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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ORGANIC MEAT COMPANY LIMITED

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Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **The Organic Meat Company Limited** (the Company), which comprise the statement of financial position as at June 30, 2019 along with the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, cash flow statement for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (here-in-after referred to as "the financial statements"), 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 statement of financial position, the statement of profit or loss, , the statement of comprehensive income, the statement of changes in equity and the cash flow statement 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 June 30, 2019 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 (the Code) as adopted by the Institute of Chartered Accountants of Pakistan 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.

Information other than the Financial Statements and Auditor's Report thereon

The management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 in the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

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 statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the cash flow statement 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;

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 **Muhammad Shaukat Naseeb.**

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi

Date: October 31, 2019

THE ORGANIC MEAT COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		----------Rupees----------	
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital	4	**718,177,770**	100,000,000
Reserves	5	**309,880,645**	528,221,832
Revaluation surplus on property, plant and equipment - net	6	**593,055,398**	636,275,327
Total shareholder's equity		**1,621,113,813**	1,264,497,159
Advance against issue of shares		**-**	148,834,000
NON-CURRENT LIABILITIES			
Long term loans	7	**4,136,029**	41,626,422
Deferred taxation - net	8	**10,998,401**	16,623,380
Total non-current liabilities		**15,134,430**	58,249,802
CURRENT LIABILITIES			
Trade and other payables	9	**138,992,773**	207,117,367
Current maturity of long term loans	7	**47,388,916**	57,973,840
Accrued mark-up	10	**21,855,385**	15,912,212
Short term borrowings	11	**718,659,230**	572,717,661
Taxation - net		**5,415,297**	7,319,063
Total current liabilities		**932,311,601**	861,040,143
TOTAL EQUITY AND LIABILITIES		2,568,559,844	2,332,621,104
CONTINGENCIES AND COMMITMENTS	12		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	**1,245,400,693**	1,257,005,562
Total non-current assets		**1,245,400,693**	1,257,005,562
CURRENT ASSETS			
Stock-in-trade	14	**201,047,228**	130,689,557
Trade debts	15	**823,862,397**	849,372,992
Loans, advances and other receivables	16	**293,076,254**	79,871,163
Cash and bank balances	17	**5,173,272**	15,681,830
Total current assets		**1,323,159,151**	1,075,615,542
TOTAL ASSETS		**2,568,559,844**	2,332,621,104

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive Officer

Director

THE ORGANIC MEAT COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		----------Rupees----------	
Sales - net	18	**2,577,518,290**	2,052,928,537
Cost of sales	19	**(2,169,855,773)**	(1,699,040,315)
Gross profit		**407,662,517**	353,888,222
Administrative expenses	20	**(53,550,761)**	(44,267,755)
Selling expenses	21	**(136,167,023)**	(61,953,390)
		(189,717,784)	(106,221,145)
Operating profit		**217,944,733**	247,667,077
Finance costs	22	**(71,072,279)**	(57,200,338)
Other income/(expense)	23	**118,554,635**	(33,709,135)
Profit before taxation		**265,427,089**	156,757,604
Taxation	24	**(47,456,933)**	(13,481,697)
Profit for the year		**217,970,156**	143,275,907
			Restated
Earnings per share (EPS) - Basic and diluted	25	**4.46**	7.09

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive Officer

Director

THE ORGANIC MEAT COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	----------Rupees----------	
Profit for the year	**217,970,156**	143,275,907
Other comprehensive Income:		
Items that will not be reclassified to statement of profit or loss in subsequent periods	-	-
Revaluation surplus on property, plant and equipment - net	-	636,275,327
Total comprehensive income	**217,970,156**	779,551,234

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive Officer

Director

THE ORGANIC MEAT COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		----------Rupees----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation for the year		**265,427,089**	156,757,604
Adjustment for non cash items:			
Depreciation on property, plant and equipment	13	**122,884,349**	53,594,376
Provision against trade debtors	15.5	**84,563,107**	95,238,739
Provision against advance to suppliers	16.1	**-**	13,891,373
Balances written-off		**56,564,614**	16,672,888
Unrealised exchange gain on trade debtors	23.1	**(67,995,143)**	(66,670,109)
Finance costs	22	**71,072,279**	49,905,789
Provision for Worker's Profit Participation Fund	23	**13,989,122**	7,308,005
Provision for Worker's Welfare Fund	23	**366,230**	1,036,616
		546,871,647	327,735,281
Working capital changes			
Stock-in-trade		**(70,357,671)**	1,302,009
Trade debts		**(37,767)**	(521,652,444)
Loans and advances		**(244,331,487)**	161,979,487
Trade and other payables		**(112,818,164)**	144,729,211
		(427,545,089)	(213,641,737)
Cash generated from operating activities		**119,326,558**	114,093,544
Income taxes paid		**(29,002,293)**	(14,533,391)
Finance costs paid		**(62,585,595)**	(42,161,954)
Net cash generated from operating activities		**27,738,670**	57,398,199
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	13	**(111,279,480)**	(110,000,000)
Net cash used in investing activities		**(111,279,480)**	(110,000,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loan from financial institutions - net		**(48,075,317)**	(11,649,551)
Short term loan obtained / (repaid) - net		**145,941,569**	(45,121,524)
Repayment of advance against issue of shares		**(24,834,000)**	-
Amount raised for issuance of new shares		**-**	35,871,544
Net cash generated from / (used in) financing activities		**73,032,252**	(20,899,531)
Net decrease in cash and cash equivalent		**(10,508,558)**	(73,501,332)
Cash and cash equivalent at beginning of the year		**(544,318,170)**	(470,816,838)
Cash and cash equivalent at end of the year	26	**(554,826,728)**	(544,318,170)

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive Officer

Director

THE ORGANIC MEAT COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Share capital	Reserves			Total shareholders' equity
		Capital	Other	Revenue	
		Share premium	Revaluation surplus	Retained earnings	
	---------- Rupees ----------				
Balance as at July 01, 2017	1,000,000	-	-	384,945,926	385,945,926
Transactions with owners					
New shares issued	99,000,000	-	-	-	99,000,000
Total comprehensive income					
Profit for the year	-	-	-	143,275,906	143,275,906
Other comprehensive income					
Revaluation surplus on property, plant and equipment - net of tax	-	-	636,275,327	-	636,275,327
Balance as at July 01, 2018	**100,000,000**	**-**	**636,275,327**	**528,221,832**	**1,264,497,159**
Transactions with owners					
Issuance of right shares	118,177,770	922,216	-	-	119,099,986
Issuance of bonus issue	500,000,000	-	-	(500,000,000)	-
	618,177,770	922,216	-	(500,000,000)	119,099,986
Total comprehensive income					
Profit for the year		-		217,970,156	217,970,156
Other comprehensive income	-	-	-	-	-
	-	-	-	217,970,156	217,970,156
Revaluation surplus on property, plant and equipment realized on account of incremental depreciation - net of tax	-	-	(43,219,929)	62,766,441	19,546,512
Balance as at June 30, 2019	**718,177,770**	**922,216**	**593,055,398**	**308,958,429**	**1,621,113,813**

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive Officer

Director

1. NATURE OF THE BUSINESS

The Company was incorporated on July 14, 2010. The principal office of the Company and the plant is situated at Survey # 310, Deh Shah Mureed, Gadap, Karachi, Pakistan. The Company is principally engaged in the business of sale and purchase of livestock, slaughtering animal by Halal means and processing and packaging of meat.

2. BASIS OF PREPERATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, and provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention using accrual basis of accounting, except for cash flow information.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupee which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements is in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

In the process of applying the Company's accounting policies, management has made the following estimates and judgment which are significant to the financial statements:

		Notes
a)	Useful life of property and equipment	3.1
b)	Revaluation of property, plant and equipment	3.1
c)	Provision for taxation	3.8
d)	Provision against trade debts and other receivables	3.10
e)	Impairment	3.14

2.5 GENERAL

2.5.1 The figures have been rounded off to nearest Rupee.

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

2.5.3 Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, no significant reclassification has been made during the year.

2.6 Standards, Amendments and Interpretations to Approved Accounting Standards

2.6.1 Standards, amendments and interpretations to the published standards that are relevant to the company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective Date
IFRS 15 'Revenue from Contracts with Customers'	July 1, 2018

The standard is applicable in Pakistan on accounting periods beginning on or after July 1, 2018. This has replaced IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

As stated in note 3.9 to the financial statements the management has concluded that the adoption of IFRS 15 doesn't not have any significant impact on the timing and amount of revenue recognition of the Company.

	Effective Date
IFRS 9 'Financial Instruments'	June 30, 2019

The standard is applicable in Pakistan on accounting periods ending on or after June 30, 2019. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39 ' Financial Instruments - Recognition and Measurement'. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today.

The adoption of IFRS 9 have changed the classification of financial assets and related disclosures. The adoption of standards doesn't effect the reported figures of the financial assets and liabilities of the Company.

2.6.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

2.6.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations 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 16 'Leases'	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'	January 1, 2019

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IAS 28 'Long-term Interests in Associates and Joint Ventures' (Amendments to IAS 28)	January 1, 2019
Annual improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019
IAS 19 'Plan Amendment, Curtail or Settlement' (Amendments to IAS 19)	January 1, 2019
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 1, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 1, 2020
Various Ammendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020

The Company is in the process of assessing the impact of these Standards, ammendments and interpretations to the published standards on the financial statements of the Company.

2.6.4 Standards, ammendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	January 1, 2022
IFRS 14 Regulatory Deferral accounts	January 1, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land, building and plant and machinery which are stated at revalued amounts less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Capital work-in-progress is stated at cost. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in progress. These are transferred to specific assets as and when assets are available for use.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance costs are charged to statement of profit or loss account in the period of its occurrence.

Depreciation

Depreciation is charged to statement of profit or loss account by applying the reducing balance method on yearly basis at the rates specified in note 13.1. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired i.e. available for use, while no depreciation is charged in the month in which the item is disposed off.

The depreciation method and useful lives of items of operating fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

Disposal

Gains or losses on disposal or retirement of operating fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the profit and loss account.

Revaluation of assets

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any surplus on revaluation of operating fixed assets is recognized in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of operating fixed assets", except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of operating fixed assets is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on operating fixed assets relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders.

Impairment

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any and represents expenditure on fixed assets in the course of installation and advances for capital expenditure. Transfers are made to the relevant category of tangible/intangible assets as and when the assets are available for intended use.

3.2 Foreign currency translations

The foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. The closing balance of non-monetary items is included at the exchange rate prevailing at the date of the transaction and monetary items are translated using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of profit or loss account with other income/other operating expenses.

3.3 Financial instruments

Change in accounting policy

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 from July 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out below.

3.3.1 Recognition, initial measurement and derecognition

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. After initial recognition, an entity shall measure a financial asset at fair value or amortised cost.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within 'Other income / other expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of 'Other income' when the Company's right to receive payments is established.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through other comprehensive income' category are recognised in other comprehensive income with only dividend income recognised in statement of profit or loss account.

Financial asstes are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risk and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or has expired.

3.3.2 Subsequent measurement of financial assets

The Company classifies its financial assets into following categories: financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The financial assets are classified at initial recognition based on the business model used for managing the financial assets and contractual terms of the cash flows.

a) Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following conditions are met (and are not designated as FVTPL):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income (FVOCI)

The fair value through other comprehensive income classification is mandatory for certain debt instrument assets unless the option to classify as fair value through profit or loss is taken.

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- They are held under a business model whose objective 'hold to collect and sell'; and

- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit or loss. Further, irresepective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

All equity instruments are to be classified as financial assets at fair value through profit or loss, except for those equity instruments for which the Company has elected to present value changes in other comprehensive income.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through other comprehensive income' category are recognised in other comprehensive income with only dividend income recognised in profit or loss.

3.3.3 Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affects the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between.

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').;
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

3.4 Previous financial asset impairment under IAS 39

In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default.

Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.

The revised provisions on the classification and measurement of financial assets (applicable mainly to trade receivables and other receivables) and financial liabilities (mainly trade and other payables and interest-bearing debt) have not affected company's financial information. Consequently, the comparative figures have not been restated on the introduction of IFRS 9.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at July 1, 2018.

	Carrying amount as reported under IAS 39	Impact of IFRS 9		Total impact of IFRS 9	Carrying amount as reported under IFRS 9
		Reclassification and remeasurement due to IFRS 9	Reversal / write off in loss allowance		
	----------Rupees----------				
Current assets					
Trade debts- gross	1,065,654,643	-	-	-	1,065,654,643
Loss allowance	216,281,651	-	-	-	216,281,651
Trade debts- net	1,281,936,294	-	-	-	1,281,936,294
Loans, advances and other receivable	79,871,163	-	-	-	79,871,163
Loss allowance	(43,946,473)	-	-	-	(43,946,473)
	35,924,690	-	-	-	35,924,690
Total	1,317,860,984	-	-	-	1,317,860,984

The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the year end.

3.5 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest method unless financial liabilities are held for trading, in which case it is required to be measured at fair value through profit or loss or where entity elects to measure at financial liability, under fair value option.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of original liability and recognition of a new liability and the difference in respective carrying amounts is recognised in the profit and loss account.

3.6 Off-setting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

3.7 Employees benefits

The Company contributes to an unapproved contributory provident fund scheme effective 01 June 2019, for all its permanent employees who have decided to opt-in for it. Equal monthly contributions, both by the Company and the employees are made to the fund, at the rate of 4% of the basic salary. All regular employees are eligible for provident fund upon their confirmation. Obligation for contributions to defined contribution plan by the Company is recognized as an expense in the profit and loss account.

3.8 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current

The charge for current taxation is based on Final Tax Regime (FTR) in case of exports and Normal Tax Regime (NTR) in case of local sales, at the applicable rate of taxation after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from 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 contingent liabilities.

3.9 Revenue

3.9.1 Steps for Revenue Recognition

IFRS 15 'Revenue from Contracts with Customers' outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRSs.

It establishes a new five-step model, explained below, which will apply to revenue arising from contracts with customers.

Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- The Company's performance does not create an asset with an alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations.

This criteria of revenue recognition for its timing and amount is in accordance with repealed IAS 18, which is also consistent with IFRS 15. Therefore, the management concludes that the adoption of IFRS 15 does not have any impact on the timing and amount of revenue recognition of the Company.

Sale of goods

Sale of goods is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

The Company is engaged in exports of beef and mutton. Revenue from the sale of goods is recognized when the Company satisfies a performance obligation (at a point of time) by transferring promised goods to customer, being when the goods are dispatched to customers.

Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

Others

All other income is recognized on accrual basis.

3.10 Trade debts and other receivables

Trade debts and other receivables are classified as financial assets at amortised cost according to IFRS 9. Under IAS 39, trade and other receivables were previously classified as loans and receivables.

The Company makes use of a simplified approach in accounting for trade debts and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due. Refer to Note 15 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

3.11 Stock-in-trade

These are valued at the lower of weighted average cost and net realizable values.

Cost is determined as follows:

- Raw materials are measured at weighted average purchase cost and directly attributable expenses incurred in bringing them to their existing location and condition.
- Work-in-process and finished goods are valued at weighted average cost of raw materials and other related conversion expenses.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In the case of processed stock and work in progress, cost includes a share of overheads based on normal operating capacity.

3.12 Trade and other payables

Liabilities for trade and other payables are carried at their amortised cost, which approximates fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.13 Borrowings and their cost

Borrowings are recognised initially at fair value and subsequently at amortised cost using the effective interest method. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset. Borrowings payable within next twelve months are classified as current liabilities.

3.14 Impairment of non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in profit and loss account.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Impaired assets are reviewed for possible reversal of the impairment at each statement of financial position date. Reversal of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognized. A reversal of impairment loss is recognized in the profit and loss account.

3.15 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting year.

3.16 Contingencies

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting year.

3.17 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balance with banks. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of short term borrowings which are repayable on demand or in the short term and form an integral part of Company's cash management.

3.18 Off-setting for financial assets and financial liabilities

Financial assets and liabilities are off set and the net amount is reported in the balance sheet only when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.19 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4. SHARE CAPITAL

4.1 Authorized share capital

2019	2018		2019	2018
Number of shares			----------Rupees----------	
135,000,000	25,000,000	Ordinary shares of Rs. 10 each	**1,350,000,000**	250,000,000

4.2 Share capital

		Ordinary shares of Rs. 10 each		
21,817,777	10,000,000	- fully paid in cash	**218,177,770**	100,000,000
50,000,000	-	- issued as bonus shares	**500,000,000**	-
71,817,777	10,000,000		**718,177,770**	100,000,000

5. RESERVES

	Note		
Capital			
Share premium	5.1	**922,216**	-
Revenue			
Retained earnings		**308,958,429**	528,221,832
		309,880,645	528,221,832

5.1 Movement in share premium

Originated from right issue	**5,822,216**	-
Expenses against issuance of share capital	**(4,900,000)**	-
	922,216	-

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET

Opening balance	**666,154,085**	-
Add: Revaluation surplus arisen during the year	**-**	666,154,085
Less: Transferred to unappropriated profit on account of incremental depreciation for the year - net	**(64,041,009)**	-
	602,113,077	666,154,085
Related deferred tax liability		
Opening balance	**(29,878,758)**	-
Revaluation exercise for the year	**-**	(29,878,758)
Reversal of deferred tax liability	**19,526,006**	-
Incremental depreciation for the year	**1,274,568**	-
Effect of change in tax rates	**20,505**	-
	(9,057,679)	(29,878,758)
	593,055,398	636,275,327

7. LONG TERM LOANS - SECURED

	Note		
Habib Bank Limited	7.1	**24,816,207**	41,360,324
Bank Al Baraka Pakistan Limited	7.2	**2,208,738**	10,989,938
Dubai Islamic Bank Limited	7.3	**24,500,000**	47,250,000
		51,524,945	99,600,262
Less: current maturity		**(47,388,916)**	(57,973,840)
		4,136,029	41,626,422

7.1 The Company had obtained demand finance facility amounting to Rs. 45.496 million to finance blast freezers, freezers and chillers installed at plant located Deh Shah Mureed, Gadap Town, Karachi. It carries mark-up at 3 months KIBOR + 2.25% per annum (to be serviced on quarterly basis for the tenure of the loan and mark-up rate to be reset at the beginning of each quarter). The facility is secured by way of first pari passu charge of Rs.156 million registered with SECP over existing and future stocks and receivables with 25% margin, lien on export documents and export proceeds with 10% margin, Joint Pari Passu Hypothecation charge over plant and machinery to the extent of Rs. 143 million, Joint Pari Passu charge over land and building to the extent of Rs. 57 million and personal guarantees of all directors/major shareholders.

7.2 The Company had obtained Diminishing Musharakah-II Facility amounting to Rs. 20 million to purchase new plant and machinery from local vendor/supplier for slaughter house for the period of 3 years, rentals are payable in 12 quarterly installments. The facility is secured by way of first registered Pari Passu Charge over present and future plant and machinery for Rs. 71.5 million including margin, and an equitable mortgage charge on land and building for Rs. 28.5 million. These are further secured by way of personal guarantees given by all of the directors of the Company.

7.3 The Company had obtained Shirkat ul Melk cum Ijarah Facility amounting to Rs. 52.5 million to finance imported equipment and machineries for the period of 3 years. Rentals are payable quarterly and shall comprise of fixed and variable rentals. Fixed rental is Rs. 1.75 million and 3.5 million payable quarterly at a rate of KIBOR + 2.25%. The facility is secured by way of first registered pari passu charge over present and future plant and machinery for Rs.133.59 million including margin, and an equitable mortgage charge on land and building for Rs.49.41 million. These are further secured by way of personal guarantees given by all of the directors of the Company.

	Note	2019	2018
		----------Rupees----------	
8. DEFERRED TAXATION - NET			
Deductible temporary differences			
Provision against trade debts		**(4,524,083)**	(14,372,445)
Worker's profit participation fund payable		**(423,863)**	(113,349)
Worker's welfare fund payable		**(27,920)**	(16,078)
Provision against advance to suppliers		**-**	(1,743,834)
Taxable temporary differences			
Unrealized gain on trade debts		**1,353,264**	2,990,329
Revaluation surplus on property, plant and equipment		**14,621,003**	29,878,758
		10,998,401	16,623,380
9. TRADE AND OTHER PAYABLES			
Trade creditors		**94,852,420**	151,430,891
Worker's profit participation fund payable		**21,297,127**	7,308,005
Accrued expenses and other liabilities		**12,826,052**	10,939,465
Advance from customers		**7,254,167**	35,257,620
Worker's welfare fund payable		**1,402,846**	1,036,616
Audit fee payable		**949,376**	1,144,770
Due to director		**304,009**	-
Staff provident fund	9.1	**106,776**	-
		138,992,773	207,117,367

9.1 The Company has constituted an unapproved contributory provident fund scheme for the benefit of all its permanent employees, who have opted-in for the scheme. In accordance with the provisions laid down under section 218 of the Companies Act, 2017 and conditions specified thereunder, the Company has kept deposited the total contributions in a special account in a scheduled bank.

	Note	2019	2018
		----------Rupees----------	
10. ACCRUED MARK-UP			
On long term borrowing			
Habib Bank Limited.	7.1	**1,157,479**	1,089,352
Dubai Islamic Bank Pakistan Limited	7.3	**708,107**	3,691,992
Bank Al Baraka Pakistan Limited.	7.2	**70,871**	1,262,919
On short term borrowing			
Al Baraka Bank (Pakistan) Limited	11.6	**4,511,307**	3,549,168
Faysal Bank Limited	11.4	**377,645**	-
Soneri Bank Limited	11.7	**4,234,430**	2,040,073
Dubai Islamic Bank Limited	11.5	**3,756,010**	167,911
Bank Islami Limited	11.8	**3,452,815**	1,486,507
Habib Bank Limited	11.3	**3,586,721**	2,624,290
		21,855,385	15,912,212
11. SHORT TERM BORROWINGS			
Financial institutions - secured	11.1	**560,000,000**	560,000,000
From related party - unsecured	11.2	**158,659,230**	12,717,661
		718,659,230	572,717,661
11.1 Financial institutions - secured			
Habib Bank Limited	11.3	**125,000,000**	125,000,000
Faysal Bank Limited	11.4	**100,000,000**	100,000,000
Dubai Islamic Bank Limited	11.5	**85,000,000**	85,000,000
Al Baraka Bank (Pakistan) Limited	11.6	**100,000,000**	100,000,000
Soneri Bank Limited	11.7	**100,000,000**	100,000,000
Bank Islami Limited	11.8	**50,000,000**	50,000,000
		560,000,000	560,000,000
11.2 From related party			
Safeway Fund Limited - associated company	11.9	**100,000,000**	-
Mr. Faisal Hussain - Director		**58,659,230**	12,717,661
		158,659,230	12,717,661

11.3 The Company has obtained running finance facility having a limit of Rs. 70 million for working capital requirements. It carries interest at the rate of 3 months KIBOR + 2% per annum. The facility is secured by way of First Pari Passu charge of Rs.156 million registered with SECP over existing and future stocks and receivables with 25% margin, lien on export documents and proceeds with 10% margin, Joint Pari Passu Hypothecation charge over Plant and Machinery to the extent of Rs. 143 million. Joint Pari Passu charge over land and Building to the extent of Rs. 57 million and personal guarantees of all directors/major shareholders.

The Company has obtained Export Refinance facility having a limit of Rs. 55 million to facilitate the customer for meeting their export requirements. It carries interest at SBP rate + 1% per annum. The facility is secured by way of First Pari Passu charge of Rs.156 million registered with SECP over existing and future stocks and receivables with 25% margin, lien on export documents and proceeds with 10% margin, Joint Pari Passu Hypothecation charge over Plant and Machinery to the extent of Rs. 143 million. Joint Pari Passu charge over land and building to the extent of Rs. 57 million and personal guarantees of all directors/major shareholders.

11.4 The Company has obtained Export Refinance facility having a limit of Rs. 100 million to meet pre-shipment working capital requirement backed by stand by letter of credit / contracts (existing buyers). It carries mark-up at SBP cost of funds + 1% per annum or 3 months KIBOR+2%. The facility is secured by way of joint pari passu charge over the Company's fixed assets (land and Building) to the extent of Rs. 28.5 million, First Pari Passu hypothecation charge over land and Building (its Plant and machinery) up to 71.5 million, First Pari Passu Hypothecation charge over current asset of the Company amounting to Rs. 125 million and by way of personal guarantees of all the directors of the Company having 10% or more shareholding.

11.5 The Company has obtained running finance facility having a limit of Rs. 85 million for working capital requirements (for purchase of raw material) under Murabahah Scheme. It carries interest at relevant 6 months KIBOR rate + 2% per annum. The facility is secured by way of First Pari Passu hypothecation charge over the Companies present and future stock and receivable to the extent of Rs. 94 million with 10% margin, Joint Pari Passu Charge over the Company's fixed assets to the extent of Rs. 150 million, which includes land and buildings and by way of personal guarantees of all the directors of the Company.

11.6 The Company had obtained Murabahah (local)/Istisna amounting to Rs. 100 million for the purchase and processing of meat, edible offal's, etc. It carries profit at relevant 6 months KIBOR + 3% per annum. Tenor for this facility is maximum 180 days. The facility is secured by way of joint pari passu charge over the Company's fixed assets , which includes land and buildings up to the extent of Rs. 28,500,000 plant and machinery up to the extent of Rs. 71,500,000, and on current assets to the extent of Rs. 125 million with margin of 20% and by way of personal guarantees of all directors of the Company.

11.7 The Company has obtained Salam under Islamic Export Refinancing Scheme (IERS) I facility having a limit of Rs. 100 million for advance payment against future delivery of the Company's products. Profit of the bank on the sale of the goods under the Salam facility to be calculated at 6 months KIBOR + 2% per annum. Tenor of transaction is maximum up to 180 days. The facility is secured by way of lien on EE statement guarantee of agent First Joint Pari Passu charge over the Company's stocks-in-trade and trade debts amounting to Rs. 125 million and collateral security which includes Joint Pari Passu charge over land and building and plant and machinery to the extent of Rs. 28.5 million and Rs. 71.5 million respectively.

11.8 The Company has obtained Murabahah finance facility having a limit of Rs. 50 million for purchases of halal meat and it carries mark-up at a rate 6 months KIBOR + 3.5% per annum. The facility is secured by way of Joint Pari Passu Charge over present and future fixed assets/ current assets of the company amounting to Rs. 66.67 million.

11.9 This short term loan is obtained for meeting the working capital requirements of the company. The loan is mark-up free and repayable on lender's demand, depending upon the liquidity conditions of the Company and after approval of the Board of Directors.

12. CONTINGENCIES AND COMMITMENTS

There are no contingencies or commitments as on June 30, 2019 (2018: Nil).

	Note	2019	2018
		----------Rupees----------	
Operating fixed assets	13.1	1,199,126,256	1,257,005,562
Capital work-in-progress	13.2	46,274,437	-
		1,245,400,693	1,257,005,562

13. PROPERTY, PLANT AND EQUIPMENT

13.1 Operating fixed assets

	Factory Land - Freehold	Factory building on freehold land	Furniture and fixture	Office equipment	Plant and machinery	Generators	Motor vehicles	Total
	---------- (Rupees) ----------							
2019								
Cost								
Opening balance	85,000,000	365,185,363	7,661,349	9,512,861	1,139,832,679	25,784,200	41,446,294	1,674,422,746
Additions during the year	-	51,806,700	-	430,910	11,342,433	525,000	900,000	65,005,043
Closing balance	85,000,000	416,992,063	7,661,349	9,943,771	1,151,175,112	26,309,200	42,346,294	1,739,427,789
Accumulated depreciation								
Opening balance	-	90,185,363	4,175,798	5,160,066	279,832,679	13,746,957	24,316,321	417,417,184
Charge for the year	-	30,998,183	522,833	678,613	86,808,374	1,216,850	2,659,496	122,884,349
Closing balance	-	121,183,546	4,698,631	5,838,679	366,641,053	14,963,807	26,975,817	540,301,533
Written down values	85,000,000	295,808,517	2,962,718	4,105,092	784,534,059	11,345,393	15,370,477	1,199,126,256
		10%	15%	15%	10%	10%	15%	
2018								
Cost								
Opening balance	59,256,000	178,745,979	7,661,349	9,512,861	575,861,978	25,784,200	41,446,294	898,268,661
Additions during the year	-	110,000,000	-	-	-	-	-	110,000,000
Revaluation surplus	25,744,000	76,439,384	-	-	563,970,701	-	-	666,154,085
Closing balance	85,000,000	365,185,363	7,661,349	9,512,861	1,139,832,679	25,784,200	41,446,294	1,674,422,746
Accumulated depreciation								
Opening balance	-	75,226,776	3,560,701	4,391,926	246,940,535	12,409,486	21,293,384	363,822,808
Charge for the year	-	14,958,587	615,097	768,140	32,892,144	1,337,471	3,022,937	53,594,376
Closing balance	-	90,185,363	4,175,798	5,160,066	279,832,679	13,746,957	24,316,321	417,417,184
Written down values	85,000,000	275,000,000	3,485,551	4,352,795	860,000,000	12,037,243	17,129,973	1,257,005,562
		10%	15%	15%	10%	10%	15%	

	Note	2019	2018
		----------Rupees----------	
13.2 CAPITAL WORK IN PROGRESS			
Opening		-	-
Additions	13.2.1	**46,274,437**	-
Closing		**46,274,437**	-

13.2.1 This represent advances paid in respect of acquistion of meat processing plant, equipment and computer software.

	2019	2018
	----------Rupees----------	
13.3 Basis of allocation of depreciation		
Cost of sales	**110,595,914**	48,234,938
Administrative expense	**12,288,435**	5,359,438
	122,884,349	53,594,376

The Company charge 90 % of total depreciation in cost of sales and 10% in administrative expense.

13.4 The Company had revalued its land, building and plant and machinery on June 30, 2018. The revaluation exercise was carried out by Oceanic Surveyors (Private) Limited, an independent valuer. The valuer was also listed on the approved panel of valuers of Pakistan Banks' Association and Leasing Association of Pakistan. The valuer had estimated the remaining life of the buildings to be 20 years. The land was revalued on the basis of current market price whereas buildings and plant and machinery were revalued using the Asset Base Valuation Method. The valuation exercise resulted in a net surplus of Rs.666.15 million as on the date of revaluation.

At the time of revaluation, forced sale value of the revalued assets were as follows:

Description of revalued asset	Amount (Rs.)
Factory land	72,250,000
Building	220,000,000
Plant and machinery	645,000,000
	937,250,000

13.5 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	Usage of immovable property	Total Area (In Acres)
Deh Shah Mureed, Gadap, Karachi	Factory premises	**9.825**
Deh Shah Mureed, Gadap, Karachi	Manufacturing Facility*	**5.895**

* The area of the manufacturing facility is included in the factory premises.

13.6 Had the operating fixed assets been recognized under the 'Cost Model', the carrying amount of such revalued assets would have been as follows:

	2019	2018
	----------Rupees----------	
Factory land	**59,256,000**	59,256,000
Building	**178,704,554**	198,560,616
Plant and machinery	**266,426,369**	296,029,299

	Note	2019	2018
		----------Rupees----------	
14. STOCK IN TRADE			
Finished goods		**106,319,991**	78,211,710
Livestock		**76,833,180**	2,496,000
Work in process		**14,485,530**	47,250,000
Packing material		**3,408,527**	2,731,847
		201,047,228	130,689,557
15. TRADE DEBTS - Unsecured			
Considered good			
- foreign debtors	15.1	**650,089,708**	761,778,083
- local debtors		**173,772,689**	87,594,909
		823,862,397	849,372,992
Considered doubtful		**227,313,827**	216,281,651
Trade receivables - gross		**1,051,176,224**	1,065,654,643
Less: Provision against doubtful debts	15.5	**(227,313,827)**	(216,281,651)
Trade receivables - net		**823,862,397**	849,372,992

15.1 It includes an amount of Rs.6.66 million (2018: Nil) due from Muhammad Saeed Muhammad Hussain (Private) Limited, an associated company.

15.2 The aging of export receivable balance as at the date of statement of financial position is as follows:

	Total balance	Past due but not impaired			
		<30 days	31-60 days	61-120 days	121-180 days
	----------Rupees----------				
2019	**877,403,535**	**445,836,411**	**112,935,035**	**192,182,942**	-
2018	978,059,734	508,824,180	125,891,002	214,230,271	-

15.3 The aging of local receivable balance as at the date of statement of financial position is as follows:

	Total balance	Past due but not impaired				
		<30 days	31-60 days	61-120 days	121-180 days	181-360 days
	----------Rupees----------					
2019	**173,772,689**	**41,117,030**	**18,147,633**	**10,469,274**	**6,887,899**	**45,015,010**
2018	87,594,909	44,509,736	11,274,783	19,186,437	15,767,084	1,399,780

15.4 The aging of related party balances as at the date of statement of financial position is as follows:

	2019	2018
	----------Rupees----------	
Less than 30 days	**5,314,750**	-
31 - 180 days	**1,341,629**	-
	6,656,379	-

		2019	2018
15.5	**Movement in provision against doubtful debts**	----------Rupees----------	
	Balance at the beginning of the year	**216,281,651**	121,042,912
	Balances written-off	**(10,459,083)**	-
	Charge for the year	**84,563,107**	95,238,739
	Reversal during the year	**(63,071,848)**	-
	Balance at the end of the year	**227,313,827**	216,281,651

15.6 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.6.66 million (2018: Nil).

		Note	2019	2018
16.	**LOANS, ADVANCES AND OTHER RECEIVABLES**		----------Rupees----------	
	Advance to suppliers	16.1	**210,983,244**	78,520,569
	Loans to directors	16.2	**-**	121,315
	Loans to employees	16.3	**987,053**	1,229,279
	Sales tax refundable		**2,399,776**	-
	Duty drawback	16.4	**78,706,181**	-
			293,076,254	79,871,163

16.1 Advance to suppliers

Considered good	**210,983,244**	78,520,569
Considered doubtful	**27,152,270**	27,152,270
Gross advance to suppliers	**238,135,514**	105,672,839
Less: provision against doubtful advances		
Balance at the beginning of the year	**27,152,270**	13,260,897
Charge for the year	**-**	13,891,373
Balance at the end of the year	**27,152,270**	27,152,270
Net advance to suppliers	**210,983,244**	78,520,569

16.2 Loans to directors

Considered good	**-**	121,315
Considered doubtful	**16,672,888**	16,672,888
	16,672,888	16,794,203
Less: Provision against doubtful receivable	**(16,672,888)**	(16,672,888)
	-	121,315

16.3 These represent interest-free welfare loans and salary advance provided to the employees in accordance with the Company's policy and have maturities up to one year.

16.4 This represents an amount receivable against drawback of local taxes and levies collected from exporters of eligible products, vide S.R.O. No. 711(I)/2018 issued by the Ministry of Commerce & Textile, Commerce Division. The Company is engaged in the export of processed meat, which is an eligible product for the purpose of drawback under the aforementioned circular.

	Note	2019	2018
		----------Rupees----------	
17. CASH AND BANK BALANCES			
Cash in hand		**91,823**	101,852
Balances with banks - current account		**5,081,449**	15,579,978
		5,173,272	15,681,830
18. SALES - NET			
Export sales			
Direct exports		**2,323,284,202**	1,946,790,118
Duty drawback		**83,040,953**	-
		2,406,325,155	1,946,790,118
Local sales		**171,193,135**	106,138,419
		2,577,518,290	2,052,928,537
19. COST OF SALES			
Livestock and meat cost			
Opening stock		**49,746,000**	89,896,820
Purchases		**2,020,591,144**	1,604,276,291
Closing stock		**(91,318,710)**	(49,746,000)
		1,979,018,434	1,644,427,111
Conversion cost			
Depreciation- Factory	13.3	**110,595,914**	48,234,938
Packing materials consumed		**31,224,140**	9,311,684
Salaries, wages and other benefits		**28,560,643**	17,778,890
Fuel and power		**21,100,771**	8,654,487
Cutting and deboning		**10,092,208**	54,525
Repairs and maintenance		**8,174,700**	1,606,796
Animal feed and other consumables		**3,109,190**	4,596,016
Transportation		**2,515,052**	1,371,969
Insurances		**1,758,980**	1,401,647
Janitorial expense		**1,615,700**	6,192
Communication expense		**504,380**	290,377
Printing and stationary		**324,253**	85,237
Postage and courier		**46,369**	69,257
		219,622,300	93,462,015
Finished goods			
Opening stock		**78,211,710**	38,642,306
Closing stock		**(106,319,991)**	(78,211,710)
		(28,108,281)	(39,569,404)
Packing material			
Opening stock		**2,731,847**	3,452,440
Closing stock		**(3,408,527)**	(2,731,847)
		(676,680)	720,593
		2,169,855,773	1,699,040,315

	Note	2019	2018
		----------Rupees----------	
20. ADMINISTRATIVE EXPENSES			
Salaries, benefits and other allowances		**20,616,840**	4,276,593
Depreciation	13.3	**12,288,435**	5,359,438
Fee and subscription		**2,587,460**	610,850
Travelling		**5,172,021**	2,752,100
Legal and professional		**2,684,784**	680,100
Food and entertainment		**5,039,356**	896,565
Vehicle running and maintenance		**1,441,000**	317,766
Miscellaneous		**1,706,682**	12,425,437
Rent and rates		**660,000**	740,962
Staff training		**510,000**	-
Insurance		**500,864**	405,954
Printing and stationery		**183,969**	127,256
Repair and maintenance		**159,350**	282,735
Security		-	71,200
Lease rentals		-	1,046,852
SBP penalty		-	8,600,685
Other expenses		-	5,673,262
		53,550,761	44,267,755
21. SELLING EXPENSES			
Clearing and forwarding charges		**88,184,269**	49,294,257
Export duties		**13,559,487**	6,789,760
Advertisement and promotion		**12,120,000**	686,850
Quarantine charges		**8,055,109**	3,779,648
Acknowledgement		**6,958,768**	17,640
Others		**7,289,390**	1,385,235
		136,167,023	61,953,390
22. FINANCE COST			
On borrowings	22.1	**69,232,739**	49,905,789
Bank charges		**1,839,540**	7,294,549
		71,072,279	57,200,338

	Note	2019	2018
		----------Rupees----------	
22.1 On borrowings			
Long term			
Habib Bank Limited		**4,435,894**	4,546,787
Dubai Islamic Bank Pakistan Limited		**1,984,946**	4,094,710
Al Baraka Pakistan Limited		**545,317**	1,262,919
		6,966,157	9,904,416
Short term			
Bank Al Baraka Pakistan Limited		**10,186,332**	5,669,503
Soneri Bank Limited		**10,480,323**	6,443,299
Habib Bank Limited		**14,814,422**	9,324,805
Faysal Bank Limited		**11,429,468**	8,009,177
Dubai Islamic Bank Pakistan Limited		**9,607,918**	6,688,630
Bank Islami Limited		**5,748,119**	3,865,959
		62,266,582	40,001,373
		69,232,739	49,905,789
23. OTHER INCOME/(EXPENSES) - Net			
Provision against trade debts	15.5	**(84,563,107)**	(95,238,739)
Provision against advance to suppliers	16.1	**-**	(13,891,373)
Exchange gain	23.1	**218,170,675**	103,336,791
Reversal of provision against trade debts	15.5	**63,071,847**	-
Balances written off		**(56,564,614)**	-
Auditor's remuneration	23.2	**(1,878,097)**	(966,575)
Write off against loans to director	16.2	**-**	(16,672,888)
Interest on refund of subscription money		**-**	(2,334,000)
Worker' profit participation fund		**(13,989,122)**	(7,308,005)
Donation and charity	23.3	**(5,680,500)**	(25,000)
Worker's Welfare Fund		**(366,230)**	(1,036,616)
Other miscellaneous income		**353,783**	427,270
		118,554,635	(33,709,135)
23.1 Exchange gain			
Realised gain		**150,175,532**	36,666,682
Unrealised gain		**67,995,143**	66,670,109
		218,170,675	103,336,791
23.2 Auditors' remuneration			
Audit fee		**949,375**	840,500
Half yearly review		**483,288**	-
Certifications		**63,750**	-
Out of pocket expenses		**381,684**	126,075
		1,878,097	966,575

23.3 It includes donation made to Saylani Welfare International Trust amounting Rs.5.39 million (2018: Nil). None of directors or their spouses, had any interest in the donee.

	Note	2019	2018
		----------Rupees----------	
24. TAXATION			
Current tax		**33,535,400**	15,386,140
Deferred tax		**13,921,533**	(1,904,443)
		47,456,933	13,481,697

24.1 The charge for current tax is based on Final Tax Regime (FTR) in case of exports, and Normal Tax Regime (NTR) in case of local sales.

24.2 The return of income for the tax year 2018 (financial year ended 30 June 2018) has been filed and is deemed to be an assessment order, unless selected by the taxation authorities for the purposes of audit.

25. EARNINGS PER SHARE - BASIC AND DILUTED		**2019**	2018
Profit after taxation for the year	*Rupees*	**217,970,156**	143,275,907
			Restated
Weighted average number of ordinary shares	*Number*	**48,894,124**	20,214,710
Earnings per share - basic and diluted	*Rupees*	**4.46**	7.09

25.1 There is no dilutive effect on the earnings per share of the Company.

	Note	2019	2018
		----------Rupees----------	
26. CASH AND CASH EQUIVALENTS			
Short term borrowings - banking companies	11.1	**(560,000,000)**	(560,000,000)
Cash and bank balances	17	**5,173,272**	15,681,830
		(554,826,728)	(544,318,170)

27. FINANCIAL INSTRUMENTS BY CATEGORIES

Financial assets at amortized cost			
Trade debts	15	**823,862,397**	849,372,992
Loans, advances and other receivable	16	**293,076,254**	79,871,163
Cash and bank balances	17	**5,173,272**	15,681,830
		1,122,111,923	944,925,985
Financial liabilities measured at amortized cost			
Loans	7	**51,524,945**	99,600,262
Trade and other payables	9	**108,627,848**	163,515,126
Advance from customers	9	**7,254,167**	35,257,620
Accrued mark-up	10	**21,855,385**	15,912,212
Short term borrowings	11	**718,659,230**	572,717,661
		907,921,575	887,002,881

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial Risk Management

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities. The Company through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversee how management monitors compliance with the Company's risk management policies and procedures, and review the adequacy of risk management framework in relation to the risks faced by the Company.

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

28.1 Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The objective of market risk management is to manage and control market risk exposures within an acceptable range. The market risk includes:

(i) Currency risk

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. The Company is engaged in export sales and therefore exposed to risk of incurring loss due to fluctuation in foreign currency exchange rates.

The Company's exposure to foreign currency risk is as follows:

	2019		2018	
	Rupees	**USD**	Rupees	USD
Trade debts	**650,089,708**	**3,976,956**	761,778,083	6,272,360

Currently, the Company does not obtain forward cover against the gross exposure. The following significant rates applied during the year:

	2019	2018	**2019**	2018
	Average rate		*As at 30 June*	
US Dollar to PKR	**136.14**	118.61	**164.00**	121.45

Sensitivity analysis

At June 30, 2019, if the currency had weakened/strengthened by 1% against USD with all other variables held constant, post-tax profits for the year would have been lower/higher by Rs.4.63 million (2018: Rs. 7.62 million) mainly as a result of foreign exchange gain on translation of foreign currency denominated trade debts.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments were as follows:

	Effective interest rate		Carrying amount	
	2019	2018	**2019**	2018
	%	%	----------Rupees----------	
Variable rate instruments				
Long term loans	**3 MK + 2% to 2.25%**	3 MK + 2% to 2.25%	**4,136,029**	41,626,422
Current maturity			**47,388,916**	57,973,840
Short term borrowings	**SBP rate 1% & 3 MK + 2% to 3.5%**	3 MK + 2% to 3.5%	**560,000,000**	560,000,000

Sensitivity analysis

At June 30, 2019, if the interest rates on the Company's borrowings had been 1% higher / (lower) with all other variables held constant, the calculated post-tax profit for the year would have been Rs.6.12 million (2018: Rs.6.60 million) lower / higher mainly as a result of higher / (lower) interest expense on floating rate borrowings.

(iii) Other price risk

Price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer. The Company is not exposed to such price risk as there are no such type of financial instruments available to the Company.

28.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

Credit risk of the Company arises principally from loans and advances, trade debts, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date is as follows:

	Note	**2019**	2018
		----------Rupees----------	
Trade debts	15	**823,862,397**	849,372,992
Loans, advances and other receivable	16	**293,076,254**	79,871,163
Bank balances	17	**5,081,449**	15,579,978
		1,122,020,100	944,824,133

To reduce the exposure to the credit risk, the management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery (and also obtains security/advance payments, wherever considered necessary). Based on the past experience, consideration of financial position, past rack records and recoveries, the Company believes that trade debts past due do not require any impairment except as provided in the financial statements. None of the other financial assets are past due or impaired.

The credit quality of cash at bank (in Current accounts) as per credit rating agencies is as follows:

Bank	Rating			2019	2018
	Agency	Short Term	Long Term	Rupees	Rupees
Al Baraka Bank Limited	PACRA	A1	A	**58,562**	34,041
Habib Metropolitan Bank	PACRA	A1+	AA+	**165,288**	7,844,121
Faysal Bank Limited	PACRA	A1+	AA	**74,616**	2,168,416
Summit Bank Limited	JCR-VIS	Suspended	Suspended	**61,831**	61,837
Standard Chartered Bank	PACRA	A1+	AAA	**2,025**	2,197
Dubai Islamic Bank Limited	JCR-VIS	A1+	AA	**4,416,673**	5,000,000
Bank of Punjab	PACRA	A1+	AA	**750**	950
Soneri Bank Limited	PACRA	A1+	AA-	**13,174**	150,337
Habib Bank Limited	JCR-VIS	A1+	AAA	**56,771**	(17,552)
Bank Islami Pakistan Limited	PACRA	A1	A+	**231,759**	335,629
				5,081,449	15,579,976

28.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's financial liabilities have contractual maturities as summarized below:

	Carrying Amount	Less than 6 months	6 to 12 months	1 to 3 years
As at June 30, 2019				
Long term loans	**51,524,945**	**28,616,827**	**18,772,089**	**4,136,029**
Short term borrowings	**718,659,230**	**560,000,000**	**158,659,230**	-
Trade and other payables	**108,627,848**	-	**108,627,848**	-
Advance from customers	**7,254,167**	-	**7,254,167**	-
Accrued markup	**21,855,385**	**21,855,385**	-	-
	907,921,575	**610,472,212**	**293,313,334**	**4,136,029**
As at June 30, 2018				
Long term loans	99,600,262	-	57,973,840	41,626,422
Short term borrowings	572,717,661	560,000,000	12,717,661	-
Trade and other payables	163,515,126	-	163,515,126	-
Advance from customers	35,257,620	-	35,257,620	-
Accrued markup	15,912,212	15,912,212	-	-
	887,002,881	575,912,212	269,464,247	41,626,422

28.4 Fair value of financial instruments

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market / quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques includes risk-free rates, bonds and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the statement of financial position date that would have been determined by market participants acting at arm's length.

'Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates.

Non-Financial Assets

	Carrying value	Level 1	Level 2	Level 3	Total
	----------Rupees in '000----------				
30 June 2019					
Factory Land	**85,000,000**	-	-	-	**85,000,000**
Factory building	**295,808,517**	-	-	-	**295,808,517**
Plant and machinery	**784,534,059**	-	-	-	**784,534,059**
	1,165,342,576	-	-	-	**1,165,342,576**
30 June 2018					
Factory Land	85,000,000	-	-	85,000,000	85,000,000
Factory building	275,000,000	-	-	275,000,000	275,000,000
Plant and machinery	860,000,000	-	-	860,000,000	860,000,000
	1,220,000,000	-	-	1,220,000,000	1,220,000,000

28.5 Capital Risk Management

The Board's policy is to maintain a strong capital base so as to maintain investors', creditors' and market's confidence and to sustain future development of the business, safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board monitor the return on capital, which the Company defines as net profit/(loss) after tax divided by total shareholders' equity. The Board also monitor the level of dividend to ordinary shareholders subject to the availability of funds.

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, revaluation surplus on property, plant and equipment and advance against issue of shares. The gearing ratio as at June 30, is as follows:

	Note	2019	2018
		----------Rupees----------	
Long term loans	7	**4,136,029**	41,626,422
Current maturity of long term loans	7	**47,388,916**	57,973,840
Trade and other payables	9	**138,992,773**	207,117,367
Accrued mark-up	10	**21,855,385**	15,912,212
Short term borrowings	11	**158,659,230**	12,717,661
Gross debt		**371,032,333**	335,347,502
Less: Cash and cash equivalent	26	**554,826,728**	544,318,170
Net debt		**925,859,061**	879,665,672
Total shareholder's equity		**1,621,113,813**	1,264,497,159
Equity and net debt		**2,546,972,874**	2,144,162,831
Gearing ratio		**36%**	41%

28.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company, externally to the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

The senior management ensures that the Company's staff has adequate training and experience and fosters effective communication related to operational risk management.

29. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including certain benefits to the chief executive officer, directors and executives of the Company are as follows:

	2019			
	Chief Executive	**Director**	**Executives**	**Total**
	----------Rupees----------			
Managerial remuneration	**-**	**9,000,000**	**8,448,000**	**17,448,000**
Other benefits	**-**	**-**	**314,800**	**314,800**
	-	**9,000,000**	**8,762,800**	**17,762,800**
Number of person(s)	**1**	**1**	**3**	

	2018			
	Chief Executive	Director	Executives	Total
	----------Rupees----------			
Managerial remuneration	-	-	1,440,000	1,440,000
Other benefits	-	-	-	-
	-	-	1,440,000	1,440,000
Number of person(s)	1	1	1	

29.1 Executive means an employee, other than the Chief Executive Officer and the Directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise principal shareholders and their affiliates, directors, companies with common directors, employees retirement benefit funds and key management personnel. Remuneration of key management personnel are in accordance with their terms of engagements. Transactions with other related parties are entered into, at the rates negotiated with them.

31. NUMBER OF EMPLOYEES

	2019	2018
Total employees as at the year end	**133**	83
Average persons employed during the year	**108**	72

32. SUBSEQUENT EVENTS

No such events or transactions have occurred subsequent to the reporting date which may require adjustment and / or disclosure in the financial statements.

33. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue in the Board of Directors meeting held on _____.

Chief Executive Officer **Director**