impairment under IFRS 9.

The Group only considers expected credit losses for bank balances, trade and other receivables and measures expected credit losses using the probability of default (PD) and loss given default (LGD) estimates using the published information about these risk parameters.

For trade and other receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, the Group has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade and other receivables. The Group uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Group has:

(a) Transferred substantially all of the risks and rewards of the asset; or

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

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 consolidated statement of financial position 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.

7.1.2 Policy effective before July 01, 2018

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 consolidated statement of profit or loss.

Investments

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

Trade debts and other receivables

These are carried at original invoice amounts 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.

Loans and advances

These are stated at cost, less allowance for impairment if any.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

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.

Impairment

Financial assets

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

7.2 Property, plant and equipment

Operating fixed assets

Except for computer and accessories all items of property, plant and equipment are stated at revalued amount less accumulated depreciation and impairment. Computers and accessories are stated at cost less accumulated depreciation and impairment.

Depreciation is charged to consolidated statement of profit or loss applying the reducing balance method at the rates mentioned in note 8 to the consolidated financial statements. Depreciation is charged from the month in which an asset is available for use, while no depreciation is charged in the month on which an asset is disposed off.

Maintenance and repairs are charged to profit or loss as and when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposals of operating assets, if any, are recognized in the consolidated statement of profit or loss. The assets residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end.

Increases in the carrying amounts arising on revaluation of certain items of property plant and equipment are recognized, in consolidated statement of comprehensive income and accumulated in reserves in consolidated statement of changes in equity. To the extent that the increase reverses a decrease previously recognized in consolidated statement of profit or loss, the increase is first recognized in consolidated statement of profit or loss.

Decreases that reverse previous increases of the same asset are first recognized in consolidated statement of comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to consolidated statement of profit or loss.

The carrying values of property, plant and equipment are reviewed at each consolidated statement of financial position date for impairment when events or changes in circumstances indicate that carrying values may not be recoverable.

If such indication exists where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

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.

Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2019

7.3 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 9 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 reporting date and adjusted, if appropriate.

7.4 Fuel and lubricants

These are stated at cost.

7.5 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.

7.6 Cash and cash equivalents

These are stated at cost. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise of cash in hand and bank balances net off book overdrafts.

7.7 Impairment

The carrying values of non financial 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.

7.8 Staff retirement benefits

The Group 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 actuarial valuation is carried out as of reporting date using Projected Unit Credit method.

7.10 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 reporting 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 reporting date.

Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2019

7.11 Ijarah contracts

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

7.12 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 reporting date and adjusted to reflect the current best estimate.

7.13 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 reporting 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 consolidated statement of profit or loss.

7.14 Revenue recognition

The Group recognises revenue at a point in time when control of product is transferred to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from Group premises or when it is delivered by the Group at customer premises.

The Group generally enters into an agreement with its customers for supply of its products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation. The credit limits in contract with customers varies depending on the terms of specific contract.

7.15 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.

7.16 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 financial statements are authorised for issue, they are disclosed in the notes to the consolidated financial statements.

7.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decisionmaker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Group has a single reportable segment as the Board of Directors views the Group's operations as one reportable segment.

		2019	2018
8. PROPERTY, PLANT AND EQUIPMENT	**Note**	---------- (Rupees in '000)	----------
Operating fixed assets	8.1	**1,737,336**	1,822,270
Capital work-in-progress	8.5	**3,297,393**	2,983,149
		5,034,729	4,805,419

Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2019

Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2019

8.1 Operating fixed assets

	COST / REVALUED AMOUNT							ACCUMULATED DEPRECIATION						NET BOOK VALUE
	As at July 01, 2018	Additions	Transfers	Revaluation	(Disposals)	As at June 30, 2019	Rate	As at July 01, 2018	(On transfers)	Charge for the year	(On disposals)	Revaluation	As at June 30, 2019	As at June 30, 2019
	(Rupees in '000)							(Rupees in '000)						
Freehold land	597,840	-	-	-	-	597,840	-	-	-	-	-	-	-	597,840
Leasehold land	442,499	-	-	-	-	442,499	-	-	-	-	-	-	-	442,499
Buildings on freehold land	205,526	6,000	-	-	-	211,526	10%	2,492	-	20,373	-	-	22,865	188,661
Plant and machinery	227,115	935	-	-	-	228,050	5% - 20%	54,970	-	9,293	-	-	64,263	163,787
Furniture and fixture	197,043	2,654	-	-	-	199,697	10%	54,224	-	14,454	-	-	68,678	131,019
Motor vehicles *	140,420	135	-	-	(17,825)	122,730	15%	21,997	-	17,183	(3,928)	-	35,252	87,478
Office equipment	168,830	469	-	-	(517)	168,782	15%	70,285	-	14,626	(326)	-	84,585	84,197
Tools and equipment	26,894	-	-	-	-	26,894	10%	8,267	-	1,863	-	-	10,130	16,764
Computers and accessories	48,755	-	-	-	(302)	48,453	10% - 15%	20,417	-	3,056	(111)	-	23,362	25,091
2019	**2,054,922**	**10,193**	**-**	**-**	**(18,644)**	**2,046,471**		**232,652**	**-**	**80,848**	**(4,365)**	**-**	**309,135**	**1,737,336**

	COST / REVALUED AMOUNT							ACCUMULATED DEPRECIATION						NET BOOK VALUE
	As at July 01, 2017	Additions	Transfers	Revaluation	(Disposals)	As at June 30, 2018	Rate	As at July 01, 2017	(On transfers)	Charge for the year	(On disposals)	Revaluation	As at June 30, 2018	As at June 30, 2018
	(Rupees in '000)							(Rupees in '000)						
Freehold land	283,227	-	-	314,613	-	597,840	-	-	-	-	-	-	-	597,840
Leasehold land	170,416	-	-	272,083	-	442,499	-	-	-	-	-	-	-	442,499
Buildings on freehold land	165,471	20,055	-	20,000	-	205,526	10%	44,664	-	12,278	-	(54,450)	2,492	203,034
Plant and machinery	241,166	6,900	(8,218)	(12,733)	-	227,115	5% - 20%	44,675	-	10,295	-	-	54,970	172,145
Furniture and fixture	186,335	15,511	-	(3,927)	(876)	197,043	10%	38,245	-	16,165	(186)	-	54,224	142,819
Motor vehicles *	134,293	18,372	-	-	(12,245)	140,420	15%	44,712	-	14,959	(4,797)	(32,877)	21,997	118,423
Office equipment	186,636	4,623	(18,415)	(3,795)	(219)	168,830	15%	63,834	(10,862)	17,398	(85)	-	70,285	98,545
Tools and equipment	25,314	1,580	-	-	-	26,894	10%	6,272	-	1,995	-	-	8,267	18,627
Computers and accessories	21,512	781	26,633	-	(171)	48,755	10% - 15%	6,005	10,862	3,617	(67)	-	20,417	28,338
2018	1,414,370	67,822	-	586,241	(13,511)	2,054,922		248,407	-	76,707	(5,135)	(87,327)	232,652	1,822,270

* Include assets costing Rs.39.547 million (2018: Rs.52.734 million) under Diminishing Musharaka Arrangements.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

8.1.1 The Group carries its freehold land, leasehold land, buildings, furniture and fixtures, office equipment, motor vehicles and tools and equipment on revalued amount. The latest revaluation was conducted by an independent valuer namely Sadruddin Associates (Private) Limited on June 30, 2018. Had there been no revaluation, the book value of freehold land would have been Rs.283.227 (2018: Rs.283.227) million, leasehold land Rs.170.416 (2018: Rs.170.416) million, building Rs.121.654 (2018: Rs.128.582) million, plant and machinery Rs.175.794 (2018: Rs.184.878) million, furniture and fixtures Rs.134.553 (2018: Rs.146.746) million, office equipment Rs.87.233 (2018: Rs.102.203) million, tools and equipments Rs.16.764 million (2018: Rs.18.627) million and motor vehicles Rs.61.707 (2018: Rs.85.546) million.

8.1.2 Forced Sale value as per the latest valuation of freehold and lease hold land is Rs.453.04 million and Rs.331.87 million, respectively.

8.2 Depreciation for the year has been allocated as follows:

	Note	2019	2018
		---------- (Rupees in '000) ----------	
Cost of sales	30	**31,671**	24,753
Administrative and distribution costs	31	**49,177**	51,954
		80,848	76,707

8.3 Particulars of Immovable Assets in the name of the Group are as follows:

Location	Addresses	Total Area
Karachi	Suite G/5/5, 3rd Floor, Mansoor Tower, Block-8, Clifton	5,000 Sq. Fts
Karachi	Survey No. 348, Deh Shah Mureed, Tapu Songle	18.22 Acres
Karachi	Banglow No. D-143, KDA Scheme No. 5, Clifton	983.33 Sq. Yards
Karachi	Plot No. GA-55, 56-A6, 57-A9, Korangi Creek Industrial Park	6,780.84 Sq. Yards
Rawalpindi	Plot No. 4, Road No. N-4, RCCI Rawat Industrial Estate	2,400 Sq. Yards
Lahore	Rohinala Bypass, 3.5KMs Manga Raiwind Road	11 Acres

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

	Cost / Revaluation	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
	------------------------- (Rupees in '000) -------------------------						
Motor vehicles							
Honda Civic DM - 494	**2,857**	**208**	**2,649**	**2,600**	**(49)**	Insurance Claim	Pak Qatar
Toyota Altis - DM 475	**2,237**	**336**	**1,901**	**2,100**	**199**	Tender	Najiye Akbar
Toyota Altis - BGA-324	**2,089**	**392**	**1,697**	**1,439**	**(258)**	Tender	Syed Sajjad
Suzuki Jimny - LEJ-8513	**1,337**	**300**	**1,037**	**570**	**(467)**	Negotiation	Muhammad Junaid
Suzuki Cultus BEN-046	**1,059**	**235**	**824**	**609**	**(215)**	As Per Company Policy	Osama Shahid
Suzuki Cultus - BCH 967	**1,095**	**347**	**748**	**520**	**(228)**	As Per Company Policy	Moona Sharif
Suzuki Cultus BCH-961	**1,095**	**377**	**718**	**530**	**(188)**	As Per Company Policy	Hafiz Faizan Ur Rehman
Suzuki Cultus BCH-958	**1,095**	**407**	**688**	**513**	**(175)**	As Per Company Policy	Adnan Khan Qadri
Suzuki Mehran - BFT-911	**706**	**100**	**606**	**497**	**(109)**	Tender	Haris Sarani
Suzuki Mehran - BFT-944	**706**	**134**	**572**	**471**	**(101)**	Tender	Hammad Ullah Siddiqui
Suzuki Mehran - BFT-943	**706**	**134**	**572**	**490**	**(82)**	Tender	Bilal Dossani
Mehran Safdar BEN-962	**693**	**138**	**555**	**398**	**(157)**	Tender	Muhammad Safdar
Suzuki Ravi LES - 9067	**640**	**104**	**536**	**560**	**24**	Negotiation	Shafay Rauf
Aggregate amount of assets disposed having book value less than Rs.500,000	**1,510**	**716**	**794**	**1,306**	**512**	Negotiation	Various
	17,825	**3,928**	**13,897**	**12,603**	**(1,294)**		
Office Equipment							
3 units Generator	**400**	**273**	**127**	**915**	**788**	Negotiation	Shahzad Ahmed
Aggregate amount of assets disposed having book value less than Rs.500,000	**117**	**53**	**64**	**12**	**(52)**	Various	Various
	517	**326**	**191**	**927**	**736**		
Computers and accessories							
Aggregate amount of assets disposed off having book value less than Rs.500,000	**302**	**111**	**191**	**173**	**(18)**	Various	Various
2019	**18,644**	**4,365**	**14,279**	**13,703**	**(576)**		
2018	13,511	5,135	8,376	8,072	(304)		

*None of the directors or the Group has any relationship with the purchaser.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

8.5 Capital work-in-progress

	2019	2018
	---------- (Rupees in '000) ----------	
Land	**65,097**	59,130
Civil works	**90,804**	114,069
Plant and machinery	**1,585,991**	1,547,226
Advance to suppliers and contractors	**1,531,226**	1,240,968
Intangible asset under development	**23,799**	21,756
	3,297,393	2,983,149

8.5.1 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	59,130	114,069	1,547,226	1,240,968	21,756	2,983,149
Addition during the year *	6,443	3,571	38,765	290,307	2,043	341,667
Transfers during the year	-	-	-	(49)	-	(49)
Charge for impairment - Subsidiary Company	-	(26,836)	-	-	-	(26,836)
Closing balance	**65,573**	**90,804**	**1,585,991**	**1,531,226**	**23,799**	**3,297,993**

* Include borrowing cost amounting Rs.74.45 million (2018: Rs.104.25 million) capitalised during the year using capitalisation rate of 10.15% - 12.53% (2018: 7.14% - 10.01%).

9. INTANGIBLE ASSET

	COST			Rate	ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at July 01	Additions	As at June 30		As at 01 July	For the year	As at June 30	As at June 30
	----------- (Rupees in '000) -----------				-------------------------- (Rupees in '000) --------------------------			
Computer software	**12,281**	**-**	**12,281**	**25%**	**7,064**	**1,304**	**8,368**	**3,913**
2019	**12,281**	**-**	**12,281**		**7,064**	**1,304**	**8,368**	**3,913**
2018	10,226	2,055	12,281		5,365	1,699	7,064	5,217

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

	Note	2019	2018
10. LONG-TERM INVESTMENT			
		---------- (Rupees in '000) ----------	
At amortised cost			
Sales tax refund bonds	10.1	73,756	-
Add: Accrued profit		837	-
		74,593	-

10.1 This represents 832 sales tax refund bonds of Rs.100,000 each issued by the FBR Refund Settlement Company (Private) Limited on May 31, 2019 in lieu of payments of sales tax. These bonds carry profit @ 10% per annum and maturing latest by May 31, 2022.

11. LONG-TERM LOAN

This represents loan extended to an executive amounting to Rs.15.947 million (2018: Rs.17.4 million) which is in the nature of house loan. The loan is secured against his personal property. This loan is recoverable in 200 monthly installments and is interest free. Current portion of this loan amounts to Rs.1.2 million (2018: Rs.1.2 million), as mentioned in note 15.

	Note	2019	2018
12. DEFERRED TAX ASSET - NET			
Deferred tax assets on deductible temporary differences:			
Unused tax losses / credits		173,318	211,757
Provisions		33,363	11,477
		206,681	223,234
Deferred tax liabilities on taxable temporary differences:			
Accelerated tax depreciation		(15,077)	(16,060)
Revaluation surplus on property, plant and equipment		(12,309)	(14,359)
		(27,386)	(30,419)
	12.1	179,295	192,815

12.1 Movement in deferred tax asset - net is as follows:

	2019	2018
Balance at beginning of the year	192,815	177,563
Impact of change in accounting policy	(163)	-
Balance at beginning of the year - restated	192,652	177,563
- recognized in profit or loss	(11,289)	13,004
- recognized in other comprehensive income	(2,068)	2,248
Balance at end of the year	179,295	192,815

	2019	2018
13. STOCK-IN-TRADE		
Livestock	63,159	63,403
Raw and packaging materials	10,657	20,577
Finished goods	10,637	23,979
	84,453	107,959

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

	Note	2019	2018
14. TRADE DEBTS		---------- (Rupees in '000) ----------	
Considered good - unsecured			
Overseas	14.1	1,391,389	974,016
Local		88,783	237,954
		1,480,172	1,211,970
Considered doubtful		29,769	11,907
Provision for doubtful debts	14.3	(29,769)	(11,907)
		-	-
	14.2	1,480,172	1,211,970

14.1 Particulars of export sales in respect of outstanding debts:

	Contract	Total
	---------- (Rupees in '000) ----------	
Asia **2019**	1,391,389	1,391,389
Asia **2018**	974,016	974,016

There are no defaulting parties as of June 30, 2019.

14.2 As of the consolidated statement of financial position date, the ageing analysis of unimpaired trade debts is as follows:

	Neither past due nor impaired	Past due but not impaired: Up to 90 days	> 90 days up to 180 days	> 180 days up to 360 days	> 360 days	Total
	---------- (Rupees in '000) ----------					
2019	380,489	457,666	285,659	353,836	2,522	1,480,172
2018	407,188	447,061	266,548	91,173	-	1,211,970

	Note	2019	2018
14.3 Movement of provision for doubtful debts:		---------- (Rupees in '000) ----------	
Opening balance		11,907	3,710
Impact of change in accounting policy		8,044	-
Opening balance - restated		19,951	3,710
Charge for the year		9,818	8,197
Closing balance		29,769	11,907
15. SHORT-TERM LOANS AND ADVANCES			
Loans - considered good - secured			
Executives		1,935	2,227
Other employees		3,608	6,884
Current portion of long-term loan	11	1,200	1,200
		6,743	10,311
Advances			
Suppliers		230,561	524,853
Service providers and other vendors		45,211	30,397
Employees		646	2,861
		276,418	558,111
		283,161	568,422

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

	Note	2019	2018
		---------- (Rupees in '000) ----------	
16. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits		14,790	17,148
Prepayments			
- takaful		263	2,820
- others		4,268	2,487
		4,531	5,307
		19,321	22,455
17. SHORT-TERM INVESTMENT			
Investment at fair value through profit or loss			
Mutual fund units		626	590
18. OTHER RECEIVABLES			
Sales tax receivables		156,261	226,486
Receivable from shareholders	18.1	1,496	1,496
Export rebate / duty drawback		94,272	-
Others		1,660	2,232
		253,689	230,214

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

	Note	2019	2018
19. CASH AND BANK BALANCES			
Cash in hand		4,803	13,703
With banks:			
Saving accounts	19.1	3,684	3,048
Current accounts		11,565	36,107
	19.2	15,249	39,155
Book overdraft		-	(396)
		20,052	52,462

19.1 These carry profit at the rates ranging between 4.5% to 6% (2018: 1.7% to 3.7% per annum.

19.2 Included herein are balances amounting to Rs.3.911 million (2018: Rs.19.98) million which are held in accounts maintained under Islamic banking.

20. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		Note	2019	2018
Number of shares in thousands		**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	20.1	260,000	260,000
86,177	86,177	Issued as bonus shares		861,768	861,768
142,118	142,118		20.2	1,421,175	1,421,175

20.1 Represents shares issued at a face value of Rs. 10 each against transfer of net assets from the amalgamated firms namely, 'Al Shaheer Corporation' and 'MeatOne'.

20.2 As at June 30, 2019, institutions and others held 29,574,487 and 112,542,541 shares, respectively (June 30, 2018: 29,574,487 and 112,542,541). Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

	Note	2019	2018
		---------- (Rupees in '000) ----------	
21. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT			
Opening balance		866,498	203,787
Revaluation surplus on property, plant and equipment during the year		-	673,568
Transferred to unappropriated profit in respect of incremental depreciation during the year		(27,239)	(10,857)
Disposal of fixed assets during the year		(2,756)	-
		836,503	866,498
Related deferred tax liability			
Opening balance		(14,359)	(16,865)
Liability reversed during the year		-	788
Incremental depreciation charged during the year		1,906	1,156
Adjustment due to change in tax rate		144	562
		(12,309)	(14,359)
		824,194	852,139
22. LONG-TERM FINANCING			
Secured			
Diminishing musharaka			
Askari Bank Limited	22.1	100,000	100,000
Dubai Islamic Bank Pakistan Limited	22.2	835,975	764,583
Habib Metropolitan Bank Limited	22.3	6,492	14,190
Al Baraka Bank	22.4	1,729	8,487
		944,196	887,260
Less: Current maturity shown under current liabilities		(353,416)	(179,183)
		590,780	708,077

22.1 Represents diminishing musharaka facility in respect of purchase of various fixed assets for a period of 5 years including 1 year grace period . It carries profit at the rate of 3 month KIBOR + 2% per annum and having maturity till June 2023. The facility is secured by exclusive charge of Rs.134 million over plant and machinery and Rs.100 million ranking charge over fixed assets of the Group. The musharaka units are to be purchased commencing from July 2019 on the basis of percentages set out in the musharaka agreement.

22.2 This includes the following facilities:

a) Diminishing musharaka facility amounting to Rs.258.41 million 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 and having maturity till June 2021. The facility is secured by equitable mortgage charge over the Group's building.

b) Diminishing musharaka facility amounting to Rs.8.33 million to retire the usance LC for the procurement of generator for a period of 2 years. It carries profit at the rate of 3 months KIBOR + 2% per annum and having maturity till September 2019. The facility is secured by exclusive charge over the leased assets / generator.

c) Diminishing musharaka facility amounting to Rs.350 million in respect of procurement and installation of chicken processing plant for a period of 4.5 years including 1.5 years grace period. It carries profit at the rate of 6 months KIBOR + 2% per annum and having maturity till May 2022. The facility is secured by exclusive charge over land and building and plant and machinery of the Group's chicken plant located in Lahore.

d) Diminishing musharaka facility amounting to Rs.200 million in respect of procurement and installation of chicken processing plant for a period of 4 years including 1 year grace period and having maturity till November 2022. It carries profit at the rate of 3 months KIBOR + 2.5% per annum. The facility is secured by exclusive charge over land and building and plant and machinery of the Group's chicken plant located in Lahore.

e) Diminishing musharaka facility amounting to Rs.19.23 million in respect of procurement and installation of chicken processing plant for a period of 13 months. It carries profit at the rate of 3 months KIBOR + 2% per annum and having maturity till October 2019. The facility is secured by exclusive charge over land and building and plant and machinery of the Group's chicken plant located in Lahore.

Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2019

22.3 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% Group's share for diminishing musharaka.

22.4 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.

	Note	2019	2018
23. DEFERRED LIABILITIES		---------- (Rupees in '000) ----------	
Defined benefit plan - gratuity	23.1	**73,386**	59,639

23.1 Amount recognised in consolidated statement of financial position

	2019	2018
Opening balance	**59,639**	43,526
Charge for the year	**26,599**	19,112
Recognised in other comprehensive income	**(1,624)**	10,871
Benefits paid	**(11,228)**	(13,870)
Closing balance	**73,386**	59,639

23.2 Expense recognised in consolidated statement of profit or loss

	2019	2018
Current service cost	**22,007**	16,642
Net interest cost	**4,592**	2,470
	26,599	19,112

23.3 Actuarial (gain) / loss on defined benefit obligation recognised in other comprehensive income

	2019	2018
Actuarial (gain) / loss on defined benefit obligation		
- (Gain) / loss due to change in experience adjustments	**(1,624)**	10,871
	(1,624)	10,871

23.4 Principal actuarial assumptions

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

	2019	2018
	--- Number of Employees ---	
The number of employees covered under the defined benefit scheme are:	**412**	654

	2019	2018
Expected rate of increase in salary	**13.00%**	8.50%
Valuation discount rate	**13.00%**	8.50%
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

Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2019

23.5 Sensitivity analysis

	2019			
	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	---- (Rupees in '000) ----			
Present value of defined benefit obligations	(1,480)	1,578	1,564	(1,493)

	2018			
	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	---- (Rupees in '000) ----			
Present value of defined benefit obligations	(1,728)	1,850	1,833	(1,743)

	Note	2019	2018
24. TRADE AND OTHER PAYABLES		---------- (Rupees in '000) ----------	
Creditors:			
Trade		**71,860**	57,909
Non-trade		**448,016**	395,378
		519,876	453,287
Accrued liabilities		**61,522**	36,910
Withholding tax payable		**72,287**	20,454
Workers' Profits Participation Fund	24.1	**33,523**	19,370
Workers' Welfare Fund		**17,501**	12,751
Retention money		**2,520**	2,521
Other payables		**38,289**	21,093
		745,518	566,386

24.1 Workers' Profits Participation Fund

	2019	2018
Opening balance	**19,370**	17,547
Charge for the year	**12,501**	-
Interest on WPPF	**1,652**	1,823
Closing balance	**33,523**	19,370

	Note	2019	2018
25. SHORT-TERM BORROWINGS			
Secured			
Murabaha - islamic banking			
Summit Bank Limited		**-**	350,000
Sindh Bank Limited	25.1	**350,000**	-
Habib Metropolitan Bank Limited	25.2	**264,400**	290,100
Dubai Islamic Bank Pakistan Limited	25.3	**199,975**	199,975
Askari Bank Limited	25.4	**100,000**	100,000
Faysal Bank Limited	25.5	**100,000**	100,000
		1,014,375	1,040,075
Diminishing Musharaka - Islamic banking		**-**	23,333
Running Musharaka - Summit Bank Limited	25.6	**59,985**	59,966
		1,074,360	1,123,374

25.1 It carries profit at the rate of 6 months KIBOR + 3% to 6% per annum for local facility. Rs.145.04 million is secured by specific charge over plant and machinery and Rs.467 million is secured against ranking charge on the current assets of the Group. The remaining facility is secured by first mortgage charge over Gadap Land amounting to Rs.367 million and Rs.133 million pari passu charge over stocks and receivables of the Group.

25.2 It carries profit at the rate of relevant LIBOR / KIBOR + 1% per annum. The facility is secured by first pari passu charge over receivables for Rs.334 million and first exclusive charge over specific plant and machinery of the Group for Rs.87 million and Rs.50 million respectively, duly insured in bank's favor.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

25.3 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 for Rs.257 million and the remaining facility is secured against exclusive charge over specific plant and machinery of Rs.43 million and Rs.64.29 million.

25.4 It carries profit at the rate of KIBOR + 1% to 2.5% per annum. The facility is secured against 1st pari passu hypothecation charge of Rs.134 million over receivables of the Group.

25.5 It carries profit at the rate of KIBOR + 1% to 2.5% per annum. The facility is secured against 1st pari passu hypothecation charge of Rs.34 million over receivables of the Group and Rs.115 million exclusive charge over plant and machinery of the Group.

25.6 It carries profit at the rate of 6 months KIBOR + 3% per annum for the facility. The facility is secured by exclusive charge over plant and machinery of the Group amounting to Rs.194.237 million.

	Note	2019	2018
26. ACCRUED MARK-UP		------------- (Rupees in '000)	-------------
Accrued mark-up on:			
- Long-term financing		13,195	5,268
- Short-term borrowings		47,325	16,275
		60,520	21,543

27. DUE TO A RELATED PARTY

Represents Rs.77.449 million (2018: Rs.269.147 million) interest free loan obtained and Rs.16.354 million (2018: Rs.12.032 million) in respect of a current account maintained with Chief Executive Officer of the Group. The loan is unsecured and is repayable on demand.

	Note	2019	2018
28. COMMITMENTS			
Outstanding letter of guarantees		-	14,006
Capital commitments		112,453	215,698
Post dated cheques		-	16,530
29. TURNOVER - net			
Sales		4,257,769	5,495,731
Trade discount		(69,096)	(122,583)
		4,188,673	5,373,148
30. COST OF SALES			
Live stock consumed			
Opening stock		63,403	80,740
Purchases		2,862,346	4,065,198
Recovery against livestock residuals - net		(121,367)	(150,792)
Closing stock		(63,159)	(63,403)
		2,741,223	3,931,743
Conversion cost			
Salaries, wages and other benefits		52,046	60,040
Electricity, diesel and related expenses		26,288	31,710
Repairs and maintenance		4,475	12,049
Depreciation	8.2	31,671	24,753
Clearing and forwarding		24,247	28,057
Packing material		34,946	43,291
Marination		5,367	11,989
Others		7,754	16,817
		186,794	228,706
Cost of goods available for sale		2,928,017	4,160,449
Finished goods and fuels and lubricants			
Opening stock		44,842	36,320
Closing stock		(21,780)	(44,842)
		23,062	(8,522)
		2,951,079	4,151,927

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

	Note	2019	2018
31. ADMINISTRATIVE AND DISTRIBUTION COSTS		------------- (Rupees in '000)	-------------
Salaries, wages and other benefits	31.1	292,167	332,567
Electricity, diesel and related expenses		40,043	45,473
Repair and maintenance		15,023	13,851
Fuel and vehicle maintenance		9,878	15,725
Travelling and conveyance		4,963	13,096
Telephone and communication		8,617	12,140
Cargo		379,697	485,008
Marketing and advertisement		32,366	69,617
Rent, rates and taxes		141,137	169,201
Food		7,979	10,690
Depreciation	8.2	49,177	51,954
Amortization	9	1,304	1,699
Legal and professional		11,814	10,501
Software maintenance and development cost		6,414	8,112
Donation	31.2	9,268	17,408
Office supplies		3,743	7,702
Postage and courier		195	639
Takaful		11,564	11,242
Staff welfare		1,105	2,282
Provision for bad debts		9,818	8,197
Security		1,046	1,377
Training		-	1,922
Cleaning		3,908	7,525
Commission on credit card facilities		6,094	8,847
Auditor's remuneration	31.3	3,489	3,105
Others		16,531	23,327
		1,067,340	1,333,207

31.1 Include Rs. 26.599 million (2018: Rs.19.112 million) in respect of staff retirement benefits.

31.2 Represents donation made to Indus Hospital, Jamia Darul `Uloom Karachi and Masjid Jamiat-ul-Islamia. None of the directors and their spouses had any interest in these donations.

	2019	2018
31.3 Auditor's remuneration	------------- (Rupees in '000)	-------------
Audit fee (including Subsidiary Company)	2,063	1,875
Half yearly review	550	500
Certifications and other services	589	530
Out of pocket expenses	287	200
	3,489	3,105

	2019	2018
32. OTHER EXPENSES		
Workers' Profit Participation Fund	12,501	-
Workers' Welfare Fund	4,750	-
Loss on disposal of property, plant and equipment	576	304
Provision for impairment on capital work-in-progress	26,836	-
Loss on initial recognition of long term investment	9,444	-
Others	12,076	-
	66,183	304

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

	2019	2018
	--------- (Rupees in '000) ---------	
33. OTHER INCOME		
Income from financial assets		
Profit on saving accounts	62	149
Gain on remeasurement of short-term investments	19	24
Exchange gain - net	289,350	97,059
Dividend income	21	-
	289,452	97,232
Income from non - financial assets		
Liabilities no longer payable written back	-	3,230
Others	4,553	15,065
	4,553	18,295
	294,005	115,527
34. FINANCE COSTS		
Profit on financing	139,299	18,030
Bank charges	15,330	15,717
Interest on WPPF	1,652	1,823
	156,281	35,570
35. TAXATION		
Current	34,013	35,506
Prior	(3,462)	(126)
	30,551	35,380
Deferred	11,289	(13,004)
	41,840	22,376

35.1 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.

35.2 The return of income for the tax year 2018 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.

35.3 Management's assessment of Tax Provision

The Group computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analyzed as follows:

	Provision for taxation	Tax assessed	Excess / (short)
	----------------- (Rupees in '000) -----------------		
2018	35,506	32,044	3,462
2017	51,627	51,501	126
2016	45,085	54,091	(9,006)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

	2019	2018
36. EARNINGS / (LOSS) PER SHARE - basic and diluted	------- (Rupees in '000) -------	
Net profit / (loss) for the year	213,474	(51,411)
Weighted average ordinary shares of Rs.10/- each - (Number in '000)	142,118	142,118
Earning / (loss) per share (Rupees) – basic and diluted	1.50	(0.36)

37. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2019	2018	2019	2018	2019	2018
	------------------------------------- (Rupees in '000) -------------------------------------					
Managerial remuneration	28,080	28,470	21,178	21,260	77,089	86,676
Gratuity	-	-	-	-	4,368	2,386
Board meeting fees	-	-	2,775	2,250	-	-
	28,080	28,470	23,953	23,510	81,457	89,062
Number of persons	1	1	10	10	28	22

38. RELATED PARTY TRANSACTIONS

Related parties of the Group comprise major shareholders, directors, companies under common directorship, key management personnel and staff provident fund. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

	2019	2018
	------- (Rupees in '000) -------	
Key management personnel		
(Repayment to) / Settlement of liabilities by CEO of the Company	(9,201)	16,957
Loan (paid to) / received from CEO during the year	(178,165)	250,695

38.1 Following are the related parties with whom the Group had entered into transactions or have arrangement / agreement in place.

S.No.	Personnel name	Basis of relationship	
1	Mr. Kamran Ahmed Khalili	Key Management Personnel	24.20%

39. These consolidated financial statements have been prepared on the basis of a single reportable segment.

All non-current assets of the Group at June 30, 2019 are located in Pakistan.

Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2019

40. 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:

40.1 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 two types of risk: interest rate risk and currency risk.

40.1.1 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 loss / profit before tax Rupees in '000
2019	**+100**	**(20,186)**
	-100	**20,186**
2018	+100	(20,106)
	-100	20,106

40.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to change in a 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	Effect on loss / profit before tax
	Pak Rupees	Rupees in '000
2019	**10%**	**106,631**
	-10%	**(106,631)**
2018	10%	88,495
	-10%	(88,495)

Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2019

40.2 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	
	2019	2018
	---------- (Rupees in '000) ----------	
Investment	**626**	590
Trade debts	**1,480,172**	1,211,970
Loans	**22,690**	27,711
Trade deposits	**14,790**	17,148
Bank balances	**15,249**	39,155
	1,533,527	1,296,574

40.2.1 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:

	2019	2018
Trade debts	---------- (Rupees in '000) ----------	
Customers with no defaults in the past one year	**380,489**	407,188
Bank balances		
Ratings		
AAA	**1,378**	438
AA+	**12,745**	18,614
AA	**1,052**	4,771
AA-	**-**	15,299
A+	**52**	-
A	**11**	15
A-	**-**	18
BBB-	**11**	-
	15,249	39,155

40.3 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 June 30, 2019 based on contractual undiscounted payment dates and present market interest rates:

Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2019

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	(Rupees in '000)				
2019					
Long-term financing	**22,460**	**75,395**	**255,561**	**590,780**	**944,196**
Short-term borrowings	**422,000**	**203,700**	**448,660**	**-**	**1,074,360**
Trade and other payables	**2,521**	**228,128**	**238,559**	**138,511**	**607,719**
Accrued mark-up	**43,968**	**9,265**	**7,287**	**-**	**60,520**
Due to a related party	**93,803**	**-**	**-**	**-**	**93,803**
	584,752	**516,488**	**950,067**	**729,291**	**2,780,598**
2018					
Long-term financing	-	38,726	204,645	643,889	887,260
Short-term borrowings	59,966	439,966	623,442	-	1,123,374
Trade and other payables	2,521	248,309	262,981	-	513,811
Accrued mark-up	-	21,543	-	-	21,543
Due to a related party	281,181	-	-	-	281,181
	343,668	748,544	1,091,068	643,889	2,827,169

40.4 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 a subsidiary are carried at cost. The carrying values of all other financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2019

40.4.1 Fair value

Financial Instruments carried at fair value are categorized as follows:

Level 1: Quoted market price.

Level 2: Valuation techniques (market observable)

Level 3: Valuation techniques (non-market observables)

40.4.2 The Group held the following financial and non-financial assets measured at fair value:

	Total	Level 1	Level 2	Level 3
	(Rupees in '000)			
June 30, 2019				
Financial assets				
Short-term investments	**626**	**-**	**626**	**-**
Non-financial assets				
Property, plant and equipment	**1,737,336**	**-**	**-**	**1,737,336**
June 30, 2018				
Financial assets				
Short-term investments	590	-	590	-
Non-financial assets				
Property, plant and equipment	3,297,393	-	-	3,297,393

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

40.5 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, reserves and revaluation surplus on property, plant and equipment. The gearing ratio as at June 30, 2019 is as follows:

	2019	2018
	---------- (Rupees in '000) ----------	
Long-term financing	944,196	887,260
Short-term borrowings	1,074,360	1,123,374
Accrued mark-up	60,520	21,543
Total debt	2,079,076	2,032,177
Less: Cash and bank balances	(20,052)	(52,462)
Net debt	2,059,024	1,979,715
Share capital	1,421,175	1,421,175
Reserves	2,356,909	2,124,141
Revaluation surplus on property, plant and equipment	824,194	852,139
Total equity	4,602,278	4,397,455
Equity and net debt	6,661,302	6,377,170
Gearing ratio		
Including revaluation surplus on property, plant and equipment	31%	31%
Excluding revaluation surplus on property, plant and equipment	35%	36%

41. NUMBER OF EMPLOYEES

	2019	2018
Total number of employees as at the reporting date	421	683
Average number of employees during the year	617	709
Total number of factory employees as at the reporting date	101	152
Average number of factory employees during the year	108	148

42. GENERAL

42.1 Figures have been rounded off to the nearest rupee.

42.2 Certain prior year figures have been reclassified for better presentation. However, there are no material reclassifications to report other than mentioned below:

Reclassified from component	Reclassified to component	June 30, 2018 -- (Rupees in '000) --
Finance cost	Administrative and distribution costs	20,462
Short-term loans and advances	Trade deposits and short-term prepayments	1,087

42.3 The Finance Act 2019, has levied a tax at the rate of 5% to be imposed on every public company that derives profit for a tax year but does not distribute atleast 20% of its after tax profits ('requisite dividend') within six months of the end of the tax year ('requisite time') through cash. Any liability in this respect will be recognised when the requisite time expires without the Holding Company having distributed the requisite dividend.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2019

43. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on October 31, 2019 by the Board of Directors of the Group.

Chief Executive Officer	Director	Chief Financial Officer

Pattern of Shareholding as at June 30, 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
ADEEB AHMAD	2	817,083	0.57
MR. UMAIR AHMED KHALILI	2	2,743,001	1.93
KAMRAN AHMED KHALILI	1	34,390,569	24.20
QAYSAR ALAM	1	1,636	0.00
RIZWAN JAMIL	1	1,632	0.00
RUKHSANA ASGHAR	1	1,636	0.00
MR. ZAFAR SIDDIQUE	1	1	0.00
MR. SARFARAZ RAHMAN	1	1	0.00
NAVEED GODIL	1	7,265,565	5.11
TARIQ HUSAIN	1	20,000	0.01
Associated Companies, undertakings and related parties	0	-	-
Executives	1	399	0.00
Public Sector Companies and Corporations	2	4,775,000	3.36
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	14	5,413,380	3.81
Mutual Funds			
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	1,162,000	0.82
CDC - TRUSTEE MEEZAN BALANCED FUND	1	1,190	0.00
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	500	0.00
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	691	0.00
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	1,774	0.00
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	2,231,756	1.57
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	2,809,000	1.98
CDC - TRUSTEE NAFA STOCK FUND	1	1,830,813	1.29
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	4,762	0.00
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	201	0.00
CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFA FUND	1	1,104,867	0.78
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	14,912	0.01
CDC - TRUSTEE ASKARI EQUITY FUND	1	3,412	0.00
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	41,000	0.03
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	80,000	0.06
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	92,000	0.06
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	408,500	0.29
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	332,500	0.23
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	1,204,960	0.85
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	2,782,757	1.96
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	213,516	0.15
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	3,562	0.00
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	29,550	0.02
TRUSTEE-ANPL MAN STAFF DEFINED CONTRIBUTIO SUPERANNUATION FD	1	200	0.00
TRUSTEE-ANPL MANAGEMENT STAFF GRATUITY FUND	1	300	0.00
WATEEN TELECOM LIMITED STAFF GRATUITY FUND	1	25,000	0.02
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	13,000	0.01
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	1	587,000	0.41
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	2,791,000	1.96
Trusteesof Telenor Pakistan Pvt Ltd Employees Provident Fund	1	6,100	0.00
TRUSTEE OF FORMAN CHRISTIAN COLLEGE EMPLOYEES PROVIDENT FUND	1	1,200	0.00
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	426,000	0.30
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	98,000	0.07
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	199,000	0.14
MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	1	1,273,000	0.90
General Public			
a. Local	4853	59,904,375	42.15
b. Foreign	2	51,142	0.04
Foreign Companies	2	56,275	0.04
Others	44	6,901,709	4.86
Totals	**4965**	**142,117,427**	**100.00**

Share holders holding 5% or more	Shares Held	Percentage
KAMRAN AHMED KHALILI	34,390,569	24.20
NAVEED GODIL	7,265,565	5.11
SHAIKH QAISER	7,175,000	5.05

NOTICE OF THE ANNUAL GENERAL MEETING OF AL SHAHEER CORPORATION LIMITED

Notice is hereby given that the 5th Annual General Meeting of AlShaheer Corporation Limited ("Company") will be held at 2nd Floor, Defence Authority Country and Golf Club, Zulfiqar Street No.1, Phase VIII DHA, Karachi on Wednesday November 27, 2019, at 12:00 noon for transacting the following business;

Ordinary Business

1. To confirm the minutes of 4rd Annual General Meeting held on October 22, 2018.
2. To receive, consider and adopt the Stand-alone and Consolidated Audited Financial Statements of the Company for the financial year ended June 30, 2019 together with the Directors' and Auditors' Report thereon.
3. To elect directors of the Company for a three years term. The Board of Directors in the meeting held on October 31, 2019, fixed the number of Directors at seven (7). The retiring directors of the Company are as follow:
   Mr Adeeb Ahmad
   Mr Tariq Hussain
   Mr Kamran Ahmed Khalili
   Mr Rizwan Jamil
   Mr Qaysar Alam
   Ms Rukhsana Asghar
   Mr Naveed Godil
   Mr Umair Khalili
   Mr Sarfaraz Ahmed Rehman
   Mr Zafar Siddiqui
4. To appoint auditors for the ensuing year ending June 30, 2020 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
November 06, 2019

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 November 25, 2019 to November 27, 2019 (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 November 27, 2019 will be considered for entitlement.

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 27th day of November, 2019 and/or at any adjournment thereof.

Dated : ____________ Signature ____________

Presence of:

1. ______________

2. ______________

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.

Minutes of 4th Annual General Meeting
Al Shaheer Corporation Limited
Monday October 22, 2018
Royal Rodale, DHA, Karachi

The 4th Annual General Meeting of AiShaheer Corporation Limited ("Company") was held at Royal Rodale, 34th Street, Phase-V Ext, Defence Housing Authority, Karachi on Monday, October 22, 2018, at 9:00 a.m.

At the start of proceedings of the meeting due to the fact that Mr. Noor ur Rahman Abid, Chairman of the Board of Directors of the Company was connected through Videocon, therefore the directors of the Company in accordance with section 134 of the Companies Act, 2017 elected Mr. Kamran Ahmed Khalili, 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.

Permission from Chair
The Company Secretary informed the Chair that the Quorum is Completel 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 September 28, 2018.

Ordinary Business

1. **To confirm the minutes of 3rd Annual General Meeting held on October 25, 2017.**

   a. The company secretary read out the minutes of the Annual General Meeting held on October 25, 2017 and requested the members for their approval.

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

   "Resolved that the minutes of the Annual General Meeting held on October 25, 2017 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, 2018 together with the Directors' and Auditors' Report thereon.**

   a. The Stand alone and Consolidated Audited Financial Statements of the Company were presented and members were invited for their comments.

   b. The members asked various questions on the financial statements and the general functioning of the Company.

   c. The Chairman of the meeting responded to the comments of the members and provided satisfactory and detailed responses.

   d. The Chairman also informed the members of current pressures faced by export business of the Company. The Chairman informed the members regarding the launch of the "Poultry Project" at Lahore and gave insight of the project.

   e. 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, 2018 together with the Directors' and Auditors Report thereon are duly adopted"

3. To appoint auditors for the ensuing year ending June 30, 2019, 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, 2019".

"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, 2019".

Vote of Thanks

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

Sd/-
Chairman

Sd/-
Company Secretary

Annexure-A

Attendees and Proxy Shareholders in the Annual General Meeting 2018

	SHAREHOLDERS	REPRESENTING SHARES
TOTAL	5255	142,117,427
PRESENT IN PERSON OR BY PROXY	46	10,976,384

ALSHAHEER FOODS

BRINGING PERFECTION
TO YOUR TABLE

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