ALSHAHEER FOODS

BRINGING PERFECTION TO THE TABLE

Annual Report for the year 2017 - 18

ALSHAHEER
FOODS

Contents

Financial Statements

Company Information

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.

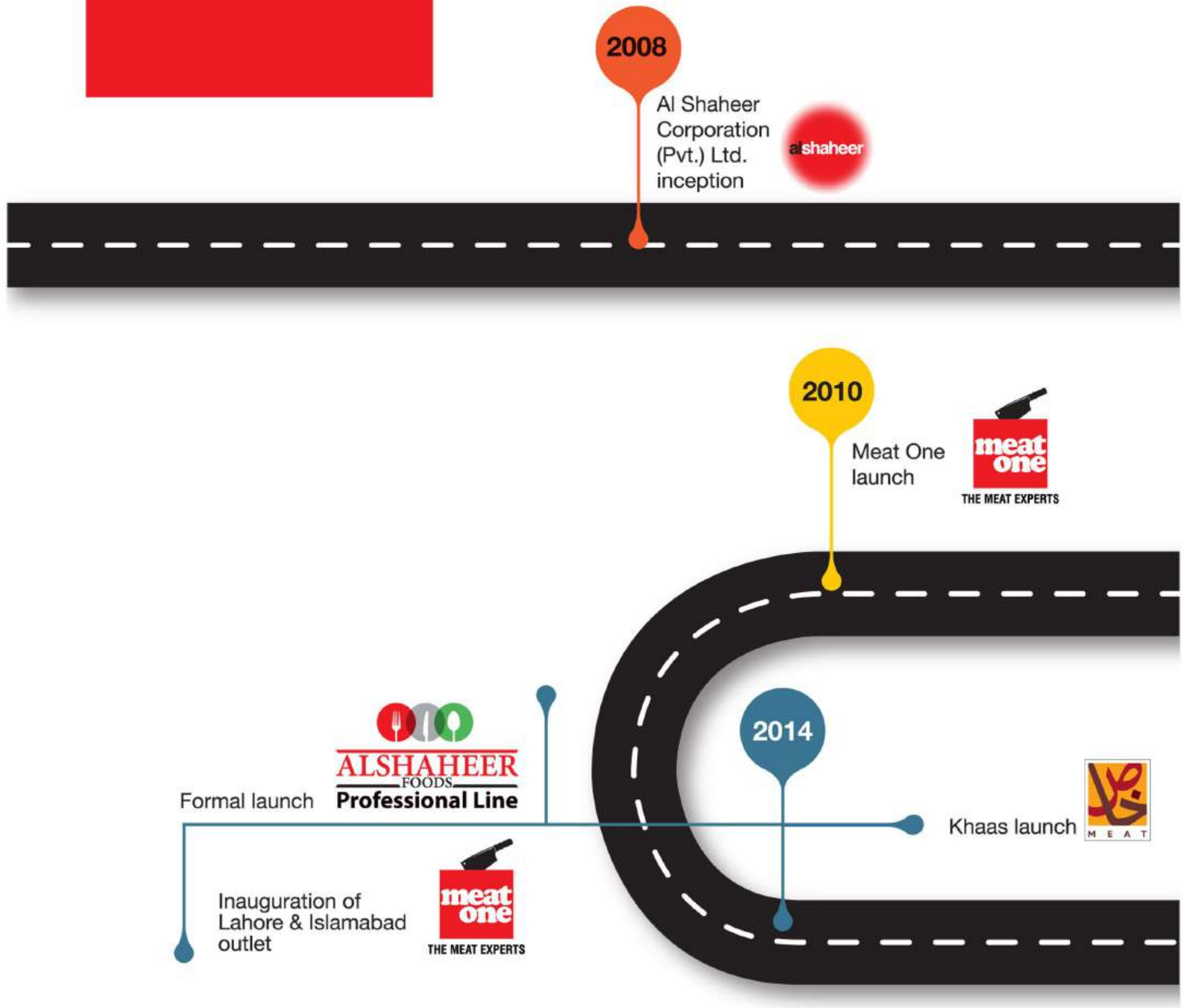
ASC Foods is certified on following regulatory & international standards:

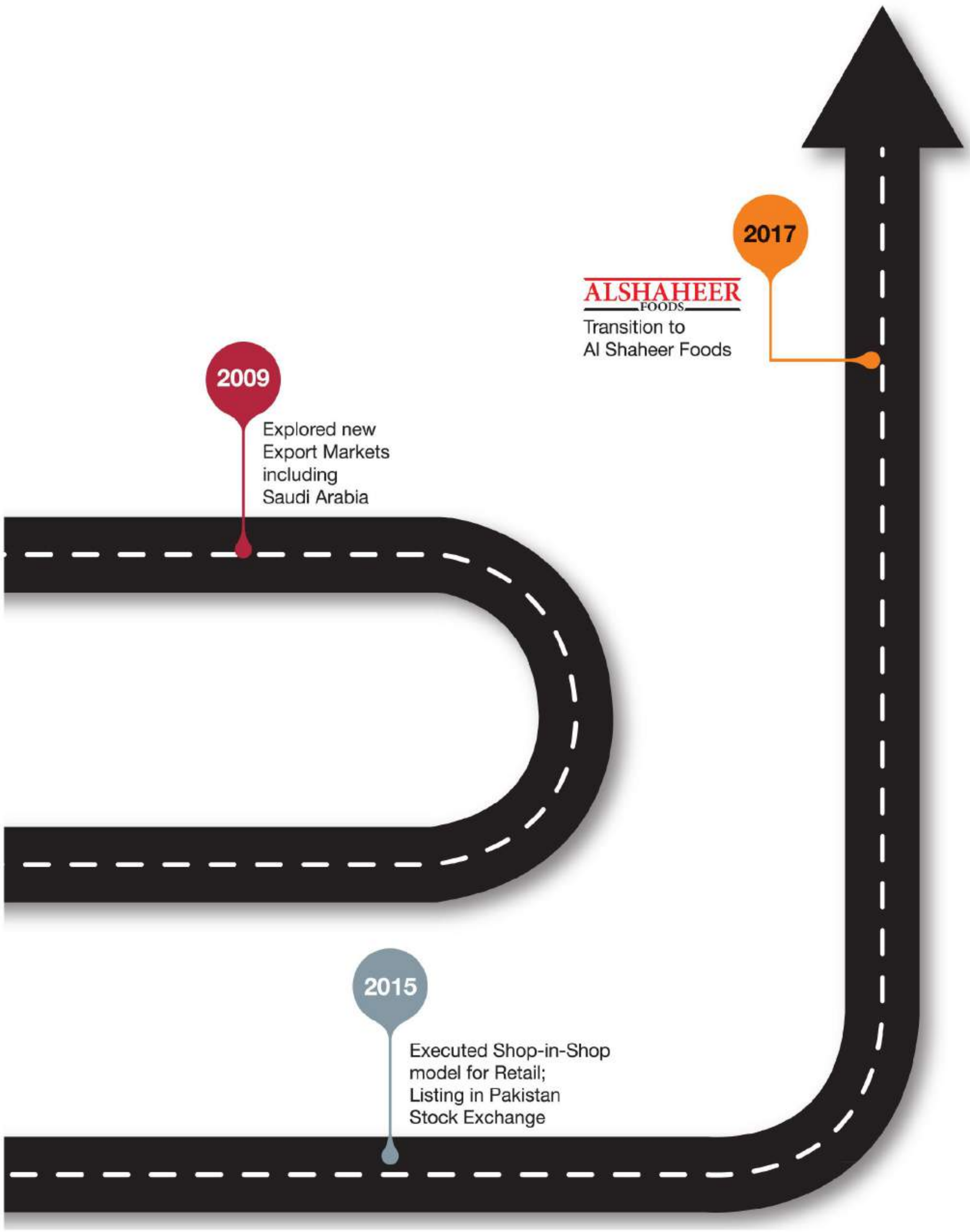
- ISO 9001:2015
- ISO 22000:2005
- ISO 14001: 2015
- OHSAS 18001: 2007
- HACCP
- Pakistan Halal standard PS3733:2016
- Malaysian Halal standard MS 1500
- UAE/GSO Halal slaughtering standard 993:2015

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 expectations every year.

Timeline


2008
Al Shaheer Corporation (Pvt.) Ltd. inception
alshaheer
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


2009
Explored new
Export Markets
including
Saudi Arabia
2015
Executed Shop-in-Shop
model for Retail;
Listing in Pakistan
Stock Exchange
2017
ALSHAHEER
FOODS
Transition to
Al Shaheer Foods

CHAIRMAN'S REVIEW

I am pleased by the performance of Al Shaheer Corporation against very challenging circumstances during the last fiscal year ended 30th June 2018. The Company, with its ambitious plan to build a very large processed frozen food plant and operating in an environment of increasing competition in its both, export and domestic markets, has worked very hard to streamline its operations and manage costs to become more efficient and competitive. The Board has worked with passion and commitment to support the management in achieving above objectives.

The Board of Directors reflects a mix of varied backgrounds and rich experience in the fields of food and industrial business, finance, banking and regulations. The Board has provided strategic direction to the management and remains available for support. The Board approves the budget and reviews 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 policy framework , HR Policies and recommended compensation of senior management team as well as rest of the staff. Best industry practices have been used to set up these policies. An important role of the Committee is succession planning which will be developed over the coming months.

The Strategy Steering Committee has provided specific direction and overview to the management in setting its future plans and, to ensure Company returns to profitability by growing its domestic business and launching a whole host of delicious Ready-to-Cook food products. It has also guided management in its financial and marketing plans.

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.

Abid

Noorur Rahman Abid
Chairman
Al Shaheer Corporation Ltd.

CEO'S MESSAGE

Al Shaheer Corporation saw its third year as a publicly listed entity with the blessings of the Almighty. The company has come to this point after facing many challenges;learningand advancing from them.

Our volumes and margins had been under immense pressure due to the pricing tactics of local and international businesses in export markets. Early currency devaluations by other meat exporting companies made them a significantly cheaper source, hence adversely impacting meat exports of Pakistan.

Our upcoming induction into the poultry and processed foods industry is the enterprising new opportunity that we are very much looking forward to launch within the next few months.Substantial planning and subsequent progress has been made in the unique product development, technology enablement and the finest talent acquisition for our plant and we are very optimistic that,Inshallah, the project will create staggering benchmarks yet again in this industry.

Cost efficiency is a big part of all our organizational operations bringing significant reductions in product spoilage and streamlined HR costs. Cost control will always remain one of our top priorities which helps in improving our retail business margins. Essential talent and infrastructure are necessary factors for our long-term growth plan and will continue to be two of our primary investments.

Hard work and effort is paving way to a strong and bright future for Al Shaheer Foods. I deeply appreciate and thank our entire team including our customers, employees, agencies, bankers and shareholders for their incredible support throughout our journey, and pray we continue to have their staunch support in establishing Al Shaheer Foods as one of the top Food companies of Pakistan.

Kamran Khalili
CEO
Al Shaheer Corporation Ltd.

Our Motto

Vision

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

Mission

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

Core Values

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

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

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

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

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

Code of Conduct

Introduction

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

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

Sustainable Development

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

Responsibilities

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

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

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

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

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

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

Economic

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

Competition

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

Business Integrity

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

Health, Safety and the Environment

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

Local Communities

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

Communication and Engagement

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

Compliance

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

Living by Our Principles

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

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

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

Purpose of Existence

Al Shaheer Foods was created in August 2008 after observing the increase in demand of Halal meat products globally. It operates a custom designed, state-of-the-art plant, brought in from Australia with attached chillers, cold storage, transportation and hygienic lairage area. This is the largest private slaughtering facility in the country with a capacity of 40 heads per hour.

Winning several international accreditations like the ISO 9001:2015, ISO22000:2005, 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.

Noorur Rahman Abid

Noor is a Fellow Chartered Accountant from the Institute of Chartered Accountants in England and Wales. He started his career in 1976 in UK with KPMG. He has more than 35 years' experience in the profession, across Europe, Middle East and Africa. Noor was the Assurance Leader for Ernst & Young in Middle East and North Africa from 1999 to 2012. Under Noor's leadership, Ernst & Young audit practice grew from US$ 35 million in 1999, to US$ 210 million in 2012. He was also directly involved in promoting various Corporate Social Responsibility programs at Ernst & Young. He took retirement in June 2012.

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

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

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

Kamran Khalili

Kamran Khalili is the CEO of Al Shaheer Corporation Ltd. It was his vision to establish a Halal meat processing company. Kamran Khalili took the initiative and started Al Shaheer Corporation from scratch, playing a pivotal role in the company's growth. Prior to Al Shaheer, Kamran was a member of the Karachi Stock Exchange for around 10 years and CEO of Fortune Securities (Pvt.) Ltd. He has also worked as an Investment Banker in Muslim Commercial Bank, Pakistan. After receiving an encouraging response from exports, Kamran expanded his vision to provide export quality meat products in the local market as well.

In accomplishment of this vision, he took the initiative to introduce a concept meat shop in the local market, Meat One.

Kamran Khalili is an MBA.

M. Qaysar Alam

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

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

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

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

Muhammed Amin

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

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

Rukhsana Asghar

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

Previously held key positions include Group Head Human Resource, SEVP (UBL) & Director Human Resources (Citibank).

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

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

Naveed Godil

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

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

Rizwan Jamil

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

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

Having been associated with Unilever for 22 years, Rizwan has gathered a rich experience of Marketing, Sales and Business Management across a large number of business categories. In his last six years at Unilever, he was Head of the Tea Business Unit. Rizwan later joined Lafarge Pakistan, a subsidiary of the Paris based MNC, global leaders in construction materials. He worked there for over 6 years heading Business Strategy, Innovation & Marketing.

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

Zafar Siddiqui

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

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

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

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

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.

Umair Khalili

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

Directors' Report

The Directors of your Company are pleased to present the audited financial results of the Company for the yearended June 30, 2018.

Operational Performance

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

	Year ending June 30, 2018	Year ending June 30, 2017
	(Rupees in '000)	
Sales	5,373,148	6,396,642
Cost of Sales	(4,151,927)	(4,869,940)
Gross Profit	**1,221,221**	**1,526,702**
Expenses	(1,363,464)	(1,553,461)
Other Income	120,638	18,492
Taxation	(22,376)	(12,535)
Net Loss	**(43,981)**	**(20,802)**
Basic & Diluted EPS (Rs./Share)	(0.31)	(0.15)

This was a challenging year where business remained under pressure. Overall sales declined by 16% comparedto last year.

Export Performance

Exports declined by 25% despite a 7% price correction during the year. The entire industry has suffered, due to several macro-economic factors affecting both, business volume and margins. Critical among these being:

- Cheaper meat imports from India, Brazil & Australia (due to earlier currency devaluations in these countries) to GCC markets
- Increasing livestock prices in Pakistan market with rising costs of doing business
- Challenges in the supply chain of livestock
- An abnormal growth in exports of artificial leather from China and India adversely affected leather exports of Pakistan by 26%.This was aggravated with a glut of hides after Eid ul Azha Qurbani, causing skin / hide prices to fall significantly further reducing meat margins.

Meat One

Reorganization of the retail network of our premium brand, along with the detailed scrutiny of its outlets' cost structures, was effectively conducted during the year. Cost rationalization steps, identified by the cost-committee in the first half of the year, were carried out.This business unit's focus remains on growing the topline through shop-in-shop model and keepcosts in control in order to start delivering profits next year.

Khaas Meat

Khaas Meat was growing by 13% at the end of third quarter vs same period last year.In the last quarter, a major customer chain withdrew from our business partnership and Khaas outlets in the chain had to be shut down. Those were the higher footfall locations for the brand.Their closure consequently eliminated more than 35% of the brand's topline in last quarter. A good part of this gap in the business unit's topline was covered through higher growths from other locations; however, not that profitably. Profitability pressures on this economy brand will continue next year,as it will take some time for other locations to start recovering the higher profitability levels lost due to closure of the above customer.

Institutional Sales

Company's B2B business stayed under pressure as this channel became very price competitive. Sales increased by 3%. Margins were impacted adversely. Business model is being restructured to maintain a client base that appreciates, and is willing to pay for, high quality products, allowing the company reasonable margins in this segment. The start of the new processed meat and poultry business, will strengthen the topline of this channel in the years ahead. It will help absorb fixed overheads and improve margins for the channel.

Poultry & Processed Foods Business

Our poultry and processed foods plant in Lahore is in its very final stages of completion. Launch product portfolio has been locked. Sales team is ready with already completed Route-to-Market plan. Experienced distributors are on board and trade agreements with retailers in place. In short, our team is in full readiness for an impactful launch of the processed foods businessin second quarter of next financial year.

Future Outlook

Recent upward revaluation of US Dollars by approx. 13% has reduced pressures on export margins through price correction. We are confident that export business will regain its potential.The domestic business will be re-engineered with a target of making it profitable in the coming years.

Launch of processed frozen foods in first half of 2018-2019 is a major milestone for the Company changing its status from a meat company to a Foods business. Building a distribution network for this business, will result in a far wider coverage than meat, which is restricted to Company managed outlets/counters. This will increase top-line at an accelerated pace. Value added portfolio enjoying higher margins will make this line a significant contributor to Company profitability in the long run.

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

Consumer Protection Measures

The Company ensures that the meat is packed and dispatched to consumers in a healthy and safe manner. It 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 allaspects 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. 67 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 thelisting regulations.

h) Outstanding liabilities on account of taxes, duties, levies and charges, if any, are disclosed in the financial statements.

i) 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:

Board / Committee	Board of Directors	Audit Committee	HR Committee	Strategic Steering Committee
Meetings held during YE 2017-18	4	4	2	2
Mr. Kamran Ahmed Khalili	4	4	2	2
Mr. Naveed Godil	1	-	-	-
Mr. Noor ur Rahman Abid	4	3	-	1
Mr. Muhammad Amin	2	2	-	2
Mr. Rizwan Jamil	4	4	2	2
Mr. M. Qaysar Alam	3	4	-	1
Ms. Rukhsana Asghar	4	-	2	1
Mr. Sarfaraz Rehman	3	-	1	2
Mr. Zafar Siddiqui	2	-	-	-
Mr. Umair Ahmed Khalili	4	-	-	-

j) No trading in the shares of the company was carried out during the year by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children except for the gift of shares by Mr.Kamran Ahmed Khalili to Mr. Umair Ahmed Khalili.

k) The company pays gratuity to its employees for which liability as at 30 June 2018 is Rs. 59.6 million.

l) Pattern of shareholding is annexed with the report.

m) Transactions with related parties are presented in note number 37 of the financial statements.

Sales Tax Refunds

During the year, sales tax refunds of Rs. 45.8 million were claimed. Refund Payment Orders (RPO's) of Rs. 35 million were received and Rs. 26.7 million have already been credited in our bank accounts.

Al Shaheer Farms (Pvt.) Ltd.

The company has 51% holding in Al Shaheer Farms (Pvt.) Ltd. amounting to Rs. 55.7 million as at 30June2018.The subsidiary was incorporated on 2March 2015 as a private limited under Companies Ordinance 1984. Theprincipal activity of the subsidiary is to carry on all kinds of farming including agricultural, poultry, horticultural anddairy and to purchase, acquire, maintain, breed, sell or otherwise dispose of all kinds of cattle and other form oflivestock.

Bonus Shares

No bonus shares have been issued.

Dividend

The company did not generate any profits during the year, therefore no dividend is declared.

Rights Shares

No right shares have been issued.

Appointment of Auditors

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

Acknowledgment

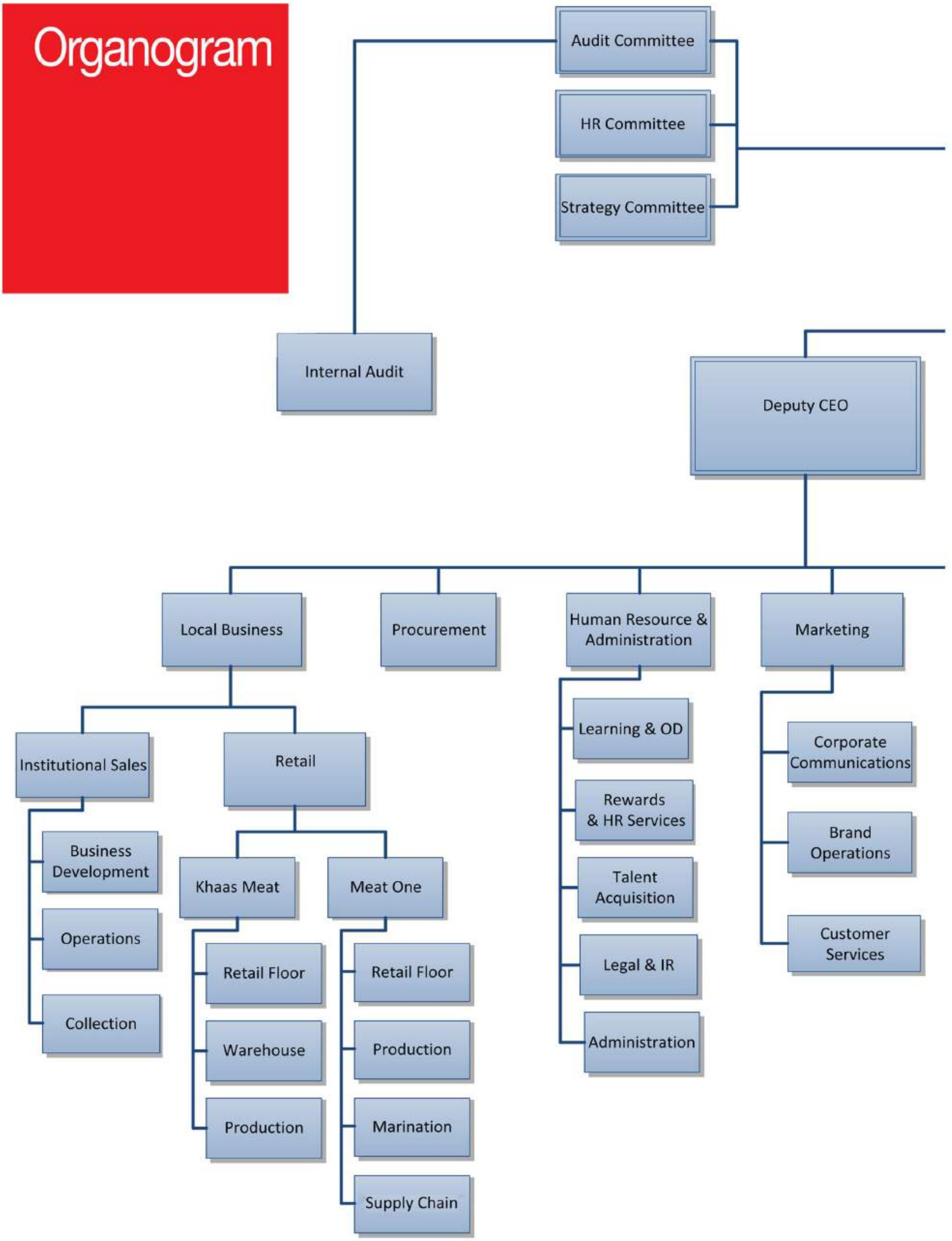
The Board is thankful to valuable members and bankers for their trust and continued support to the company. The Board would also like to place on record its appreciation to all employees of the company for their dedication, diligence and hard work.

Noorur Rahman Abid
Director

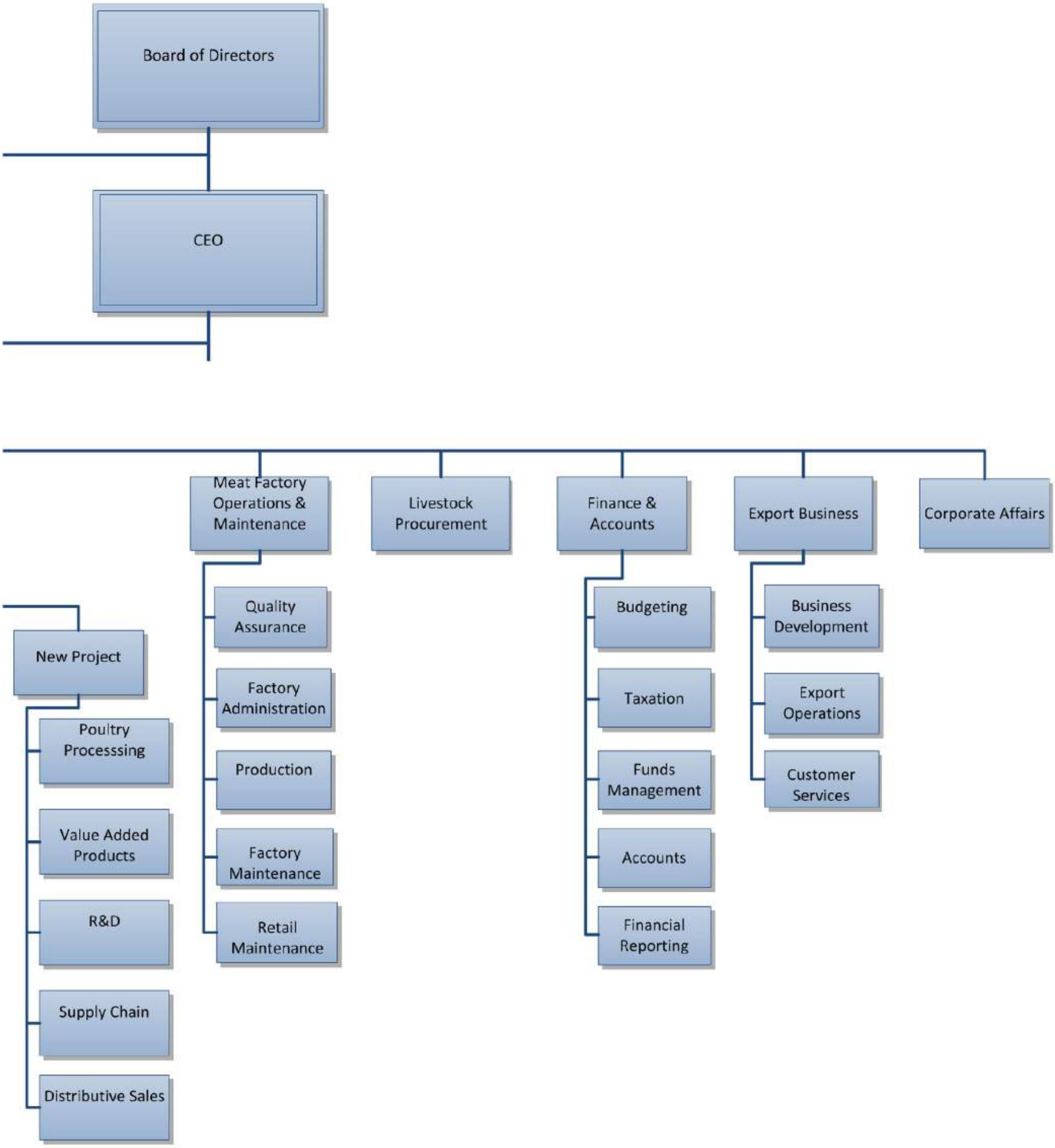
Kamran Ahmed Khalili
CEO

Management Team

Organogram



Audit Committee
HR Committee
Strategy Committee
Internal Audit
Deputy CEO
Local Business
Procurement
Human Resource & Administration
Marketing
Institutional Sales
Retail
Business Development
Operations
Collection
Khaas Meat
Meat One
Retail Floor
Warehouse
Production
Retail Floor
Production
Marination
Supply Chain
Learning & OD
Rewards & HR Services
Talent Acquisition
Legal & IR
Administration
Corporate Communications
Brand Operations
Customer Services


Board of Directors
CEO
Meat Factory Operations & Maintenance
Livestock Procurement
Finance & Accounts
Export Business
Corporate Affairs
New Project
Poultry Processsing
Value Added Products
R&D
Supply Chain
Distributive Sales
Quality Assurance
Factory Administration
Production
Factory Maintenance
Retail Maintenance
Budgeting
Taxation
Funds Management
Accounts
Financial Reporting
Business Development
Export Operations
Customer Services

Kamran Khalili

CEO

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

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

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

Kamran Khalili is an MBA.

Rizwan Jamil

DCEO

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

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

Having been associated with Unilever for 22 years, Rizwan has gathered a rich experience of Marketing, Sales and Business Management across a large number of business categories. In his last six years at Unilever, he was Head of the Tea Business Unit. Rizwan later joined Lafarge Pakistan, a subsidiary of the Paris based MNC, global leaders in construction materials. He worked there for over 6 years heading Business Strategy, Innovation & Marketing.

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

Maryam Ali

CFO

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

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

Shahnawaz Akbar

Head of Factory Operations

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

Adnan Budhani

Project Head - New Projects

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

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

Adnan Khan

Head of Internal Audit

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

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

Hammaad Chishti

Business Analyst

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

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

Mahmood Khurram

Head of Distribution Sales

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

Najiyeh Akbar

Head of Marketing

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

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

Osama Javed

Head of Human Resource & Administration

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

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

Shoaib Saleem

Head of Information Technology

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

Shoaib has almost 15 years of experience in Information Technologies & Systems in different positions. He has handled different projects from ERP implementations to in-house software development and building Database infrastructure at CDC, KASB Securities, Ora-Tech Systems and Venus Distributors.

Soofian Akhter

Head of Retail Operations

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

Soofian is an MBA.

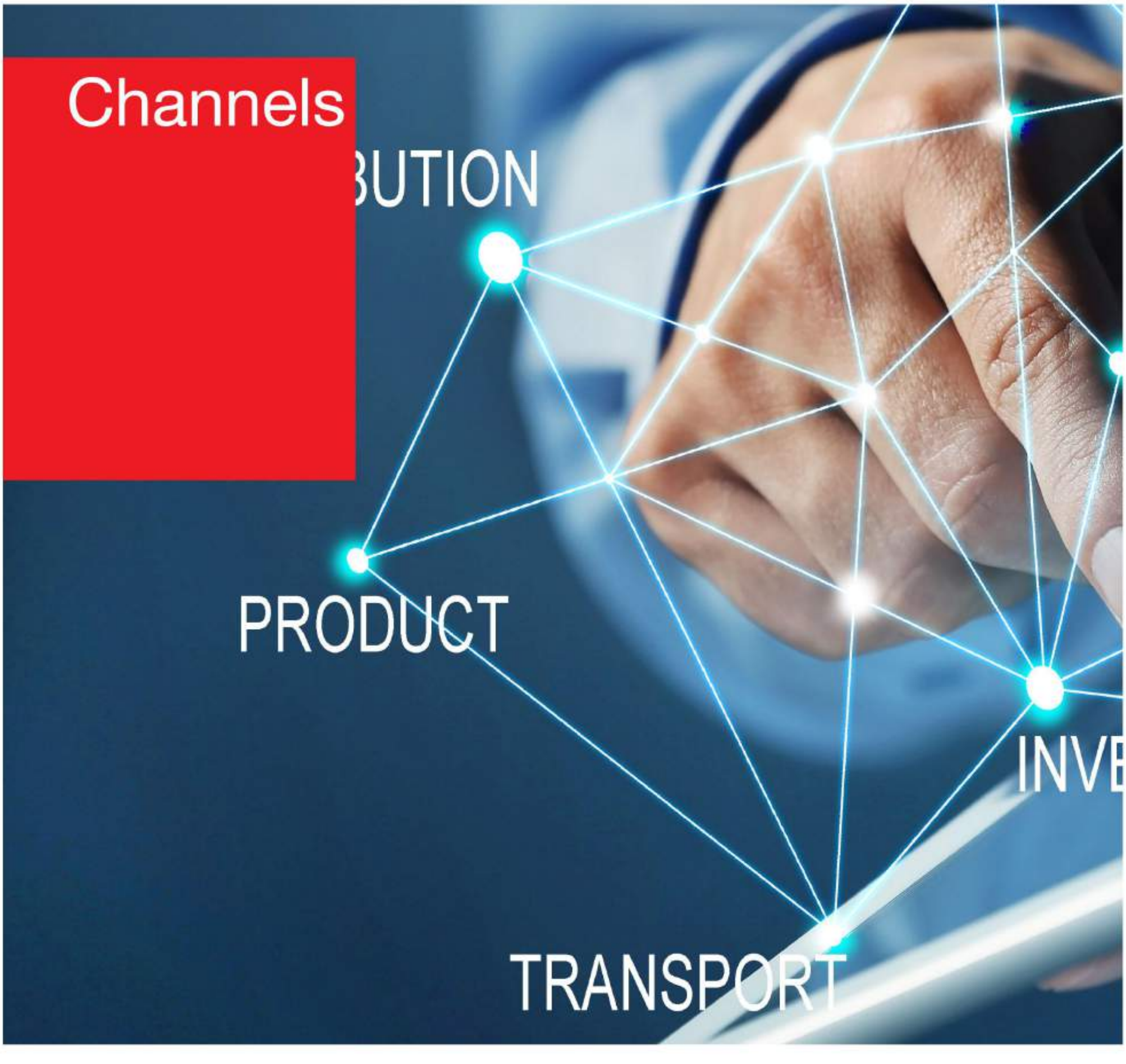
Syed Sajjad

Company Secretory

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

Sajjad has done LLB from University of Peshawar.

Channels




ANALYSIS
CARGO
NDUSTRIAL

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.

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

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

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

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

Following are the countries Al Shaheer exports to:

KUWAIT OMAN SAUDI ARABIA QATAR BAHRAIN UAE

Retail

Meat One

THE MEAT EXPERTS

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

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

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

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

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

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

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

Khaas Meat

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

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

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

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

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

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

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

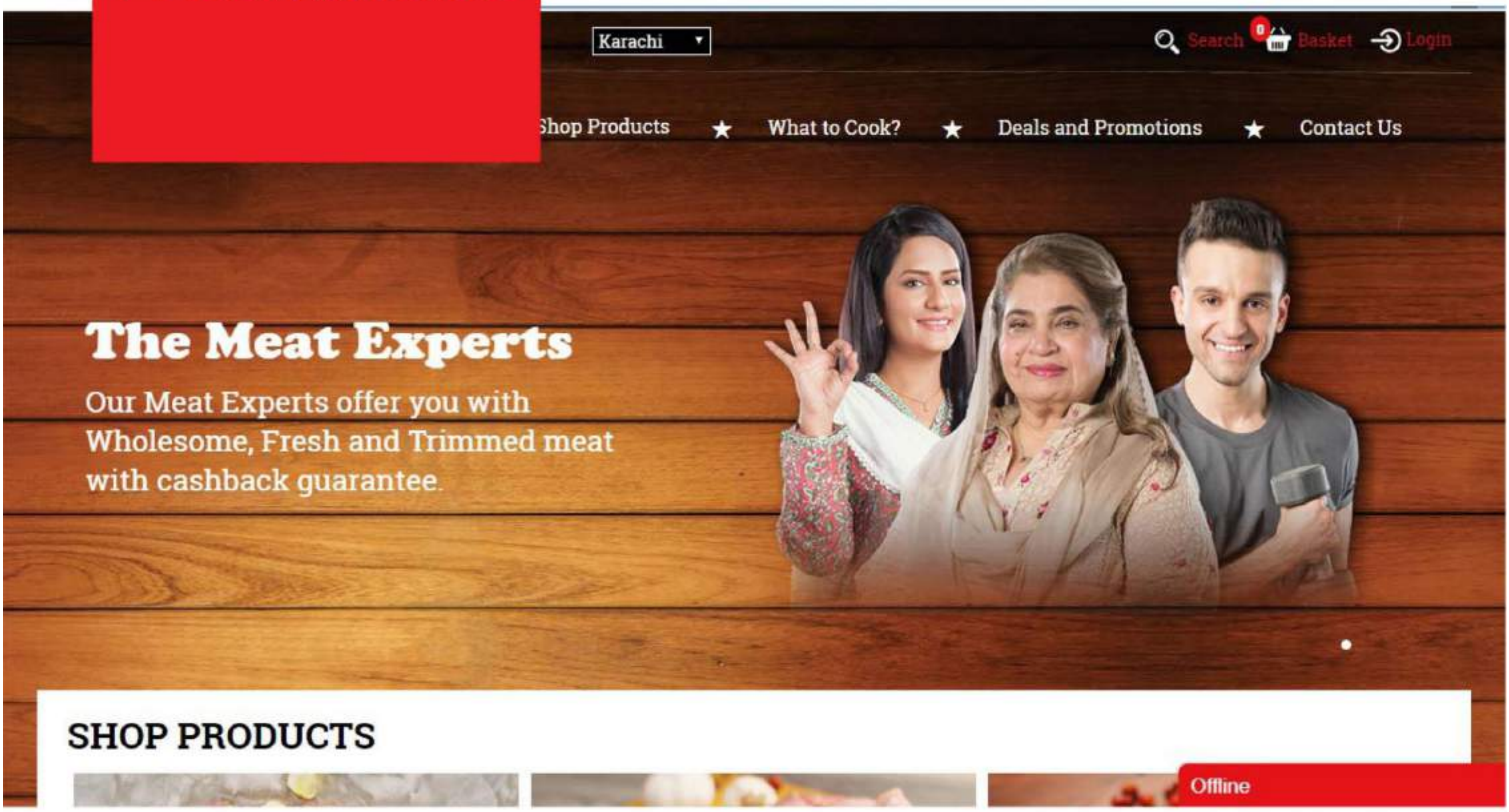
Kiosk butcher shops being our primary competitors, it took a lot of hard work and dedication to place a firm foothold in that market but we managed to establish and secure our customers' loyalty. Our customers are offered the best meat of beef, mutton and chicken from animals that have been verified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

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

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

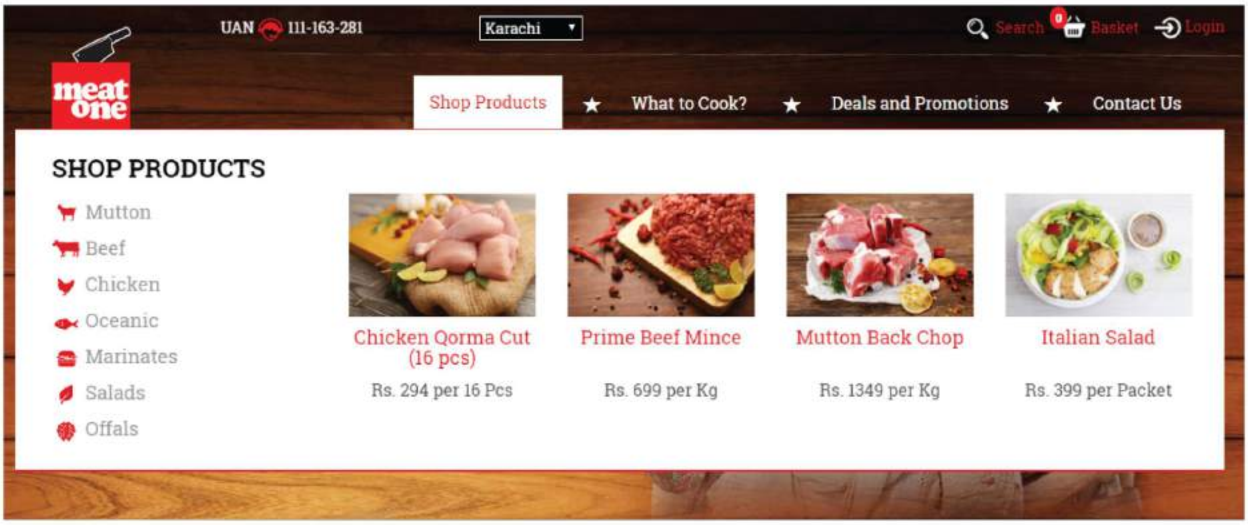
Delivery and E-commerce

As a pioneer in the organized meat industry, we take it upon ourselves to provide our customers with the best of our products and services by adding the prime value of home delivery. An ideal hassle free delivery service not only contributes to the convenience of our consumers but also follows an effective timely response meeting all goals keeping



each business front satisfied.

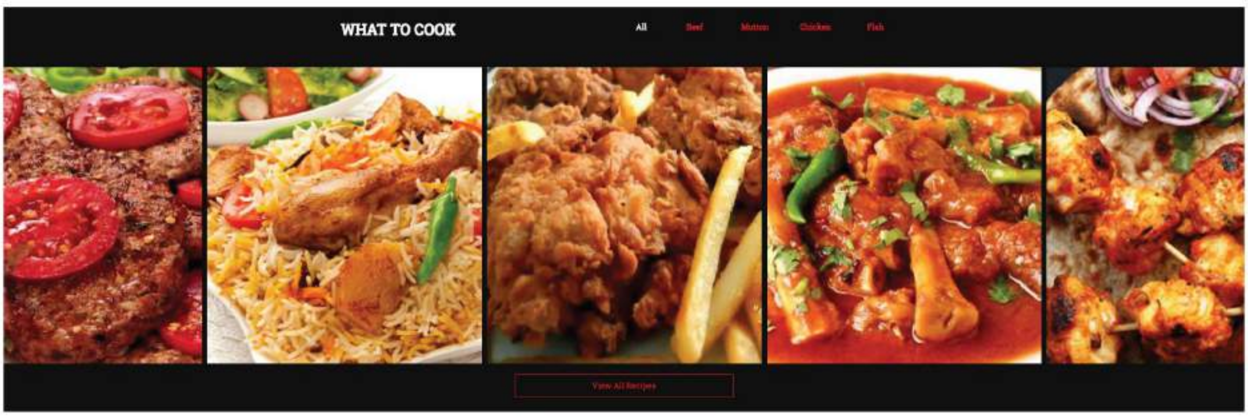
Initially the delivery service was being provided through a traditional way of call center in which a customer dials 11-11-MEAT-1 and place his/her order. But digitization has changed consumer buying behavior and people seek for more convenience. Keep this behavior in mind, Meat One has come up with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



FROM STORE-TO-DOOR!

CALL NOW

11-11-MEAT-1



Professional Line

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

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

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

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

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

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

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

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

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

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

Our 205 customers in Karachi, Lahore, Islamabad and Hyderabad include major corporate clients like Dalda, Huawei, Amreli Steels, Abbott Pharmaceuticals, Getz Pharma, US Consulate; Medical Institutes like Aga Khan University Hospital and Patel Hospital; and Fast Food joints like Burger Lab, Big Thick Burgerz, Pizza Hut, The Sauce, and many more.

Major clients:

Factory

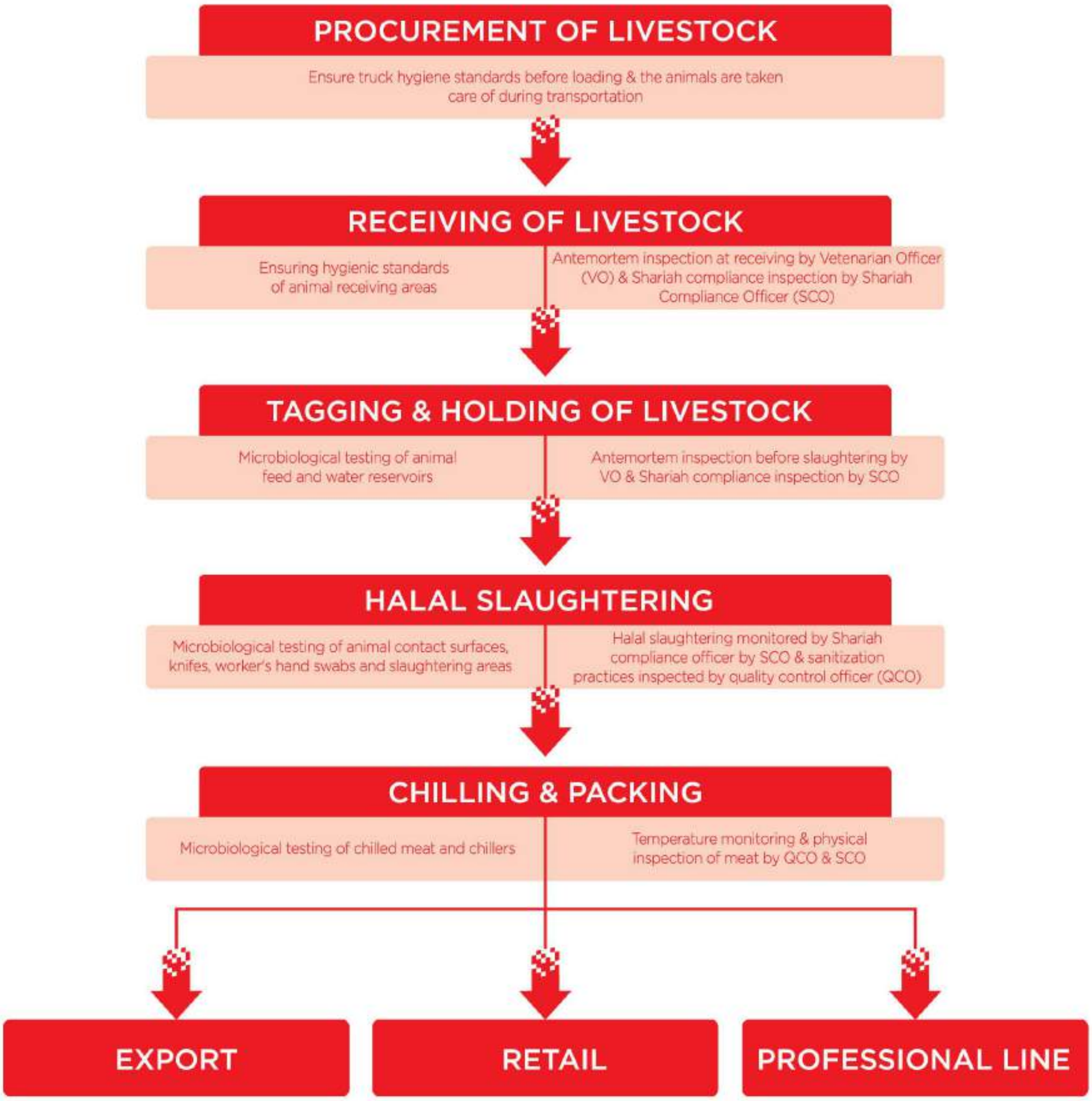
Our state-of-the-art abattoir is situated on the outskirts of Pakistan's largest city of Karachi. It is strategically situated with access to international trade routes via the country's largest airport and sea port. The abattoir, which is one of the most modern of its kind in Pakistan, is certified to export to some of the largest regional markets around the globe and qualifies as a high throughput facility with a daily slaughtering capacity of 700 cattle and 1000 mutton.

Certificates & Accreditations

1. HALAL certification on Pakistan HALAL standard PS 3733:2016
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 Foods is rapidly changing meat shopping in Pakistan, transforming the once-dreaded experience of visiting the butcher into a comfortable, hygienic experience. We take care to ensure only the best, export-quality meat makes it to the consumer's table. Before the Halal slaughtering of the meat, it is ensured that all animals are examined by veterinarians and are thoroughly cleaned. The meat is examined once again after slaughter, to ensure that only the freshest and healthiest meat make it to the stores. All our outlets are based on international hygiene standards, with a state-of-the-art abattoir in Karachi receiving a HACCP (Hazard Analysis and Critical Control Points) certification. Indeed, even in transport, every step is taken to ensure the quality of the meat is not compromised. A special fleet of chilled trucks transports all meat to our retail outlets, in all the cities we operate in, keeping it fresh in controlled temperature, but never frozen so it retains the nutrition and reaches the consumer in best way possible, as fresh as it could get.

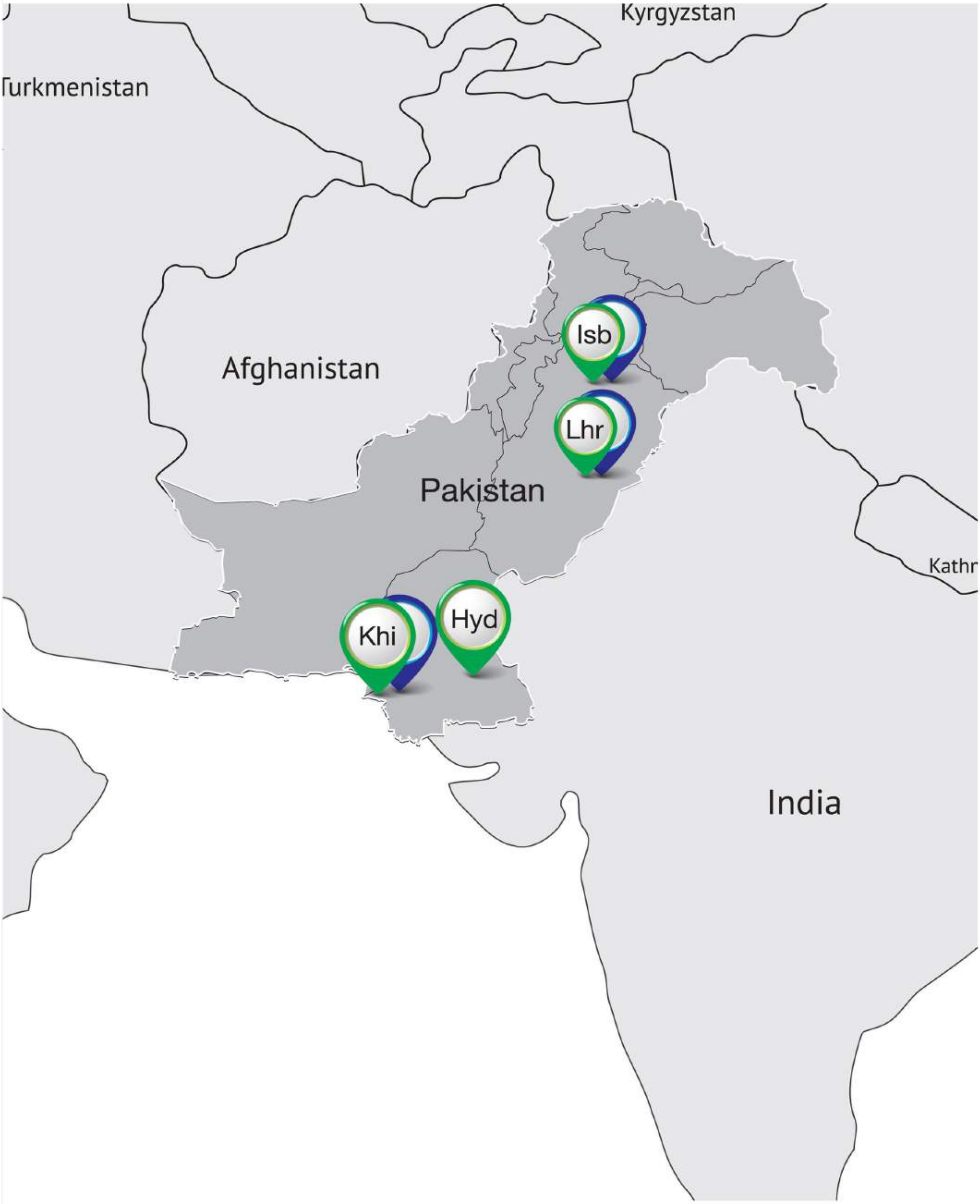


Geographical Reach

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

Retail
- Karachi
- Lahore
- Islamabad
- Hyderabad

Professional Line
- Karachi
- Lahore
- Islamabad


Kyrgyzstan
Turkmenistan
Afghanistan
Isb
Lhr
Pakistan
Khi
Hyd
Kathr
India

Corporate Governance

Stakeholder Interests

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

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

Shareholders

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

Investor Relations

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

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

Customers and Suppliers

Sustaining and developing long term relationship with our customers and suppliers 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. Noorur Rahman Abid	Member
Mr. Muhammad Amin	Member

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

Meetings of the Audit Committee are held at least once every quarter. The Committee reviews the annual financial statements in the presence of external auditors. The recommendations of the Audit Committee are then submitted for approval of financial results of the Company by the Board. During the year 2017-18, the Audit Committee held four (4) meetings. The minutes of the meetings of the Audit Committee are provided to all the members, Directors and the CFO. The CIA attends the Audit Committee meetings regularly and meets the Audit Committee without the presence of the Management, at least once a year, to point out various risks, their intensity and suggestions for mitigating risks and improvement areas. The business risks identified are referred to the respective departments and mitigating actions are then implemented.

Human Resource Committee

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

The Human Resource Committee (HRC) comprises of four members. The HRC comprises three 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 Directors of the Company are also certified under the Directors Training Program offered by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Business Administration (IBA).

Evaluation of Board Performance

Board Evaluation Mechanism facilitates the Board of Directors to evaluate and assess its performance for providing strategic leadership and oversight to the management. Accordingly, 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.

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

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

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

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

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

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

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

Muhammad Qaysar Alam
Chairman - Audit Committee

ALSHAHEER
FOODS

Statement of Compliance
With the Code of Corporate Governance
Al Shaheer Corporation Ltd.
Year ended 30th June 2018

The Company has applied the principles contained in the CCG 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. Noorur Rahman Abid Mr. Sarfaraz Rehman Ms. Rukhsana Asghar Mr. Muhammad Qaysar Alam Mr. Zafar Ahmed Siddiqui
Executive Directors	Mr. Kamran Ahmed Khalili (CEO) Mr. Rizwan Jamil (Deputy CEO)
Non-Executive Directors	Mr. Muhammed Amin Mr. Naveed Godil Mr. Umair Ahmed Khalili

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company.

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. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

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) Mr. Noorur Rahman Abid Mr. Muhammad Amin
Human Resource & Remuneration Committee	Ms. Rukhsana Asghar (Chairperson of the Human Resource and Remuneration Committee) Mr. Sarfaraz Rehman Mr. Zafar Siddiqui Mr. Rizwan Jamil

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	Biannually

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.

NOORUR RAHMAN ABID
Chairman / Director

KAMRAN KHALILI
CEO

EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Al Shaheer Corporation Limited (the Company)

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 for the year ended 30 June 2018 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 2018.

Chartered Accountants

Place: Karachi

Date: 26 September 2018

Standalone Financial Statements 2017-18

Building a better
working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

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 2018**, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows, the unconsolidated statement of changes in equity 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 cash flows and the unconsolidated statement of changes in equity 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 2018 and of the profit, comprehensive income, its cash flows and the changes in equity 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.

Following are the key audit matters:

S No.	Key audit matters	How the matter was addressed in our audit
1.	**Capital work-in-progress and related long-term financing facility**	
	As disclosed in note 9.5 to the accompanying unconsolidated financial statements, the Company has incurred significant amount of capital expenditure for its new Chicken Processing Plant, which is expected to be operational by next year. The expenditure capitalized to date in relation to this new Chicken Processing Plant has been classified as capital work-in-progress as of 30 June 2018. 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. 620 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.
2.	**Preparation of financial statements under the Companies Act, 2017**	
	As referred to in note 3.1 to the accompanying unconsolidated financial statements, the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018. The Companies Act, 2017 forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. In the case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the unconsolidated financial statements as referred to note 3.2 to the unconsolidated financial statements. Further, the Company has changed its accounting policy relating to presentation and measurement of revaluation surplus on property, plant and equipment as a consequence of the application of the Companies Act, 2017 with retrospective effect. The impact of the said change in accounting policy has been disclosed in note 8 to the unconsolidated financial statements.	We assessed the procedures applied by the management for identification of the changes required in the unconsolidated financial statements due to application of the Companies Act, 2017. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the unconsolidated financial statements. In respect of the change in accounting policy for the accounting and presentation of revaluation surplus as referred to note 8 to the unconsolidated financial statements; we assessed the accounting implications in accordance with the applicable financial reporting standards and evaluated its application in the context of the Company.

Building a better working world

S No.	Key audit matters	How the matter was addressed in our audit
3.	**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 211.757 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).
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.

Building a better working world

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.

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.

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 cash flows, the unconsolidated statement of changes in equity 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 Shabbir Yunus.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 27 September 2018

Unconsolidated Statement of Financial Position

AS AT 30 JUNE 2018

	Note	2018	2017	2016
		(Rupees in '000)		
ASSETS			Restated	Restated
NON-CURRENT ASSETS				
Property, plant and equipment	9	**4,731,490**	3,368,189	2,581,433
Intangible asset	10	**5,219**	4,863	3,840
Long-term investment	11	**55,700**	55,700	55,700
Deferred tax asset	12	**192,815**	177,563	129,078
		4,985,224	3,606,315	2,770,051
CURRENT ASSETS				
Stock-in-trade	13	**107,959**	116,618	167,654
Fuel and lubricants		**286**	442	603
Trade debts	14	**1,211,970**	1,191,152	1,096,688
Loans and advances	15	**586,350**	493,018	421,594
Trade deposits and short-term prepayments	16	**21,365**	20,814	22,300
Short-term investment	17	**590**	566	215,893
Other receivables	18	**233,910**	234,045	179,501
Taxation - net		**141,958**	109,138	76,226
Cash and bank balances	19	**52,094**	27,933	25,064
		2,356,482	2,193,726	2,205,523
TOTAL ASSETS		**7,341,706**	5,800,041	4,975,574
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised capital				
150,000,000 (2017: 150,000,000) ordinary shares of Rs. 10/- each		**1,500,000**	1,500,000	1,500,000
Issued, subscribed and paid-up capital	20	**1,421,175**	1,421,175	1,235,804
Share premium		**1,507,705**	1,507,705	1,693,076
Unappropriated profit		**634,687**	678,941	698,587
Revaluation surplus on property, plant and equipment	21	**852,139**	186,922	197,078
Total Equity		**4,415,706**	3,794,743	3,824,545
NON-CURRENT LIABILITIES				
Long-term financing	22	**708,077**	400,414	29,552
Deferred liabilities	23	**59,639**	43,526	28,297
		767,716	443,940	57,849
CURRENT LIABILITIES				
Trade and other payables	24	**565,037**	450,739	314,167
Short-term borrowings	25	**1,123,374**	1,044,918	734,583
Accrued mark-up	26	**21,543**	11,758	3,677
Due to a related party	27	**269,147**	13,527	7,564
Current portion of long-term financing	22	**179,183**	40,416	33,189
		2,158,284	1,561,358	1,093,180
TOTAL EQUITY AND LIABILITIES		**7,341,706**	5,800,041	4,975,574
COMMITMENTS	28			

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

Chief Executive

Director

Chief Financial Officer

Unconsolidated Statement of Profit or Loss

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		(Rupees in '000)	
Turnover - net	29	**5,373,148**	6,396,642
Cost of sales	30	**(4,151,927)**	(4,869,940)
Gross profit		**1,221,221**	1,526,702
Administrative and distribution costs	31	**(1,307,432)**	(1,472,257)
Other income	32	**120,638**	18,492
Operating profit		**34,427**	72,937
Finance costs	33	**(56,032)**	(81,204)
Loss before taxation		**(21,605)**	(8,267)
Taxation	34	**(22,376)**	(12,535)
Net loss for the year		**(43,981)**	(20,802)
Loss per share – basic	35	**(0.31)**	(0.15)

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

Chief Executive

Director

Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		---------- (Rupees in '000) ----------	
Net loss for the year		**(43,981)**	(20,802)
Other comprehensive income:			
Items not to be reclassified to statement of profit or loss account in subsequent years			
Remeasurement loss on defined benefit plan	23.1	**(10,871)**	(9,387)
Income tax effect		**1,459**	387
		(9,412)	(9,000)
Items that may be reclassified to statement of profit or loss account in subsequent years			
Revaluation surplus on property, plant and equipment		**673,568**	-
Income tax effect		**788**	-
		674,356	-
Total comprehensive income / (loss) for the year		**620,963**	(29,802)

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

Chief Executive

Director

Chief Financial Officer

Unconsolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(21,605)**	(8,267)
Adjustments for:			
Depreciation	9.2	**76,680**	78,682
Amortisation	10	**1,699**	1,166
Provision for defined benefit plan	23.2	**19,112**	15,510
Provision for doubtful debts	14.3	**8,197**	3,710
Liabilities no longer payable written back	32	**(3,230)**	(7,435)
Loss / (gain) on disposal of property, plant and equipment	9.4	**304**	(465)
Gain on remeasurement of short-term investment		**(24)**	(777)
Gain on disposal of short-term investment		**-**	(2,935)
Finance costs	33	**56,032**	81,204
		158,770	168,660
Operating profit before working capital changes		**137,165**	160,393
(Increase) / decrease in current assets:			
Fuels and lubricants		**156**	161
Stock-in-trade		**8,659**	51,036
Trade debts		**(29,015)**	(98,174)
Loans and advances		**(93,332)**	(71,424)
Trade deposits and short-term prepayments		**(551)**	1,486
Other receivables		**135**	(54,544)
		(113,948)	(171,459)
Increase / (decrease) in current liabilities:			
Trade and other payables		**117,528**	144,007
Due to a related party		**255,620**	5,963
		373,148	149,970
Cash generated from operations		**396,365**	138,904
Taxes paid		**(68,203)**	(93,542)
Gratuity paid	23.1	**(13,870)**	(9,668)
Net cash generated from operating activities		**314,292**	35,694
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
- Property, plant and equipment		**(774,789)**	(866,650)
- Intangible asset	10	**(2,055)**	(2,189)
Sale proceeds from disposal of property, plant and equipment		**8,072**	1,674
Short-term investments - net		**-**	219,039
Net cash flows used in investing activities		**(768,772)**	(648,126)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing - net		**446,430**	378,089
Short term borrowings - net		**78,456**	310,335
Finance costs paid		**(46,245)**	(73,123)
Net cash flows from financing activities		**478,641**	615,301
Net increase in cash and cash equivalents		**24,161**	2,869
Cash and cash equivalents at the beginning of the year		**27,933**	25,064
Cash and cash equivalents at the end of the year		**52,094**	27,933

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

Chief Executive

Director

Chief Financial Officer

Unconsolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018

	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, 2016 - as previously reported	1,235,804	1,693,076	698,587	-	3,627,467
Effect of change in accounting policy (note 8)	-	-	-	197,078	197,078
Balance as at June 30, 2016 - restated	1,235,804	1,693,076	698,587	197,078	3,824,545
Net loss for the year	-	-	(20,802)	-	(20,802)
Other comprehensive loss	-	-	(9,000)	-	(9,000)
Total comprehensive loss for the year	-	-	(29,802)	-	(29,802)
Issue of 18,537,056 bonus shares	185,371	(185,371)	-	-	-
Revaluation surplus on property, plant and equipment realised on account of incremental depreciation	-	-	10,156	(10,156)	-
Balance as at 30 June 2017 - restated	**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 30 June 2018	**1,421,175**	**1,507,705**	**634,687**	**852,139**	**4,415,706**

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

Chief Executive

Director

Chief Financial Officer

Notes to the Unconsolidated Financial Statement

FOR THE YEAR ENDED 30 JUNE 2018

1 THE COMPANY AND ITS OPERATIONS

1.1 Al Shaheer Corporation Limited (the Company) was incorporated on 30 June 2012 and is quoted on Pakistan Stock Exchange.The 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	
3.5km 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.740 million for the launch of a new site and a related long term financing was availed amounting to Rs. 620 million.

- For a detailed discussion about the Company's performance please refer to the Directors' report.

3 STATEMENT OF COMPLIANCE

3.1 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.

3.2 The Act has also brought certain changes with regard to the preparation and presentation of these unconsolidated financial statements. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property plant and equipment as fully explained in note 8 of these unconsolidated financial statements, change in nomenclature of primary statements, etc. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional / amended disclosures as mentioned in notes 1.2, 2, 8, 9.3, 14.1, 15.1, 20.1, 31.2, 34.3, 36, 37.1 and 39.

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 are stated at revalued amount;
b) short term investments 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.

5 STANDARDS, INTERPRETATIONS AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

5.1 New Standards, Interpretations and Amendments

The Company has adopted the following amendments to the accounting standards which became effective for the current year:

IAS 7 — Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes — Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

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

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 2 — Share Based Payments - Classification and Measurement of Share Based Payment Transactions (Amendments)	01 January 2018
IFRS 4 — Insurance Contracts: Applying IFRS 9 Financial Instruments with Insurance Contracts — (Amendments)	01 January 2018
IFRS 9 — Financial Instruments	01 July 2018
IFRS 9 — Prepayment Features with Negative Compensation — (Amendments)	01 January 2019
IFRS 15 — Revenue from Contracts with Customers	01 July 2018
IFRS 16 – Leases	01 January 2019
IAS 19 — Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	01 January 2019
IAS 40 - Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 — Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 — Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application except for IFRS 15 - 'Revenue from Contracts with Customers' and IFRS 9 - 'Financial Instruments'. The Company is currently evaluating the impact of these standards.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. 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 1 January 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, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 14— Regulatory Deferral Accounts	01 January 2016
IFRS 17— Insurance Contracts	01 January 2021

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.

Provision for doubtful debts and other receivables

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

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 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 mentioned in note 9 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.

7.2 Intangible asset

These are stated at cost less accumulated amortisation and impairment. Amortisation is charged on reducing balance method over the useful lives of the assets at the rates specified in note 10 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.

7.3 Investments

Investment in subsidiary

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

At fair value through profit or loss

An investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. These are initially measured at cost being fair value of consideration given. All transaction costs are recognised directly in 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.

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 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.

7.7 Loans and advances

These are stated at cost.

7.8 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.

7.9 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.

Non-financial assets

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

7.10 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.

7.11 Staff retirement benefits

The Company operates an un-approved and unfunded defined gratuity scheme for all permanent employees who have completed the minimum qualifying year of service for entitlement of gratuity. The contributions to the scheme are made in accordance with the independent actuarial valuation. The latest actuarial valuation was carried out as of 30 June 2018 using Projected Unit Credit method.

7.12 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.

7.13 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.

7.14 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.

7.15 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.

Notes to the Unconsolidated Financial Statement

FOR THE YEAR ENDED 30 JUNE 2018

7.16 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.

7.17 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.

7.18 Revenue recognition

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

7.19 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.

7.20 Dividend and appropriation of reserves

Dividends and appropriation of 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.

8 CHANGE IN ACCOUNTING POLICY

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the revaluation surplus on property, plant and equipment has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of property, plant and equipment which was not in accordance with the requirements of IFRS. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, revaluation surplus on property, plant and equipment would now be presented under equity.

Following the application of IAS 16, the Company's policy for revaluation surplus on property, plant and equipment stands amended as follows:

- Increases in the carrying amounts arising on revaluation of property, plant and equipment, are recognized in other comprehensive income and accumulated in reserves in shareholders' 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 other 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 change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarized below:

	As at 30 June 2017			As at 30 June 2016		
Effect on unconsolidated statement of financial position	**As previously reported**	**As restated**	**Re-statement**	**As previously reported**	**As restated**	**Re-statement**
	--- (Rupees in '000) ---					
Revaluation surplus on property, plant & equipment	186,922	-	(186,922)	197,078	-	(197,078)
Share capital and reserves	-	186,922	186,922	-	197,078	197,078
Effect on unconsolidated statement of changes in equity						
Changes in equity	-	186,922	186,922	-	197,078	197,078

	For the year ended 30 June 2017		
	As previously reported	**As re-stated**	**Re-statement**
	-------- (Rupees in '000) -------		
Effect on unconsolidated statement of comprehensive income			
Revaluation surplus on property, plant and equipment	-	10,156	10,156

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

9 PROPERTY, PLANT AND EQUIPMENT	**Note**	**2018**	**2017**
		---------- (Rupees in '000) --------	
Operating fixed assets	9.1	**1,822,109**	1,165,775
Capital work-in-progress	9.5	**2,909,381**	2,202,414
		4,731,490	3,368,189

9.1 Operating fixed assets

	COST / REVALUATION						
	As at 01 July 2017	Additions	Transfers	Revaluation	(Disposals)	As at 30 June 2018	Rate
	----------	----------	(Rupees in '000)	----------	----------	----------	
Freehold land	283,227	-	-	314,613	-	597,840	-
Leasehold land	170,416	-	-	272,083	-	442,499	-
Buildings on feehold land	165,471	20,055	-	20,000	-	205,526	10%
Plant and machinery	241,166	6,900	(8,218)	(12,733)	-	227,115	5% - 20%
Furniture and fixture	186,335	15,511	-	(3,927)	(876)	197,043	10%
Motor vehicles	134,293 *	18,372	-	-	(12,245)	140,420	15%
Office equipment	186,447	4,623	(18,415)	(3,795)	(219)	168,641	15%
Tools and equipment	25,314	1,580	-	-	-	26,894	10%
Computers and accessories	21,479	781	26,633	-	(171)	48,722	10%
2018	1,414,148	67,822	-	586,241	(13,511)	2,054,700	

	COST / REVALUATION						
	As at 01 July 2016	Additions	Transfers	Revaluation	(Disposals)	As at 30 June 2017	Rate
	----------	----------	(Rupees in '000)	----------	----------	----------	
Freeehold land	283,227	-	-	-	-	283,227	-
Leasehold land	170,416	-	-	-	-	170,416	-
Buildings on freehold land	159,858	5,613	-	-	-	165,471	10%
Plant and machinery	229,162	12,004	-	-	-	241,166	5% - 20%
Furniture and fixture	155,361	30,974	-	-	-	186,335	10%
Motor vehicles	127,448 *	8,963	-	-	(2,118)	134,293	15%
Office equipment	174,935	11,691	-	-	(179)	186,447	15%
Tools and equipment	23,713	1,601	-	-	-	25,314	10%
Computers and accessories	18,720	2,928	-	-	(169)	21,479	10%
2017	1,342,840	73,774	-	-	(2,466)	1,414,148	

* Include assets costing Rs. 52.734 million (2017: Rs.11.279 million) under Diminishing Musharaka Arrangements.

	ACCUMULATED DEPRECIATION						NET BOOK VALUE
	As at 01 July 2017	(On transfers)	Charge for the year	(On disposals)	Revaluation	As at 30 June 2018	As at 30 June 2018
	(Rupees in '000)						
Freehold land	-	-	-	-	-	-	597,840
Leasehold land	-	-	-	-	-	-	442,499
Buildings on feehold land	44,664	-	12,278	-	(54,450)	2,492	203,034
Plant and machinery	44,675	-	10,295	-	-	54,970	172,145
Furniture and fixture	38,245	-	16,165	(186)	-	54,224	142,819
Motor vehicles	44,712	-	14,959	(4,797)	(32,877)	21,997	118,423
Office equipment	63,806	(10,862)	17,374	(85)	-	70,233	98,408
Tools and equipment	6,272	-	1,995	-	-	8,267	18,627
Computers and accessories	5,999	10,862	3,614	(67)	-	20,408	28,314
2018	248,373	-	76,680	(5,135)	(87,327)	232,591	1,822,109

	ACCUMULATED DEPRECIATION						NET BOOK VALUE
	As at 01 July 2016	(On transfers)	Charge for the year	(On disposals)	Revaluation	As at 30 June 2017	As at 30 June 2017
	(Rupees in '000)						
Freeehold land	-	-	-	-	-	-	283,227
Leasehold land	-	-	-	-	-	-	170,416
Buildings on freehold land	31,626	-	13,038	-	-	44,664	120,807
Plant and machinery	33,717	-	10,958	-	-	44,675	196,491
Furniture and fixture	24,438	-	13,807	-	-	38,245	148,090
Motor vehicles	30,475	-	15,393	(1,156)	-	44,712	89,581
Office equipment	42,392	-	21,463	(49)	-	63,806	122,641
Tools and equipment	4,232	-	2,040	-	-	6,272	19,042
Computers and accessories	4,067	-	1,983	(51)	-	5,999	15,480
2017	170,947	-	78,682	(1,256)		248,373	1,165,775

	ACCUMULATED DEPRECIATION						NET BOOK VALUE
	As at 01 July 2017	(On transfers)	Charge for the year	(On disposals)	Revaluation	As at 30 June 2018	As at 30 June 2018
	(Rupees in '000)						
Freehold land	-	-	-	-	-	-	597,840
Leasehold land	-	-	-	-	-	-	442,499
Buildings on feehold land	44,664	-	12,278	-	(54,450)	2,492	203,034
Plant and machinery	44,675	-	10,295	-	-	54,970	172,145
Furniture and fixture	38,245	-	16,165	(186)	-	54,224	142,819
Motor vehicles	44,712	-	14,959	(4,797)	(32,877)	21,997	118,423
Office equipment	63,806	(10,862)	17,374	(85)	-	70,233	98,408
Tools and equipment	6,272	-	1,995	-	-	8,267	18,627
Computers and accessories	5,999	10,862	3,614	(67)	-	20,408	28,314
2018	248,373	-	76,680	(5,135)	(87,327)	232,591	1,822,109

	ACCUMULATED DEPRECIATION						NET BOOK VALUE
	As at 01 July 2016	(On transfers)	Charge for the year	(On disposals)	Revaluation	As at 30 June 2017	As at 30 June 2017
	(Rupees in '000)						
Freeehold land	-	-	-	-	-	-	283,227
Leasehold land	-	-	-	-	-	-	170,416
Buildings on freehold land	31,626	-	13,038	-	-	44,664	120,807
Plant and machinery	33,717	-	10,958	-	-	44,675	196,491
Furniture and fixture	24,438	-	13,807	-	-	38,245	148,090
Motor vehicles	30,475	-	15,393	(1,156)	-	44,712	89,581
Office equipment	42,392	-	21,463	(49)	-	63,806	122,641
Tools and equipment	4,232	-	2,040	-	-	6,272	19,042
Computers and accessories	4,067	-	1,983	(51)	-	5,999	15,480
2017	170,947	-	78,682	(1,256)		248,373	1,165,775

9.1.1 The Company has carried out a revaluation excerice through an independent valuer namely Sadruddin Associates (Private) Limited on 30 June 2018. The revaluation has resulted in surplus of Rs. 673.5 million.

9.1.2 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 on 30 June 2018. Had there been no revaluation, the book value of freehold land would have been Rs. 280.711 (2017: Rs. 451.127) million, leasehold land Rs 170.42 (2017: Rs. 170.42) million, building Rs. 90.504 (2017 Rs. 79.962) million, plant and machinery Rs. 127.44 (2017: Rs. 127.46) million, furniture and fixtures Rs. 144.131 (2017: Rs. 144.284) million, office equipment Rs. 73.967 (2017: Rs. 83.059) million, tools and equipments Rs.11.613 million (2017: Rs .11.381 million) and motor vehicles Rs.85.548 (2017: Rs.89.581) million.

9.1.3 Forced Sale value as of 30 June 2018 of freehold and lease hold land is Rs. 448.38 million and Rs. 331.87 million, respectively.

9.2 Depreciation for the year has been allocated as follows:

	Note	2018	2017
		---- (Rupees in '000) ----	
Cost of sales	30	**24,752**	28,896
Administrative and distribution costs	31	**51,928**	49,786
		76,680	78,682

9.3 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 # 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

9.4 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							
Power Sokon Mpv	847	408	439	400	(39)	Tender	Abdul Samad
Foton Truck (BRS-208)	1,278	270	1,008	951	(57)	Tender	Muhammad Noman
Foton Truck (BRS-710)	1,239	263	976	979	3	Tender	Muhammad Noman
FAW POWER TRUCK (JY-9944)	2,640	1,530	1,110	706	(404)	Tender	Muhammad Noman
Toyota Vitz (ANA-994)	921	523	398	700	302	Negotiation	Muhammad Salman
Toyota VIGO (KU-1248)	4,339	1,273	3,066	3,066	-	Negotiation	Khan Kashif Khan
Toyota Vitz (AUP-121)	980	530	450	482	32	As per company policy	Hammad Chishti, Employee
	12,244	4,797	7,447	7,284	(163)		
Building							
Construction & Renovations (Bin Hashim Johar)	876	186	690	690	-	Contract termination	Bin Hashim Owner
Office Equipment							
Aggregate amount of assets disposed having book value less than Rs. 500,000	219	85	135	23	(112)	Various	Various
Computers							
Aggregate amount of assets disposed off having book value less than Rs. 500,000	172	67	104	75	(29)	Various	Various
2018	**13,511**	**5,135**	**8,376**	**8,072**	**(304)**		
2017	2,466	1,256	1,209	1,674	465		

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

9.5 Capital work-in-progress

	2018	2017
	---- (Rupees in '000) ----	
Land	**59,130**	44,111
Civil works	**40,303**	27,888
Plant and machinery	**1,547,225**	1,358,590
Advance to suppliers and contractors	**1,240,967**	753,190
Intangible asset under development	**21,756**	18,635
	2,909,381	2,202,414

9.5.1 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	44,111	27,888	1,358,590	753,190	18,635	2,202,414
Addition during the year	15,019	25,284	188,635	508,395	3,121	740,454
Transfers during the year	-	(12,869)	-	(20,618)	-	(33,487)
Closing balance	59,130	40,303	1,547,225	1,240,967	21,756	2,909,381

* Include borrowing cost amounting Rs. 104.25 million (2017: 1.608 million) capitalised during the year using capitalisation rate of 7.14%-10.01% (2017: 7.56% - 8.13%).

10 INTANGIBLE ASSET

	COST			
	As at 01 July	Additions	As at 30 June	Rate
	(Rupees in '000)			
Computer software	**10,226**	**2,055**	**12,281**	25%
2018	**10,226**	**2,055**	**12,281**	
2017	8,037	2,189	10,226	

	ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at 01 July	For the year	As at 30 June	As at 30 June
	(Rupees in '000)			
Computer software	**5,363**	**1,699**	**7,062**	**5,219**
2018	**5,363**	**1,699**	**7,062**	**5,219**
2017	4,197	1,166	5,363	4,863

	2018	2017
	(Rupees in '000)	
11 LONG-TERM INVESTMENT		
Subsidiary Company, unquoted		
Al Shaheer Farms (Private) Limited 5,570,000 ordinary shares of Rs. 10 each	**55,700**	**55,700**

11.1 Investment in a subsidiary has been made in accordance with the requirement of the Act.

	2018	2017
12 DEFERRED TAX ASSET		
Deferred tax assets on deductible temporary differences:		
Unused tax losses / credits	**211,757**	201,642
Provisions	**11,477**	9,079
	223,234	210,721
Deferred tax liabilities on taxable temporary differences:		
Accelerated tax depreciation	**(16,060)**	(16,293)
Revaluation Surplus on property,plant and equipment	**(14,359)**	(16,865)
	(30,419)	(33,158)
	192,815	177,563

13 STOCK-IN-TRADE

	2018	2017
	---------- (Rupees in '000) ----------	
Livestock	63,403	80,740
Raw and packaging materials	20,577	11,127
Finished goods	23,979	24,751
	107,959	116,618

14 TRADE DEBTS - Unsecured

	Note	2018	2017
Considered good			
Overseas	14.1	974,016	928,261
Local		237,954	262,891
		1,211,970	1,191,152
Considered doubtful		11,907	3,710
Provision for doubtful debts	14.3	(11,907)	(3,710)
		-	-
	14.2	1,211,970	1,191,152

14.1 Particulars of export sales in respect of outstanding debts:

	Contract	Total
	---------- (Rupees in '000) ----------	
Asia		
2018	974,016	974,016
Asia		
2017	928,261	928,261

There are no defaulting parties as of 30 June 2018.

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: > 30 days up to 90 days	> 90 days up to 180 days	> 180 days up to 360 days	> 360 days	Total
	---------- (Rupees in '000) ----------					
2018	407,188	447,061	266,548	91,173	-	1,211,970
2017	635,627	408,181	122,575	11,338	13,431	1,191,152

14.3 Movement of provision for doubtful debts:

	Note	2018	2017
		---------- (Rupees in '000) ----------	
Opening balance		3,710	-
Charge for the year		8,197	3,710
Closing balance		11,907	3,710

15 LOANS AND ADVANCES

	Note	2018	2017
		---------- (Rupees in '000) ----------	
Loans - considered good - secured			
Executives	15.1	20,827	19,848
Employees		6,824	9,976
		27,651	29,824
Advances			
Suppliers		524,354	362,280
Service providers and other vendors		31,484	98,864
Employees		2,861	2,050
		558,699	463,194
		586,350	493,018

15.1 This includes loan extended to an executive amounting to Rs.18.6 million (2017: 19.8 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.

	2018	2017
	---------- (Rupees in '000) ----------	
16 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Trade deposits	17,148	17,532
Prepayments		
- takaful	2,820	1,489
- others	1,397	1,793
	4,217	3,282
	21,365	20,814
17 SHORT-TERM INVESTMENT		
Investment at fair value through profit or loss	590	566

18 OTHER RECEIVABLES

	Note	2018	2017
Sales tax receivables		226,185	193,046
Receivable from shareholders	18.1	1,496	2,693
Due from a subsidiary		-	21,869
Others	18.2	6,229	16,437
		233,910	234,045

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

18.2 This includes a sum of Rs. 3.997 million due from the subsidiary on account of interest on advance against shares which has been settled after the year end.

19 CASH AND BANK BALANCES

	Note	2018	2017
		---------- (Rupees in '000) ----------	
Cash in hand		13,413	24,873
With banks:			
Saving accounts	19.1	3,048	1,994
Current accounts		36,029	26,959
	19.2 & 19.3	39,077	28,953
Book overdraft		(396)	(25,893)
		52,094	27,933

19.1 These carry profit at the rates ranging between 1.7% to 3.7% (2017: 1.7% to 3.7%) per annum.

19.2 Included herein are balances amounting to Rs. 19.98 million (2017: Rs. 21.52) million which are held in accounts maintained under islamic banking.

19.3 Includes Rs.1.737 million (2017: Rs. 3.201 million) held with Meezan Bank Limited (a related party).

20 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
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	**260,000**	260,000
86,177	86,177	Issued as bonus shares	**861,768**	861,768
142,118	142,118		**1,421,175**	1,421,175

20.1 As at June 30, 2018, institutions and others held 29,574,487 and 112,542,541 shares, respectively (June 30, 2017: 36,393,193 and 105,723,835). Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

21 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
		(Rupees in '000)	
Opening balance		**203,787**	215,945
Revaluation surplus on property, plant and equipment during the year		**673,568**	-
Transfer to unappropriated profit in respect of incremental depreciation during the year		**(10,857)**	(12,158)
		866,498	203,787
Related deferred tax liability			
Opening balance		**(16,865)**	(18,867)
Liability reversed during the year		**788**	-
Incremental depreciation charged during the year		**1,156**	1,393
Adjustment due to change in tax rate		**562**	609
		(14,359)	(16,865)
		852,139	186,922

22 LONG-TERM FINANCING - Secured

	Note	2018	2017
Diminishing musharaka			
Askari Bank Limited	22.1	**100,000**	9,500
Dubai Islamic Bank Pakistan Limited	22.2	**764,583**	400,000
Habib Metropolitan Bank Limited	22.3	**14,190**	16,541
Al Baraka Bank	22.4	**8,487**	14,789
		887,260	440,830
Less: current maturity shown under current liabilities		**(179,183)**	(40,416)
		708,077	400,414

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. 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. 383.33 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. The facility is secured by equitable mortgage charge over the Company's building.

b) Diminishing musharaka facility amounting to Rs. 31.25 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. 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. The facility is secured by exclusive charge over land & building and plant & 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.

23 DEFERRED LIABILITIES	Note	2018	2017
		---------- (Rupees in '000) ----------	
Defined benefit plan - gratuity	23.1	**59,639**	43,526
23.1 Amount recognised in unconsolidated statement of financial position			
Opening balance		**43,526**	28,297
Charge for the year		**19,112**	15,510
Recognised in other comprehensive income		**10,871**	9,387
Benefits paid		**(13,870)**	(9,668)
Closing balance		**59,639**	43,526
23.2 Expense recognised in unconsolidated statement of profit or loss			
Current service cost		**16,642**	14,102
Net interest cost		**2,470**	1,408
		19,112	15,510

23.3 Principal actuarial assumptions

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

	2018	2017
Expected rate of increase in salary	**8.50%**	**6.75%**
Valuation discount rate	**8.50%**	**6.75%**
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**

23.4 Sensitivity analysis

	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)

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

24 TRADE AND OTHER PAYABLES

	Note	2018	2017
		(Rupees in '000)	
Creditors:			
Trade		57,909	47,381
Non-trade		395,378	311,394
		453,287	358,775
Accrued liabilities		35,628	7,863
Advance from customers		-	995
Withholding tax payable		20,454	38,524
Workers' Profits Participation Fund	24.1	19,370	17,547
Workers' Welfare Fund		12,751	12,751
Retention money		2,521	2,521
Other payables		21,026	11,763
		565,037	450,739

24.1 Workers' Profits Participation Fund

	Note	2018	2017
		(Rupees in '000)	
Opening balance		17,547	15,896
Interest on WPPF		1,823	1,651
Closing balance		19,370	17,547

25 SHORT-TERM BORROWINGS - secured

	Note	2018	2017
Murabaha - islamic banking			
Summit Bank Limited	25.1	350,000	420,000
Habib Metropolitan Bank Limited	25.2	290,100	275,116
Dubai Islamic Bank Pakistan Limited	25.3	199,975	199,802
Askari Bank Limited	25.4	100,000	50,000
Faysal Bank Limited	25.5	100,000	100,000
Diminishing Musharaka - Islamic banking	25.6	23,333	-
Running Musharaka - Summit Bank Limited	25.7	59,966	-
		1,123,374	1,044,918

25.1 It carries profit at the rate of 6 months KIBOR + 1% to 3% per annum for local facility. Rs.145.04 million is secured by specific charge over plant and machinery and Rs. 50 million is secured by pari passu charge over receivables. The remaining facility is secured by first mortgage charge over Gadap Land amounting to Rs. 367 million and Rs. 240 million ranking 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.157 million and the remaining facilitiy is secured against exclusive charge over specific plant and machinery of Rs. 43 million, Rs. 64 million and property of Rs. 50 million.

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

25.5 It carries profit at the rate of KIBOR + 1% 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 + 1% per annum for the facility. The facility is secured by exclusive charge over plant and machinery of the company of Rs.194.237 million.

25.7 It carries profit at the rate of 6 months KIBOR + 1% to 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

	2018	2017
	---------- (Rupees in '000) ----------	
Accrued mark-up on:		
- Long-term financing	5,268	1,407
- Short-term borrowings	16,275	10,351
	21,543	11,758

27 DUE TO A RELATED PARTY

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

28 COMMITMENTS

	2018	2017
	---------- (Rupees in '000) ----------	
- Outstanding letter of credits	-	61,372
- Outstanding letter of guarantees	14,006	11,549
- Capital commitments	215,698	163,077
- Post dated cheques	16,530	33,407

- The Company has entered into Ijarah agreements with a bank in respect of rental of vehicles for a period of 3 years. Future minimal rentals payable under ijarah agreements as at year end are as follows:

	Note	2018	2017
		---------- (Rupees in '000) ----------	
Within one year		-	45

		Note	2018	2017
			---------- (Rupees in '000) ----------	
29	**TURNOVER - net**			
	Sales		**5,495,731**	6,495,484
	Trade discount		**(122,583)**	(98,842)
			5,373,148	**6,396,642**
30	**COST OF SALES**			
	Live stock consumed			
	Opening stock		**80,740**	118,697
	Purchases		**4,065,198**	4,739,751
	Recovery against livestock residuals - net		**(150,792)**	(174,969)
	Closing stock		**(63,403)**	(80,740)
			3,931,743	4,602,739
	Conversion cost			
	Salaries, wages and other benefits	30.1	**60,040**	59,002
	Electricity, diesel and related expenses		**31,710**	27,898
	Repairs and maintenance		**12,049**	17,857
	Depreciation	9.2	**24,752**	28,896
	Clearing and forwarding		**28,057**	40,131
	Packing material		**43,291**	55,585
	Marination		**11,989**	9,350
	Others		**16,818**	15,242
			228,706	253,961
	Cost of goods available for sale		**4,160,449**	4,856,700
	Finished goods and fuels and lubricants			
	Opening stock		**36,320**	49,560
	Closing stock		**(44,842)**	(36,320)
			(8,522)	13,240
			4,151,927	4,869,940

30.1 Includes Rs. 2.95 million (2017: Rs. 2.21 million) in respect of staff retirement benefits.

Notes to the Unconsolidated Financial Statement

FOR THE YEAR ENDED 30 JUNE 2018

31 ADMINISTRATIVE AND DISTRIBUTION COSTS

	Note	2018	2017
		---------- (Rupees in '000) ----------	
Salaries, wages and other benefits	31.1	**328,306**	354,622
Electricity, diesel and related expenses		**45,473**	46,661
Repair and maintenance		**13,809**	5,820
Fuel and vehicle maintenance		**15,636**	34,690
Travelling and conveyance		**12,977**	18,379
Telephone and communication		**11,927**	15,093
Cargo		**464,546**	607,934
Marketing and advertisement		**69,617**	39,926
Rent, rates and taxes		**168,888**	169,766
Food		**10,690**	12,590
Depreciation	9.2	**51,928**	49,786
Amortization	10	**1,699**	1,166
Legal and professional		**10,501**	10,476
Software Maintenance & Development Cost		**8,112**	6,569
Donation	31.2	**17,408**	16,519
Office supplies		**7,579**	14,048
Postage and courier		**639**	960
Takaful		**11,236**	13,353
Staff welfare		**2,282**	15,069
Provision for bad debts		**8,197**	3,710
Security		**1,377**	1,107
Training		**1,922**	963
Cleaning		**7,525**	7,983
Commission on credit card facilities		**8,847**	8,272
Auditors' remuneration	31.3	**2,805**	2,400
Ijarah rentals		**39**	1,337
Loss on disposal of property, plant and equipment		**304**	-
Others		**23,163**	13,058
		1,307,432	1,472,257

31.1 Include Rs. 16.16 million (2017: Rs. 13.3 million) in respect of staff retirement benefits.

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

31.3 Auditors' remuneration

	2018	2017
	---------- (Rupees in '000) ----------	
Audit fee	**1,575**	1,400
Half yearly review	**500**	500
Certifications and other services	**530**	300
Out of pocket expenses	**200**	200
	2,805	2,400

Notes to the Unconsolidated Financial Statement

	2018	2017
	---------- (Rupees in '000) ----------	
32 OTHER INCOME		
Income from financial assets		
Gain on forward contracts	-	1,106
Profit on saving accounts	149	47
Gain on remeasurement of short-term investments	24	777
Gain on disposal of short-term investments	-	2,935
	173	4,865
Income from non - financial assets		
Exchange gain - net	97,059	-
Liabilities no longer payable written back	3,230	7,435
Gain on disposal of property, plant and equipment	-	465
Others	20,176	5,727
	120,465	13,627
	120,638	18,492
33 FINANCE COSTS		
Profit on financing	18,030	53,075
Bank charges	15,717	17,388
Exchange loss	-	1,230
Interest on WPPF	1,823	1,651
Others	20,462	7,860
	56,032	81,204
34 TAXATION		
Current	35,506	51,627
Prior	(126)	9,006
	35,380	60,633
Deferred	(13,004)	(48,098)
	22,376	12,535

34.1 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.

34.2 The return of income for the tax year 2017 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.

34.3 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) ------------------		
2017	51,627	51,501	126
2016	45,085	54,091	(9,006)
2015	33,345	33,345	-

35 LOSS PER SHARE - basic

	2018	2017
	(Rupees in '000)	
Net loss for the year	**(43,981)**	(20,802)
Weighted average ordinary shares of Rs. 10/- each - (Number in '000)	**142,117**	142,117
Loss per share (Rupees) – basic	**(0.31)**	(0.15)

36 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Managerial remuneration	**28,470**	28,575	**21,260**	20,295	**86,676**	105,027
Bonus	-	-	-	-	-	4,898
Gratuity	-	-	-	-	**2,386**	3,740
Board meeting fees	-	-	**2,250**	3,090	-	-
	28,470	28,575	**23,510**	23,385	**89,062**	113,665
Number of persons	**1**	1	**10**	8	**22**	26

37 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:

	2018	2017
	(Rupees in '000)	
Subsidiary Company		
Received from / payments made to a subsidiary	**21,869**	13,953
Interest on advance against shares	**3,997**	-
Companies under common directorship		
Sales	**157**	72
Profit on bank accounts	-	24

	2018	2017
Key management personnel	---------- (Rupees in '000) ----------	
Settlement of liabilities by Chief Executive on behalf of the Company	4,925	5,963
Loan received by CEO during the year	250,695	-

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	
1	Al Shaheer Farms (Private) Limited	Subsidiary	79.5%
2	Mr. Kamran Ahmed Khalili	Key Management Personnel	-
3	14th Street Pizza Company (Private) Limited	Companies under common directorship	-
4	Enrich Foods (Pvt.) Ltd	Companies under common directorship	-
5	Meezan Bank Limited	Companies under common directorship	-

38 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:

38.1 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.

38.1.1 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
2018	**+100**	**(20,106)**
	-100	**20,106**
2017	+100	(14,857)
	-100	14,857

38.1.2 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
2018	**10%**	**88,495**
	-10%	**(88,495)**
2017	10%	92,826
	-10%	(92,826)

38.2 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 2018	Carrying value 2017
	---------- (Rupees in '000) ----------	
Investment	**590**	566
Trade debts	**1,211,970**	1,191,152
Loans	**27,651**	29,824
Trade deposits	**17,148**	17,532
Other receivables	**7,725**	40,999
Bank balances	**39,077**	28,953
	1,304,161	1,309,026

38.2.1 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:

	2018	2017
	---------- (Rupees in '000) ----------	
Trade debts		
Customers with no defaults in the past one year	**407,188**	635,627
Bank balances		
Ratings		
A1+	**18,629**	6,736
A-1+	**5,115**	9,255
A1	**15**	61
A-1	**15,318**	12,879
A-2	**-**	22
	39,077	28,953

38.3 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations with the financial liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility by maintaining sufficient bank balances and committed credit lines. The table below summarises the maturity profile of the Company's financial liabilities at 30 June 2018 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)				
2018					
Long-term financing	-	38,726	204,645	790,778	1,034,149
Short-term borrowings	59,966	439,966	669,017	-	1,168,949
Trade and other payables	2,521	246,963	315,553	-	565,037
Accrued mark-up	-	21,543	-	-	21,543
Due to a related party	269,147	-	-	-	269,147
	331,634	747,198	1,189,215	790,778	3,058,825
2017					
Long-term financing	-	5,124	58,815	453,901	517,840
Short-term borrowings	-	454,439	614,607	-	1,069,046
Trade and other payables	2,521	173,709	274,509	-	450,739
Accrued mark-up	-	11,758	-	-	11,758
Due to a related party	13,527	-	-	-	13,527
	16,048	645,030	947,931	453,901	2,062,910

38.4 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.

38.4.1 Fair value hierarchy

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)

38.4.2 The Company held the following financial instruments measured at fair value:

	Total	Level 1	Level 2	Level 3
	Rupees '000			
Financial assets				
June 30, 2018				
Short-term investments	590	590	-	-
June 30, 2017				
Short-term investments	566	566	-	-

38.5 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 30 June 2018 is as follows:

	2018	2017
	---------- (Rupees in '000) ----------	
Long-term financing	887,260	440,830
Short-term borrowings	1,123,374	1,044,918
Accrued markup	21,543	11,758
Total debt	2,032,177	1,497,506
Less: cash and bank balances	(52,094)	(27,933)
Net debt	1,980,083	1,469,573
Share capital	1,421,175	1,421,175
Reserves	2,142,392	2,186,646
Revaluation surplus on property, plant and equipment	852,139	186,922
Total equity	4,415,706	3,794,743
Equity and net debt	6,395,789	5,264,316
Gearing ratio		
Including revaluation surplus on property, plant and equipment	31%	28%
Excluding revaluation surplus on property, plant and equipment	36%	29%

39. NUMBER OF EMPLOYEES

	30 June 2018	30 June 2017
Total number of employees as at the reporting date	675	713
Average number of employees during the year	705	778
Total number of factory employees as at the reporting date	152	139
Average number of factory employees during the year	148	128

40. GENERAL

40.1 Figures have been rounded off to the nearest rupee.

40.2 Certain prior year figures have been reclassified for better presentation. However, there are no material reclassifications to report.

41. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on **25 September, 2018** by the Board of Directors of the Company.

Chief Executive	Director	Chief Financial Officer

Consolidated Financial Statements 2017-18

EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

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 2018**, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity 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 2018**, 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.

Building a better working world

Following are the key audit matters:

S No.	Key audit matters	How the matter was addressed in our audit
1.	**Capital work-in-progress and related long-term financing facility**	
	As disclosed in note 9.5 to the accompanying consolidated financial statements, the Group has incurred significant amount of capital expenditure for its new Chicken Processing Plant, which is expected to be operational by next year. The expenditure capitalized to date in relation to this new Chicken Processing Plant has been classified as capital work-in-progress as of 30 June 2018. Further, as disclosed in note 21 to the accompanying consolidated financial statements, the Group has obtained long-term financing facilities from commercial banks amounting to Rs. 620 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.
2.	**Preparation of financial statements under the Companies Act, 2017**	
	As referred to in note 3.1 to the accompanying consolidated financial statements, the Companies Act, 2017 became applicable for the first time for the preparation of the Group's annual financial statements for the year ended 30 June 2018. The Companies Act, 2017 forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. In the case of the Group, specific additional disclosures and changes to the existing disclosures have been included in the consolidated financial statements as referred to note 3.2 to the consolidated financial statements. Further, the Group has changed its accounting policy relating to presentation and measurement of revaluation surplus on property, plant and equipment as a consequence of the application of the Companies Act, 2017 with retrospective effect. The impact of the said change in	We assessed the procedures applied by the management for identification of the changes required in the consolidated financial statements due to application of the Companies Act, 2017. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the consolidated financial statements. In respect of the change in accounting policy for the accounting and presentation of revaluation surplus as referred to note 8 to the consolidated financial statements; we assessed the accounting implications in accordance with the applicable financial reporting standards and evaluated its application in the context of the Group.

EY

Building a better working world

S No.	Key audit matters	How the matter was addressed in our audit
	accounting policy has been disclosed in note 8 to the consolidated financial statements. The above changes and enhancements in the consolidated financial statements are considered important and a key audit matter because of the volume and significance of the changes in the consolidated financial statements resulting from the transition to the new reporting requirements under the Companies Act, 2017.	
3.	**Recoverability and recognition of deferred tax asset**	
	As disclosed in note 11, the Group has recognized deferred tax asset on unused business losses and tax credits amounting to Rs 211.757 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 11).
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 28 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.

EY
Building a better working world

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.

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.

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 Shabbir Yunus.

Chartered Accountants

Place: Karachi

Date: 27 September 2018

Consolidated Statement of Financial Position

AS AT 30 JUNE 2018

	Note	2018	2017	2016
		(Rupees in '000)		
ASSETS			Restated	Restated
NON-CURRENT ASSETS				
Property, plant and equipment	9	**4,805,419**	3,442,133	2,650,348
Intangible asset	10	**5,217**	4,861	3,840
Deferred tax asset	11	**192,815**	177,563	129,078
		5,003,451	3,624,557	2,783,266
CURRENT ASSETS				
Stock-in-trade	12	**107,959**	116,618	167,654
Fuel, lubricants and consumables		**568**	14,134	14,903
Trade debts	13	**1,211,970**	1,191,151	1,096,688
Loans and advances	14	**586,909**	499,314	426,607
Trade deposits and short-term prepayments	15	**21,368**	20,814	22,300
Short-term investment	16	**590**	566	215,893
Other receivables	17	**230,214**	212,447	172,038
Taxation - net		**141,956**	109,168	76,246
Cash and bank balances	18	**52,462**	28,687	25,216
		2,353,996	2,192,899	2,217,545
TOTAL ASSETS		**7,357,447**	5,817,456	5,000,811
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised capital				
150,000,000 (2017: 150,000,000) ordinary shares of Rs. 10/- each		**1,500,000**	1,500,000	1,500,000
Issued, subscribed and paid-up capital	19	**1,421,175**	1,421,175	1,235,804
Share premium		**1,507,705**	1,507,705	1,693,076
Unappropriated profit		**616,436**	668,120	693,516
Revaluation surplus on property, plant and equipment	20	**852,139**	186,922	197,078
Total equity		**4,397,455**	3,783,922	3,819,474
Non-controlling interest		**20,609**	23,907	29,427
		4,418,064	3,807,829	3,848,901
NON-CURRENT LIABILITIES				
Long-term financing	21	**708,077**	400,414	29,552
Deferred liabilities	22	**59,639**	43,526	28,297
		767,716	443,940	57,849
CURRENT LIABILITIES				
Trade and other payables	23	**566,386**	455,068	315,048
Short-term borrowings	24	**1,123,374**	1,044,918	734,583
Accrued mark-up	25	**21,543**	11,758	3,677
Due to a related party	26	**281,181**	13,527	7,564
Current portion of long-term financing	21	**179,183**	40,416	33,189
		2,171,667	1,565,687	1,094,061
TOTAL EQUITY AND LIABILITIES		**7,357,447**	5,817,456	5,000,811
COMMITMENTS	27			

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

Chief Executive	Director	Chief Financial Officer

Consolidated Statement of Profit and Loss

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		-------- (Rupees in '000) --------	
Turnover - net	28	**5,373,148**	6,396,642
Cost of sales	29	**(4,151,927)**	(4,869,940)
Gross profit		**1,221,221**	1,526,702
Administrative and distribution costs	30	**(1,313,049)**	(1,483,527)
Other income	31	**115,527**	18,492
Operating profit		**23,699**	61,667
Finance costs	32	**(56,032)**	(81,204)
Loss before taxation		**(32,333)**	(19,537)
Taxation	33	**(22,376)**	(12,535)
Net loss for the year		**(54,709)**	(32,072)
Attributable to:			
Owners of the Holding Company		**(51,411)**	(26,552)
Non controlling interests		**(3,298)**	(5,520)
		(54,709)	(32,072)
Loss per share – basic	34	**(0.36)**	(0.19)

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

Chief Executive **Director** **Chief Financial Officer**

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		---------- (Rupees in '000) ----------	
Net loss for the year		**(54,709)**	(32,072)
Other comprehensive income:			
Items not to be reclassified to statement of profit or loss account in subsequent years			
Remeasurement loss on defined benefit plan	22.1	**(10,871)**	(9,387)
Income tax effect		**1,459**	387
		(9,412)	(9,000)
Items that may be reclassified to statement of profit or loss account in subsequent years			
Revaluation surplus on property, plant and equipment		**673,568**	-
Income tax effect		**788**	-
		674,356	-
Total comprehensive income / (loss) for the year		**610,235**	(41,072)
Attributable to:			
Owners of the Holding Company		**613,533**	(35,552)
Non controlling interests		**(3,298)**	(5,520)
		610,235	**(41,072)**

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

Consolidated Cash Flows Statement

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		------------- (Rupees in '000) -------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(32,333)**	(19,537)
Adjustments for:			
Depreciation	9.2	**76,707**	78,716
Amortisation	10	**1,699**	1,168
Provision for defined benefit plan	22.2	**19,112**	15,510
Provision of provision for doubtful debts	13.3	**8,197**	3,710
Liabilities no longer payable written back	31	**(3,230)**	(7,435)
Loss / (gain) on disposal of property, plant and equipment	9.4	**304**	(465)
Gain on remeasurement of short-term investment		**(24)**	(777)
Gain on disposal of short-term investment		**-**	(2,935)
Finance costs	32	**56,032**	81,204
		158,797	168,696
Operating profit before working capital changes		**126,464**	149,159
(Increase) / decrease in current assets:			
Fuel, lubricants and consumables		**13,566**	769
Stock-in-trade		**8,659**	51,036
Trade debts		**(29,016)**	(119,673)
Loans and advances		**(87,595)**	(72,708)
Trade deposits and short-term prepayments		**(554)**	1,486
Other receivables		**(17,767)**	(40,409)
		(112,707)	(179,499)
Increase / (decrease) in current liabilities:			
Trade and other payables		**114,545**	479,290
Due to a related party		**267,654**	5,963
		382,199	485,253
Cash generated from operations		**395,956**	454,913
Taxes paid		**(68,168)**	(93,553)
Gratuity paid	22.1	**(13,870)**	(9,668)
Net cash generated from operating activities		**313,918**	351,692
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
- Property, plant and equipment		**(774,801)**	(871,713)
- Intangible asset	10	**(2,055)**	(2,189)
Sale proceeds from disposal of property, plant and equipment		**8,072**	1,675
Short-term investments - net		**-**	219,039
Net cash flows used in investing activities		**(768,784)**	(653,188)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing - net		**446,430**	378,089
Short term borrowings - net		**78,456**	-
Finance costs paid		**(46,245)**	(73,122)
Net cash flows from financing activities		**478,641**	304,967
Net increase in cash and cash equivalents		**23,775**	3,471
Cash and cash equivalents at the beginning of the year		**28,687**	25,216
Cash and cash equivalents at the end of the year		**52,462**	28,687

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

Chief Executive **Director** **Chief Financial Officer**

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018

	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, 2016 - as previously reported	1,235,804	1,693,076	693,516	29,427	-	3,651,823
Effect of change in accounting policy (note 8)	-	-	-	-	197,078	197,078
Balance as at June 30, 2016 - restated	1,235,804	1,693,076	693,516	29,427	197,078	3,848,901
Net loss for the year	-	-	(26,552)	(5,520)	-	(32,072)
Other comprehensive loss	-	-	(9,000)	-	-	(9,000)
Total comprehensive loss for the year	-	-	(35,552)	(5,520)	-	(41,072)
Issue of 18,537,056 bonus shares	185,371	(185,371)	-	-	-	-
Revaluation surplus on property, plant and equipment realised on account of incremental depreciation	-	-	10,156	-	(10,156)	-
Balance as at 30 June 2017 - restated	**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 (loss) / income	-	-	(9,412)	-	674,356	664,944
Total comprehensive (loss) / 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 30 June 2018	**1,421,175**	**1,507,705**	**616,436**	**20,609**	**852,139**	**4,418,064**

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

1 LEGAL STATUS AND OPERATIONS OF THE GROUP

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

1.1 Holding Company

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

1.2 Subsidiary Company

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

2 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.740 million for the launch of a new site and a related long term financing was availed amounting to Rs. 620 million.

- For a detailed discussion about the Group's performance please refer to the Directors' report.

3 STATEMENT OF COMPLIANCE

3.1 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.

3.2 The Act has also brought certain changes with regard to the preparation and presentation of these consolidated financial statements. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property plant and equipment as fully explained in note 8 of these consolidated financial statements, change in nomenclature of primary statements, etc. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional / amended disclosures as mentioned in notes 1.2, 2, 8, 9.3, 13.1, 14.1, 19.1, 30.2, 33.3, 35, 36.1 and 38.

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 are stated at revalued amount;
b) short term investments 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

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 Group has adopted the following amendments to the accounting standards which became effective for the current year:

IAS 7 — Statement of Cash Flows - Disclosure Initiative - (Amendment)
IAS 12 Income Taxes — Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

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

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 2 — Share Based Payments - Classification and Measurement of Share Based Payment Transactions (Amendments)	01 January 2018
IFRS 4 — Insurance Contracts: Applying IFRS 9 Financial Instruments with Insurance Contracts — (Amendments)	01 January 2018
IFRS 9 — Financial Instruments	01 July 2018
IFRS 9 — Prepayment Features with Negative Compensation — (Amendments)	01 January 2019
IFRS 15 — Revenue from Contracts with Customers	01 July 2018
IFRS 16 – Leases	01 January 2019
IAS 19 — Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	01 January 2019
IAS - 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 — Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 — Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application except for IFRS 15 - 'Revenue from Contracts with Customers' and IFRS 9 - 'Financial Instruments'. The Group is currently evaluating the impact of these standards.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. 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 1 January 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, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	**IASB Effective date (annual periods beginning on or after)**
IFRS 14— Regulatory Deferral Accounts	01 January 2016
IFRS 17— Insurance Contracts	01 January 2021

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.

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.

Provision for doubtful debts and other receivables

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

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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1 Property, plant and equipment

Operating fixed assests

Except for computer and acessories 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 9 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.

7.2 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 10 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.

7.3 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.

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 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.

7.7 Loans and advances

These are stated at cost.

7.8 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.

7.9 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.

Non-financial assets

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

7.10 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.

7.11 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 latest actuarial valuation was carried out as of 30 June 2018 using Projected Unit Credit method.

7.12 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.

7.13 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.

7.14 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.

7.15 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.

7.16 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.

7.17 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.

7.18 Revenue recognition

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

7.19 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.

7.20 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.

8 CHANGE IN ACCOUNTING POLICY

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the revaluation surplus on property, plant and equipment has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of property, plant and equipment which was not in accordance with the requirements of IFRS. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, revaluation surplus on property, plant and equipment would now be presented under equity.

Following the application of IAS 16, the Group's policy for revaluation surplus on property, plant and equipment stands amended as follows:

- Increases in the carrying amounts arising on revaluation of property, plant and equipment, are recognized in other comprehensive income and accumulated in reserves in shareholders' 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 other 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 change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarized below:

Effect on consolidated statement of financial position	**As at 30 June 2017**			**As at 30 June 2016**		
	As previously reported	**As restated**	**Re-statement**	**As previously reported**	**As restated**	**Re-statement**
	(Rupees in '000)					
Revaluation surplus on property, plant & equipment	**186,922**	**-**	**(186,922)**	197,078	-	(197,078)
Share capital and reserves	**-**	**186,922**	**186,922**	-	197,078	197,078
Effect on consolidated statement of changes in equity						
Changes in equity	**-**	**186,922**	**186,922**	-	197,078	197,078

	For the year ended 30 June 2017		
	As previously reported	**As re-stated**	**Re-statement**
	(Rupees in '000)		
Effect on consolidated statement of comprehensive income			
Revaluation surplus on property, plant and equipment	-	10,156	10,156

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

9 PROPERTY, PLANT AND EQUIPMENT

	Note	**2018**	**2017**
		(Rupees in '000)	
Operating fixed assets	9.1	**1,822,270**	1,165,963
Capital work-in-progress	9.5	**2,983,149**	2,276,170
		4,805,419	3,442,133

9.1 Operating fixed assets

	As at 01 July 2017	Additions	Transfers	Revaluation	(Disposals)	As at 30 June 2018	Rate
	COST / REVALUATION						
	(Rupees in '000)						
Freehold land	283,227	-	-	314,613	-	597,840	-
Leasehold land	170,416	-	-	272,083	-	442,499	-
Buildings on feehold land	165,471	20,055	-	20,000	-	205,526	10%
Plant and machinery	241,166	6,900	(8,218)	(12,733)	-	227,115	5% - 20%
Furniture and fixture	186,335	15,511	-	(3,927)	(876)	197,043	10%
Motor vehicles	134,293 *	18,372	-	-	(12,245)	140,420	15%
Office equipment	186,636	4,623	(18,415)	(3,795)	(219)	168,830	15%
Tools and equipment	25,314	1,580	-	-	-	26,894	10%
Computers and accessories	21,512	781	26,633	-	(171)	48,755	10%
2018	1,414,370	67,822	-	586,241	(13,511)	2,054,922	

	As at 01 July 2016	Additions	Transfers	Revaluation	(Disposals)	As at 30 June 2017	Rate
	COST / REVALUATION						
	(Rupees in '000)						
Freeehold land	283,227	-	-	-	-	283,227	-
Leasehold land	170,416	-	-	-	-	170,416	-
Buildings on freehold land	159,858	5,613	-	-	-	165,471	10%
Plant and machinery	229,162	12,004	-	-	-	241,166	5% - 20%
Furniture and fixture	155,361	30,974	-	-	-	186,335	10%
Motor vehicles	127,448 *	8,963	-	-	(2,118)	134,293	15%
Office equipment	174,935	11,880	-	-	(179)	186,636	15%
Tools and equipment	23,713	1,601	-	-	-	25,314	10%
Computers and accessories	18,720	2,961	-	-	(169)	21,512	10%
2017	1,342,840	73,996	-	-	(2,466)	1,414,370	

* Include assets costing Rs. 52.734 million (2017: Rs.11.279 million) under Diminishing Musharaka Arrangements.

	ACCUMULATED DEPRECIATION						NET BOOK VALUE
	As at 01 July 2017	(On transfers)	Charge for the year	(On disposals)	Revaluation	As at 30 June 2018	As at 30 June 2018
	(Rupees in '000)						
Freehold land	-	-	-	-	-	-	597,840
Leasehold land	-	-	-	-	-	-	442,499
Buildings on feehold land	44,664	-	12,278	-	(54,450)	2,492	203,034
Plant and machinery	44,675	-	10,295	-	-	54,970	172,145
Furniture and fixture	38,245	-	16,165	(186)	-	54,224	142,819
Motor vehicles	44,712	-	14,959	(4,797)	(32,877)	21,997	118,423
Office equipment	63,834	(10,862)	17,398	(85)	-	70,285	98,545
Tools and equipment	6,272	-	1,995	-	-	8,267	18,627
Computers and accessories	6,005	10,862	3,617	(67)	-	20,417	28,338
2018	248,407	-	76,707	(5,135)	(87,327)	232,652	1,822,270

	ACCUMULATED DEPRECIATION						NET BOOK VALUE
	As at 01 July 2016	(On transfers)	Charge for the year	(On disposals)	Revaluation	As at 30 June 2017	As at 30 June 2017
	(Rupees in '000)						
Freeehold land	-	-	-	-	-	-	283,227
Leasehold land	-	-	-	-	-	-	170,416
Buildings on freehold land	31,626	-	13,038	-	-	44,664	120,807
Plant and machinery	33,717	-	10,958	-	-	44,675	196,491
Furniture and fixture	24,438	-	13,807	-	-	38,245	148,090
Motor vehicles	30,475	-	15,393	(1,156)	-	44,712	89,581
Office equipment	42,392	-	21,491	(49)	-	63,834	122,802
Tools and equipment	4,232	-	2,040	-	-	6,272	19,042
Computers and accessories	4,067	-	1,989	(51)	-	6,005	15,507
2017	170,947	-	78,716	(1,256)		248,407	1,165,963

9.1.1 The Group has carried out a revaluation excerice through an independent valuer namely Sadruddin Associates (Private) Limited on 30 June 2018. The revaluation has resulted in surplus of Rs. 673.5 million.

9.1.2 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 on 30 June 2018. Had there been no revaluation, the book value of freehold land would have been Rs. 280.711 (2017: Rs. 451.127) million, leasehold land Rs 170.42 (2017: Rs. 170.42) million, building Rs. 90.504 (2017 Rs. 79.962) million, plant and machinery Rs. 127.44 (2017: Rs. 127.46) million, furniture and fixtures Rs. 144.131 (2017: Rs. 144.284) million, office equipment Rs. 73.967 (2017: Rs. 83.059) million, tools and equipments Rs.11.613 million (2017: Rs .11.381 million) and motor vehicles Rs.85.548 (2017: Rs.89.581) million.

9.1.3 Forced sale value as of 30 June 2018 of free hold and lease hold land is Rs. 448.38 Million and Rs. 331.87 Million, Respectively.

9.2 Depreciation for the year has been allocated as follows:

	Note	2018	2017
		---- (Rupees in '000) ----	
Cost of sales	29	**24,753**	28,895
Administrative and distribution costs	30	**51,954**	49,821
		76,707	78,716

9.3 **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 # 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

9.4 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								
Power Sokon Mpv		847	408	439	400	(39)	Tender	Abdul Samad
Foton Truck (BRS-208)		1,278	270	1,008	951	(57)	Tender	Muhammad Noman
Foton Truck (BRS-710)		1,239	263	976	979	3	Tender	Muhammad Noman
FAW POWER TRUCK (JY-9944)		2,640	1,530	1,110	706	(404)	Tender	Muhammad Noman
Toyota Vitz (ANA-994)		921	523	398	700	302	Negotiation	Muhammad Salman
Toyota VIGO (KU-1248)		4,339	1,273	3,066	3,066	-	Negotiation	Khan Kashif Khan
Toyota Vitz (AUP-121)		980	530	450	482	32	As per Group policy	Hammad Chishti, Employee
		12,244	4,797	7,447	7,284	(163)		
Building								
Construction & Renovations (Bin Hashim Johar)		876	186	690	690	-	Contract termination	Bin Hashim Owner
Office Equipment								
Aggregate amount of assets disposed having book value less than Rs. 500,000		219	85	135	23	(112)	Various	Various
Computers								
Aggregate amount of assets disposed off having book value less than Rs. 500,000		172	67	104	75	(29)	Various	Various
	2018	**13,511**	**5,135**	**8,376**	**8,072**	**(304)**		
	2017	2,466	1,256	1,209	1,674	465		

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

9.5 Capital work-in-progress	2018	2017
	---- (Rupees in '000) ----	
Land	59,130	44,111
Civil works	114,069	101,642
Plant and machinery	1,547,226	1,358,591
Advance to suppliers and contractors	1,240,968	753,191
Intangible asset under development	21,756	18,635
	2,983,149	2,276,170

9.5.1 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	44,111	101,642	1,358,591	753,191	18,635	2,276,170
Addition during the year	15,019	25,296	188,635	508,395	3,121	740,466
Transfers during the year	-	(12,869)	-	(20,618)	-	(33,487)
Closing balance	59,130	114,069	1,547,226	1,240,968	21,756	2,983,149

* Include borrowing cost amounting Rs. 104.25 million (2017: 1.608 million) capitalised during the year using capitalisation rate of 7.14%-10.01% (2017: 7.56% - 8.13%).

10 INTANGIBLE ASSET

	COST				ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at 01 July	Additions	As at 30 June	Rate	5.00	For the year	As at 30 June	As at 30 June
	(Rupees in '000)				(Rupees in '000)			
Computer software	10,226	2,055	12,281	25%	5,365	1,699	7,064	5,217
2018	10,226	2,055	12,281		5,365	1,699	7,064	5,217
2017	8,037	2,189	10,226		4,197	1,168	5,365	4,861

	Note	2018	2017
		---------- (Rupees in '000) ----------	
11 DEFERRED TAX ASSET			
Deferred tax assets on deductible temporary differences:			
Unused tax losses / credits		211,757	201,642
Provisions		11,477	9,079
		223,234	210,721
Deferred tax liabilities on taxable temporary differences:			
Accelerated tax depreciation		(16,060)	(16,293)
Revaluation Surplus on property,plant and equipment		(14,359)	(16,865)
		(30,419)	(33,158)
		192,815	177,563
12 STOCK-IN-TRADE			
Livestock		63,403	80,740
Raw and packaging materials		20,577	11,127
Finished goods		23,979	24,751
		107,959	116,618
13 TRADE DEBTS - Unsecured			
Considered good			
Overseas	13.1	974,016	928,261
Local		237,954	262,890
		1,211,970	1,191,151
Considered doubtful		11,907	3,710
Provision for doubtful debts	13.3	(11,907)	(3,710)
		-	-
	13.2	1,211,970	1,191,151

13.1 Particulars of export sales in respect of outstanding debts:

	Contract	Total
	---------- (Rupees in '000) ----------	
Asia		
2018	**974,016**	**974,016**
Asia		
2017	928,261	928,261

There are no defaulting parties as of 30 June 2018.

13.2 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: > 30 days up to 90 days	> 90 days up to 180 days	> 180 days up to 360 days	> 360 days	Total
		(Rupees in '000)				
2018	**407,188**	**447,061**	**266,548**	**91,173**	**-**	**1,211,970**
2017	635,626	408,181	122,575	11,338	13,431	1,191,151

13.3 Movement of provision for doubtful debts:

	Note	2018	2017
		---------- (Rupees in '000) ----------	
Opening balance		**3,710**	-
Charge for the year		**8,197**	3,710
Closing balance		**11,907**	3,710

14 LOANS AND ADVANCES

	Note	2018	2017
Loans - considered good - secured			
Executives	14.1	**20,827**	19,848
Employees		**6,884**	9,976
		27,711	29,824
Advances			
Suppliers		**524,853**	362,280
Service providers and other vendors		**31,484**	105,160
Employees		**2,861**	2,050
		559,198	469,490
		586,909	499,314

14.1 This includes loan extended to an executive amounting to Rs.18.6 million (2017: 19.8 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.

			2018	2017
			---------- (Rupees in '000) ----------	
15	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Trade deposits		**17,148**	17,532
	Prepayments			
	- takaful		**2,820**	1,489
	- others		**1,400**	1,793
			4,220	3,282
			21,368	20,814
16	**SHORT-TERM INVESTMENT**			
	Investment at fair value through profit or loss		**590**	566
17	**OTHER RECEIVABLES**			
	Sales tax receivables		**226,486**	193,317
	Receivable from shareholders	17.1	**1,496**	2,693
	Others		**2,232**	16,437
			230,214	212,447

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

		Note	2018	2017
18	**CASH AND BANK BALANCES**		---------- (Rupees in '000) ----------	
	Cash in hand		**13,703**	25,392
	With banks:			
	Saving accounts	18.1	**3,048**	1,994
	Current accounts		**36,107**	27,194
		18.2 & 18.3	**39,155**	29,188
	Book overdraft		**(396)**	(25,893)
			52,462	28,687

18.1 These carry profit at the rates ranging between 1.7% to 3.7% (2017: 1.7% to 3.7%) per annum.

18.2 Included herein are balances amounting to Rs. 19.98 million (2017: Rs. 21.52) million which are held in accounts maintained under islamic banking.

18.3 Includes Rs.1.737 million (2017: Rs. 3.201 million) held with Meezan Bank Limited (a related party).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
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	**260,000**	260,000
86,177	86,177	Issued as bonus shares	**861,768**	861,768
142,118	142,118		**1,421,175**	1,421,175

19.1 As at June 30, 2018, institutions and others held 29,574,487 and 112,542,541 shares, respectively (June 30, 2017: 36,393,193 and 105,723 835). Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

20 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
		(Rupees in '000)	
Opening balance		**203,787**	215,945
Revaluation surplus on property, plant and equipment during the year		**673,568**	-
Transfer to unappropriated profit in respect of incremental depreciation during the year		**(10,857)**	(12,158)
		866,498	203,787
Related deferred tax liability			
Opening balance		**(16,865)**	(18,867)
Liability reversed during the year		**788**	-
Incremental depreciation charged during the year		**1,156**	1,393
Adjustment due to change in tax rate		**562**	609
		(14,359)	(16,865)
		852,139	186,922

21 LONG-TERM FINANCING - Secured

Diminishing musharaka

	Note	2018	2017
Askari Bank Limited	21.1	**100,000**	9,500
Dubai Islamic Bank Pakistan Limited	21.2	**764,583**	400,000
Habib Metropolitan Bank Limited	21.3	**14,190**	16,541
Al Baraka Bank	21.4	**8,487**	14,789
		887,260	440,830
Less: current maturity shown under current liabilities		**(179,183)**	(40,416)
		708,077	400,414

21.1 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. 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.

21.2 This includes the following facilities:

a) Diminishing musharaka facility amounting to Rs. 383.33 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. The facility is secured by equitable mortgage charge over the Group's building.

b) Diminishing musharaka facility amounting to Rs. 31.25 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. 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. The facility is secured by exclusive charge over land & building and plant & machinery of the Group's chicken plant located in Lahore.

21.3 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.

21.4 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.

22 DEFERRED LIABILITIES

	Note	2018	2017
		(Rupees in '000)	
Defined benefit plan - gratuity	22.1	59,639	43,526

22.1 Amount recognised in consolidated statement of financial position

	2018	2017
Opening balance	43,526	28,297
Charge for the year	19,112	15,510
Recognised in other comprehensive income	10,871	9,387
Benefits paid	(13,870)	(9,668)
Closing balance	59,639	43,526

22.2 Expense recognised in consolidated statement of profit or loss

	2018	2017
Current service cost	16,642	14,102
Net interest cost	2,470	1,408
	19,112	15,510

22.3 Principal actuarial assumptions

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

	2018	2017
Expected rate of increase in salary	8.50%	6.75%
Valuation discount rate	8.50%	6.75%
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

22.4 Sensitivity analysis

	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)

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

23 TRADE AND OTHER PAYABLES

	Note	2018	2017
		(Rupees in '000)	
Creditors:			
Trade		57,909	47,381
Non-trade		395,378	311,394
		453,287	358,775
Accrued liabilities		36,910	7,863
Advance from customers		-	995
Withholding tax payable		20,454	38,524
Workers' Profits Participation Fund	23.1	19,370	17,547
Workers' Welfare Fund		12,751	12,751
Retention money		2,521	2,521
Other payables		21,093	11,763
		566,386	450,739

23.1 Workers' Profits Participation Fund	Note	2018	2017
		---------- (Rupees in '000) ----------	
Opening balance		**17,547**	15,896
Interest on WPPF		**1,823**	1,651
Closing balance		**19,370**	17,547

24 SHORT-TERM BORROWINGS - secured

	Note	2018	2017
Murabaha - islamic banking			
Summit Bank Limited	25.1	**350,000**	420,000
Habib Metropolitan Bank Limited	25.2	**290,100**	275,116
Dubai Islamic Bank Pakistan Limited	25.3	**199,975**	199,802
Askari Bank Limited	25.4	**100,000**	50,000
Faysal Bank Limited	25.5	**100,000**	100,000
Diminishing Musharaka - Islamic banking	25.6	**23,333**	-
Running Musharaka - Summit Bank Limited	25.7	**59,966**	-
		1,123,374	1,044,918

24.1 It carries profit at the rate of 6 months KIBOR + 1% to 3% per annum for local facility. Rs.145.04 million is secured by specific charge over plant and machinery and Rs. 50 million is secured by pari passu charge over receivables. The remaining facility is secured by first mortgage charge over Gadap Land amounting to Rs. 367 million and Rs. 240 million ranking charge over stocks and receivables of the Group.

24.2 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.

24.3 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.157 million and the remaining facilitiy is secured against exclusive charge over specific plant and machinery of Rs. 43 million, Rs. 64 million and property of Rs. 50 million.

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

24.5 It carries profit at the rate of KIBOR + 1% 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.

24.6 It carries profit at the rate of 6 months KIBOR + 1% per annum for the facility. The facility is secured by exclusive charge over plant and machinery of the Group of Rs.194.237 million.

25.7 It carries profit at the rate of 6 months KIBOR + 1% to 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.

25 ACCRUED MARK-UP

	2018	2017
	---------- (Rupees in '000) ----------	
Accrued mark-up on:		
- Long-term financing	**5,268**	1,407
- Short-term borrowings	**16,275**	10,351
	21,543	11,758

26 DUE TO A RELATED PARTY

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

	2018	2017
27 COMMITMENTS	---------- (Rupees in '000) ----------	
- Outstanding letter of credits	-	61,372
- Outstanding letter of guarantees	**14,006**	11,549
- Capital commitments	**215,698**	163,077
- Post dated cheques	**16,530**	33,407

- The Group has entered into Ijarah agreements with a bank in respect of rental of vehicles for a period of 3 years. Future minimal rentals payable under ijarah agreements as at year end are as follows:

	Note	2018	2017
		---------- (Rupees in '000) ----------	
Within one year		-	45

28 TURNOVER - net

		2018	2017
Sales		**5,495,731**	6,495,484
Trade discount		**(122,583)**	(98,842)
		5,373,148	**6,396,642**

29 COST OF SALES

	Note	2018	2017
Live stock consumed			
Opening stock		**80,740**	118,697
Purchases		**4,065,198**	4,739,751
Recovery against livestock residuals - net		**(150,792)**	(174,969)
Closing stock		**(63,403)**	(80,740)
		3,931,743	4,602,739
Conversion cost			
Salaries, wages and other benefits	29.1	**60,040**	59,002
Electricity, diesel and related expenses		**31,710**	27,898
Repairs and maintenance		**12,049**	17,857
Depreciation	9.2	**24,753**	28,895
Clearing and forwarding		**28,057**	40,131
Packing material		**43,291**	55,585
Marination		**11,989**	9,350
Others		**16,817**	15,243
		228,706	253,961
Cost of goods available for sale		**4,160,449**	4,856,700
Finished goods and fuels and lubricants			
Opening stock		**36,320**	49,560
Closing stock		**(44,842)**	(36,320)
		(8,522)	13,240
		4,151,927	4,869,940

29.1 Includes Rs. 2.95 million (2017: Rs. 2.21 million) in respect of staff retirement benefits.

30 ADMINISTRATIVE AND DISTRIBUTION COSTS

	Note	2018	2017
		---------- (Rupees in '000) ----------	
Salaries, wages and other benefits	30.1	**332,567**	360,086
Electricity, diesel and related expenses		**45,473**	46,661
Repair and maintenance		**13,851**	6,179
Fuel and vehicle maintenance		**15,725**	34,690
Travelling and conveyance		**13,096**	19,481
Telephone and communication		**12,140**	15,305
Cargo		**464,546**	607,934
Marketing and advertisement		**69,617**	39,926
Rent, rates and taxes		**169,201**	167,588
Food		**10,690**	12,590
Depreciation	9.2	**51,954**	49,821
Amortization	10	**1,699**	1,168
Legal and professional		**10,501**	13,456
Software Maintenance & Development Cost		**8,112**	6,569
Donation	30.2	**17,408**	16,519
Office supplies		**7,702**	14,419
Postage and courier		**639**	960
Takaful		**11,242**	13,353
Staff welfare		**2,282**	15,069
Provision for bad debts		**8,197**	3,710
Security		**1,377**	1,107
Training		**1,922**	963
Cleaning		**7,525**	7,983
Commission on credit card facilities		**8,847**	8,272
Auditors' remuneration	30.3	**3,105**	2,700
Ijarah rentals		**39**	1,337
Loss on disposal of property, plant and equipment		**304**	-
Others		**23,288**	15,681
		1,313,049	1,483,527

30.1 Include Rs. 16.16 million (2017: Rs. 13.3 million) in respect of staff retirement benefits.

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

30.3 Auditors' remuneration

	2018	2017
	---------- (Rupees in '000) ----------	
Audit fee	**1,875**	1,700
Half yearly review	**500**	500
Certifications and other services	**530**	300
Out of pocket expenses	**200**	200
	3,105	2,700

31 OTHER INCOME

	2018	2017
Income from financial assets		
Gain on forward contracts	**-**	1,106
Profit on saving accounts	**149**	47
Gain on remeasurement of short-term investments	**24**	777
Gain on disposal of short-term investments	**-**	2,935
	173	4,865
Income from non - financial assets		
Exchange gain - net	**97,059**	-
Liabilities no longer payable written back	**3,230**	7,435
Gain on disposal of property, plant and equipment	**-**	465
Others	**15,065**	5,727
	115,354	13,627
	115,527	18,492

32 FINANCE COSTS

	2018	2017
	---------- (Rupees in '000) ----------	
Profit on financing	18,030	53,075
Bank charges	15,717	17,388
Exchange loss	-	1,230
Interest on WPPF	1,823	1,651
Others	20,462	7,860
	56,032	81,204

33 TAXATION

	2018	2017
Current	35,506	51,627
Prior	(126)	9,006
	35,380	60,633
Deferred	(13,004)	(48,098)
	22,376	12,535

33.1 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.

33.2 The return of income for the tax year 2017 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.

33.3 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) ------------------		
2017	51,627	51,501	126
2016	45,085	54,091	(9,006)
2015	33,345	33,345	-

34 LOSS PER SHARE - basic

	2018	2017
	---------- (Rupees in '000) ----------	
Net loss for the year	(51,411)	(26,552)
Weighted average ordinary shares of Rs. 10/- each - (Number in '000)	142,118	142,118
Loss per share (Rupees) – basic	(0.36)	(0.19)

35 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	----------	----------	----------	(Rupees in '000)	----------	----------
Managerial remuneration	28,470	28,575	21,260	20,295	86,676	105,027
Bonus	-	-	-	-	-	4,898
Gratuity	-	-	-	-	2,386	3,740
Board meeting fees	-	-	2,250	3,090	-	-
	28,470	28,575	23,510	23,385	89,062	113,665
Number of persons	1	1	10	8	22	26

36 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:

	2018	2017
	---------- (Rupees in '000) ----------	
Companies under common directorship		
Sales	157	72
Profit on bank accounts	-	24
Key management personnel		
Settlement of liabilities by Chief Executive on behalf of the Group	16,957	5,963
Loan received by CEO during the year	250,695	-

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

S.no	Company Name	Basis of relationship
1	Mr. Kamran Ahmed Khalili	Key Management Personnel
2	14th Street Pizza Company (Private) Limited	Companies under common directorship
3	Enrich Foods (Private) Limited	Companies under common directorship
4	Meezan Bank Limited	Companies under common directorship

37 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:

37.1 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.

37.1.1 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
2018	**+100**	**(20,106)**
	-100	**20,106**
2017	+100	(14,857)
	-100	14,857

37.1.2 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 Pak Rupees	Effect on loss / profit before tax Rupees in '000
2018	**10%**	**88,495**
	-10%	**(88,495)**
2017	10%	92,826
	-10%	(92,826)

37.2 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	
	2018	**2017**
	---------- (Rupees in '000) ----------	
Investment	**590**	566
Trade debts	**1,211,970**	1,191,151
Loans	**27,711**	29,824
Trade deposits	**17,148**	17,532
Other receivables	**3,728**	40,999
Bank balances	**39,155**	29,189
	1,300,302	1,309,261

37.2.1 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:

	2018	2017
	(Rupees in '000)	
Trade debts		
Customers with no defaults in the past one year	407,188	635,627
Bank balances		
Ratings		
A1+	18,629	6,971
A-1+	5,193	9,255
A1	15	61
A-1	15,318	12,879
A-2	-	22
	39,155	29,188

37.3 Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations with the financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility by maintaining sufficient bank balances and committed credit lines.The table below summarises the maturity profile of the Group's financial liabilities at 30 June 2018 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)				
2018					
Long-term financing	-	38,726	204,645	790,778	1,034,149
Short-term borrowings	59,966	439,966	669,017	-	1,168,949
Trade and other payables	2,521	248,309	315,553	-	566,383
Accrued mark-up	-	21,543	-	-	21,543
Due to a related party	281,181	-	-	-	281,181
	343,668	748,544	1,189,215	790,778	3,072,205
2017					
Long-term financing	-	5,124	58,815	453,901	517,840
Short-term borrowings	-	454,439	614,607	-	1,069,046
Trade and other payables	2,521	178,038	274,509	-	455,068
Accrued mark-up	-	11,758	-	-	11,758
Due to a related party	13,527	-	-	-	13,527
	16,048	649,359	947,931	453,901	2,067,239

37.4 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.

37.4.1 Fair value hierarchy

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)

37.4.2 The Group held the following financial instruments measured at fair value:

	Total	Level 1	Level 2	Level 3
	Rupees '000			
Financial assets				
June 30, 2018				
Short-term investments	590	590	-	-
June 30, 2017				
Short-term investments	566	566	-	-

37.5 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 30 June 2018 is as follows:

	2018	2017
	---------- (Rupees in '000) ----------	
Long-term financing	887,260	440,830
Short-term borrowings	1,123,374	1,044,918
Accrued markup	21,543	11,758
Total debt	2,032,177	1,497,506
Less: cash and bank balances	(52,462)	(28,687)
Net debt	1,979,715	1,468,819
Share capital	1,421,175	1,421,175
Reserves	2,124,141	2,175,825
Revaluation surplus on property, plant and equipment	852,139	186,922
Total equity	4,397,455	3,783,922
Equity and net debt	6,377,170	5,252,741
Gearing ratio		
Including revaluation surplus on property, plant and equipment	31%	28%
Excluding revaluation surplus on property, plant and equipment	36%	29%

38. NUMBER OF EMPLOYEES

	30 June 2018	30 June 2017
Total number of employees as at the reporting date	683	721
Average number of employees during the year	709	782
Total number of factory employees as at the reporting date	152	139
Average number of factory employees during the year	148	128

39. GENERAL

39.1 Figures have been rounded off to the nearest rupee.

39.2 Certain prior year figures have been reclassified for better presentation. However, there are no material reclassifications to report.

40. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on **25 September, 2018** by the Board of Directors of the Group.

Chief Executive	**Director**	**Chief Financial Officer**

Pattern of Shareholding

FOR THE YEAR ENDED 30 JUNE 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
KAMRAN AHMED KHALILI	2	34,390,569	24.20
NOOR UR RAHMAN ABID	1	2,366,163	1.66
RUKHSANA ASGHAR	1	1,636	0.00
NAVEED GODIL	1	7,265,565	5.11
RIZWAN JAMIL	1	1,632	0.00
QAYSAR ALAM	1	1,636	0.00
MUHAMMED AMIN	1	571	0.00
SARFARAZ RAHMAN	1	1	0.00
ZAFAR SIDDIQUE	1	1	0.00
UMAIR AHMED KHALILI	1	2,743,001	1.93
Associated Companies, undertakings and related parties		- -	-
Executives	1	399	0.00
Public Sector Companies and Corporations	2	4,675,000	3.29
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	17	6,842,946	4.81
Mutual Funds			
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	901,329	0.63
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 ATLAS ISLAMIC STOCK FUND	1	525,214	0.37
CDC - TRUSTEE NAFA STOCK FUND	1	1,830,813	1.29
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	201	0.00
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	1,104,867	0.78
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	1,072,960	0.75
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	430,016	0.30
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	3,562	0.00
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	2,107,563	1.48
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	2,398,000	1.69
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	48,262	0.03
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	65,412	0.05
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	1	146,500	0.10
CDC - TRUSTEE ASKARI EQUITY FUND	1	75,412	0.05
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	50,000	0.04
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	572,500	0.40
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	466,500	0.33
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	4,537,500	3.19
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	1,286,000	0.90
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	53,000	0.04
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	43,000	0.03
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	112,500	0.08
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	80,000	0.06
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	20,000	0.01
General Public			
a. Local	5173	58,732,571	41.33
b. Foreign	2	2,699	0.00
Foreign Companies	2	121,275.00	0.09
Others	60	7,036,496	4.95
Totals	**5296**	**142,117,427**	**100.00**

Shareholders holding 5% or more	Shares Held	Percentage
KAMRAN AHMED KHALILI	34,390,569.00	24.20
NAVEED GODIL	7,265,565.00	5.11

NOTICE OF THE ANNUAL GENERAL MEETING OF AL SHAHEER CORPORATION LIMITED

Notice is hereby given that the 4th Annual General Meeting of AlShaheer Corporation Limited ("Company") will be held at Royal Rodale, 34th Street,Phase-V Extension, Defence Housing Authority, Karachi on Wednesday, October 22, 2018, at 9:00a.m. for transacting the following business;

Ordinary Business

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

2. To receive, consider and adopt the Stand-alone and Consolidated Audited Financial Statements of the Companyfor the financial year ended June 30, 2018 together with the Directors' and Auditors' Report thereon.

3. To appoint auditors for the ensuing year ending June 30, 2019 and fix their remuneration. EY Ford Rhodes, Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

Sd.
Company Secretary
September 28, 2018

Notes:

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

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

2. Share Transfer Books will be closed from October 18, 2018 to October 22, 2018 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company's Share Registrar Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400 by the close of the Business on October 17, 2018 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 persons 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 22nd day of October, 2018 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 3RD Annual General Meeting
Al Shaheer Corporation Limited

Wednesday October 25, 2017
Royal Rodale, DHA, Karachi

The 3rd Annual General Meeting of AlShaheer Corporation Limited ("Company") was held at Royal Rodale, 34th Street, Phase-V Ext, Defence Housing Authority, Karachi on Wednesday, October 25, 2017, at 11:30 a.m.

At the start of the proceedings of the meeting, due to leave of absence of Mr. Noor ur Rahman Abid, Chairman of the Board of Directors of the Company, the directors of the Company in accordance with section 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 Complete[1] and requested to proceed.

---

[1] **Annexure - A**

Presentation of Resolutions
The Company Secretary proceeded with the resolutions as per the pre-circulated agenda sent to the members through the notice dated October 3, 2017.

Ordinary Business

1. **To confirm the minutes of Annual General Meeting held on October 26, 2016.**

    a. The company secretary read out the minutes of the Annual General Meeting held on October 26, 2016 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 26, 2016 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, 2017 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, 2017 together with the Directors' and Auditors' Report thereon are duly adopted."

3. **To appoint auditors for the ensuing year ending June 30, 2018, 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, 2018".*
>
> *"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, 2018".*

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

Sd/-	**Sd/-**
Chairman	**Company Secretary**

Annexure-A

Attendees and Proxy Shareholders in the Annual General Meeting 2017

	SHAREHOLDERS	REPRESENTING SHARES
TOTAL	5489	1,42,117,427
PRESENT IN PERSON OR BY PROXY	85	42,243,586

ALSHAHEER
FOODS

BRINGING PERFECTION TO THE TABLE

Head Office:

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

www.ascfoods.com