Habib-ADM Ltd.

33rd Annual Report
for the year ended
June 30, 2013

Contents

هذا من فضل ربي

COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Gaffar A. Habib	Chairman
Mr. Owais G. Habib	Managing Director
Mr. Tufail Y. Habib	

Non Executive Directors

Mr. Kenneth Denis Hayes
Ms. Fatemah G. Habib
Dr. Salma Habib
Mr. Daniyal Ghani

BOARD OF AUDIT COMMITTEE

Mr. Gaffar A. Habib
Ms. Fatemah G. Habib
Dr. Salma Habib

BOARD OF HR AND REMUNERATION COMMITTEE

Mr. Tufail Y. Habib
Ms. Fatemah G. Habib
Dr. Salma Habib

CHIEF EXECUTIVE OFFICER

Mr. Owais G. Habib

CHIEF FINANCIAL OFFICER

Mr. S. M. Vakil

COMPANY SECRETARY

Mr. Ali Asghar Rajani

AUDITORS

M/s. Hyder Bhimji & Co.
Chartered Accountants

REGISTERED OFFICE

2nd Floor, UBL Building
I. I. Chundrigar Road,
Karachi - 74000
Pakistan.
Telephone : (021) 32411887
Fax : (021) 32414581

ADMINISTRATIVE OFFICES & FACTORY

Ahmad Habib Boulevard,
Hub - 90250
Pakistan.
Telephone : (0853) 363963-5
Fax : (0853) 363819

هٰذَا مِنْ فَضْلِ رَبِّيْ

CHAIRMAN'S REVIEW / DIRECTORS' REPORT

Dear Shareholders,

We bow our heads in gratitude to Allah the Beneficent, the Merciful, the Provider, for the Blessings He continues to bestow on us which are partly reflected in the Company's favorable performance for the year ended 30 June 2013.

By the Grace of Allah the Company's favorable performance has enabled the Board of Directors to recommend a 70% (Rs. 3.50 per share) Cash Dividend for the year ended June 2013.

The Financial Highlights and the Directors' proposed appropriations are as follow:

	RUPEES in '000	
	2013	**2012**
Profit before Tax	198,686	306,004
Provision for Tax	56,730	101,207
Net Profit after Tax	141,956	204,798
Un-appropriated Profit Brought Forward	377,602	332,804
Total Available for Appropriations	519,559	537,602
Proposed Appropriations:		
Final Dividend @ 70% (2012: 80%)	140,000	160,000
Un-Appropriated Profit Carried Forward	379,559	377,602
Earnings per Share (EPS) - Net of Tax	Rs. 3.55	Rs. 5.12
Dividend per Share of Rs. 5 each	Rs. 3.50	Rs. 4.00

The Year In Review

Overall operating conditions were under considerable pressure throughout the year. Although we were blessed with a large rice crop, overall international demand for agri-commodities did not permit any downward adjustment in rice prices. Other inputs were also costlier - gas and electricity, process chemicals, replacement spares - all combined to increase production costs.

Our efforts in maintaining operating margins focused on revisiting our production processes to ensure efficient use of resources as well as continue to develop new, more efficient, methods. of course in some markets we had no option but to raise prices to compensate for the eroding margins.

Syrup sales were consistent with expectations considering we were priced higher than abundantly available corn-based products. Once again, our made-to-order specialty sweeteners performed well during the year and we hope to expand on this business in the future.

Our Sorbitol markets continue to be threatened by low-cost, subsidized imports which enjoy preferential duty rates. Efforts in overcoming this challenge and mitigating its effects continue.

Chinese origin vegetable proteins continue to dominate international animal feed markets. As previously discussed, out research and development has focused on specialty formulations geared towards the value-added protein markets. We continue to make inroads in these non-traditional markets and hope to see this business grow in the future.

As you may know, the Company also owns and operates a facility in Quetta to produce some specialty products. Unfortunately the lack of security for the past several years forced us to temporarily shut down production in Quetta and reinstate the original specialty products production line at our Hub location.

Corporate Social Responsibility

The Habib Family's founding principles of honesty, justice, honor and social service coupled with unquestionable moral and ethical standards has always dictated our actions in all our activities. All employees are bound to comply with the Group's Code of Conduct. The Company's CSR activities include:

Environmental Protection: The production process developed and implemented is far more environment friendly than alternate methods used for similar corn-based and cane-based industries. Our process, pioneered by us in 1980, does not degrade the atmosphere with foul-smelling sulphites or molasses. In addition, we have conducted an EPA impact assessment and actively monitor emissions to ensure compliance with the EPA guidelines. We are pleased to report our emissions are well within the guidelines and our impact on the surrounding environment is minimal.

Water Conservation: We realize that water is a precious resource, especially in Southern Pakistan. All our production protocols are constantly monitored to ensure that every drop is utilized efficiently and recycled for secondary uses where appropriate. We were one of the first in the nation to develop and install a waste water treatment process to ensure any water exiting the system will not endanger the surrounding environment or contaminate other water bodies. Efforts are underway to make this water available as irrigation water for the surrounding farmlands.

Employee Opportunities and Welfare: The Company ensures that the minimum wage paid is higher than the government dictated minimum wage standard. All workers at the Hub factory also have the benefit of company provided meals. Periodic medical clinics, health screening, laboratory testing, treatment if required and vaccinations are also available to all employees and their families - paid for by the Ahmad Habib Trust. In addition, the Ahmad Habib Trust also provides grants and scholarships to ensure all employees' children have access to education.

Please join us in our prayers to Allah the Beneficent, the Provider to continue to guide us and bless us with Bounties as befit His Glory, Aameen.

On behalf of the Board,

GAFFAR A. HABIB
Chairman

Karachi: 29 August 2013

STATEMENTS ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

a. The Financial Statements prepared by the management of the Company, present fairly it's state of affairs and the result of it's operations.
b. The Company has maintained proper books of accounts.
c. In preparation of Financial Statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment.
d. In preparation of Financial Statement International Accounting Standards, as applicable in Pakistan, have been followed and non-applicability, if any, has been adequately disclosed.
e. The existing system of internal control and other procedures are been continuously reviewed by the internal auditor. The process of review will continue and any weakness in controls will have immediate attention of the management.
f. There are no doubts about the Company's ability to continue as a going concern.
g. The Corporate Governance Regulations, as detailed in the Listing Regulations, have been fully implemented.
h. Key operating and financial data for the last six years in summarized form is annexed.
i. The following is the value of total assets based on-respective un-audited accounts as on 30 June 2013.

Provident Fund Rs. 153.38 million (2012 Rs.143.26 million)

j. Pattern of Share Holding of the Company is shown on the page 7.
k. During the year (4) meetings of the Board of Directors were held. Attendance by each Director is as follows:-

	Name of Directors	No. of Meeting Attended
1.	Mr. Gaffar A. Habib	4
2.	Mr. Owais G. Habib	4
3.	Mr. Kenneth Denis Hayes	-
4.	Mr. Tufail Y. Habib	4
5.	Ms. Fatemah G. Habib	4
6.	Dr. Salma Habib	4
7.	Mr. Daniyal Ghani	4

AUDITORS

The auditors M/s. Hyder Bhimji & Co. Chartered Accountants retire and have offered themselves for reappointment. The Board of Audit Committee of the Company have recommended their re-appointment for the financial year ending June 30, 2014.

Karachi: 29 August 2013

GAFFAR A. HABIB
Chairman

SIX YEARS AT A GLANCE

(Rupees in '000)

PARTICULARS	2013	2012	2011	2010	2009	2008
FINANCIAL POSITION						
Paid up Capital	200,000	200,000	200,000	200,000	200,000	200,000
Revenue and Reserves	60,000	60,000	60,000	60,000	60,000	60,000
Unappropriated Profit	519,559	537,603	412,805	376,200	313,710	252,474
Total Share Holder Equity	779,559	797,603	672,805	636,200	573,710	512,474
Fixed Assets at Cost	897,632	880,439	849,975	778,510	751,538	655,004
Accumulated Depreciation	555,878	521,159	485,479	447,338	408,886	378,321
Fixed Assets Net of Depreciation	341,754	359,280	364,496	331,171	342,651	276,683
Current Assets	558,263	603,230	400,566	433,780	321,541	328,179
Total Assets Net of Depreciation	900,017	962,510	765,062	764,951	664,192	604,862
Non Current Liabilities	41,450	43,460	42,050	45,548	40,490	-
Current Liabilities	83,251	125,705	54,370	106,413	70,205	169,190
Total Liabilities	124,701	169,165	96,420	151,961	110,695	169,190
INCOME						
Consolidated Gross Sales	1,241,106	1,481,175	1,424,436	1,322,464	1,349,164	1,187,532
Net Sales(Habib-ADM Ltd)	1,183,698	1,404,005	1,300,918	1,174,755	1,131,768	894,693
Dividend from Subsidiary Company	6,987	4,449	8,226	19,445	84,340	146,300
Other Income	11,876	21,317	4,321	10,313	4,018	5,635
Total Net Revenue	1,202,562	1,429,771	1,313,466	1,204,512	1,220,126	1,046,627
Profit before Taxation	198,686	306,004	169,196	203,867	198,197	135,678
Taxation	56,730	101,207	52,591	61,378	56,961	20,293
Profit after Taxation	141,956	204,798	116,606	142,489	141,237	115,384
STATISTICS AND RATIOS						
Pre-Tax Profit to Sales %	0.17	0.22	0.13	0.17	0.18	0.15
Pre-Tax Profit to Capital %	0.99	1.53	0.85	1.02	0.99	0.68
Current Ratio	6.71	4.80	7.37	4.08	4.58	1.94
Paid-Up Value Per Share (Rs)	5.00	5.00	5.00	5.00	5.00	5.00
Earning Per Share Before Tax(Rs)	4.97	7.65	4.23	5.10	4.95	3.39
Earning Per Share After Tax(Rs)	3.55	5.12	2.92	3.56	3.53	2.88
Cash Dividend %(Rs.)	*3.50(70%)	4.00(80%)	2.00(40%)	2.00(40%)	2.00(40%)	2.00(40%)
Bonus Share %	0.00	0.00	0.00	0.00	0.00	0.00
Retained Earning Per Share (Rs)	0.05	1.12	0.92	1.56	1.53	0.88
Break-Up Value Per Share (Rs)	21.49	19.94	16.82	15.90	14.34	12.81

* The Board of Directors in their meeting of August 29, 2013 has recommended cash dividend in respect of the year ended June 30, 2013 @ 70% i.e. Rs. 3.50 per share of Rs. 5 each.

PATTERN OF SHARE HOLDING AS ON JUNE 30, 2013

NO. OF SHARE HOLDERS	SHARE HOLDING	TOTAL SHARES HELD
960	0000001 TO 0000100	30,986
631	0000101 TO 0000500	179,456
316	0000501 TO 0001000	249,763
431	0001001 TO 0005000	1,053,509
85	0005001 TO 0010000	629,969
25	0010001 TO 0015000	317,627
18	0015001 TO 0020000	317,848
6	0020001 TO 0025000	134,152
8	0025001 TO 0030000	233,132
5	0030001 TO 0035000	165,326
4	0035001 TO 0040000	154,500
4	0040001 TO 0050000	170,828
6	0050001 TO 0070000	374,206
6	0070001 TO 0075000	438,489
9	0075001 TO 0100000	792,731
7	0100001 TO 0175000	919,264
5	0200001 TO 0300000	1,282,680
2	0350001 TO 0500000	775,948
2	0800001 TO 1000000	1,709,670
3	1000001 TO 2000000	4,137,272
2	2000001 TO 2500000	4,390,905
4	3000001 TO 4000000	14,341,739
1	4000001 TO 7200000	7,200,000
2540		**40,000,000**

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2013

Category #	Shareholders' Category	Number of Shareholders	Number of Shares Held	Category Wise Shares Held	Percentage
1	**Associated Companies**			1,184,573	2.96
	M/s. Abbas Builders (Pvt) Limited	1	1,166,373		
	M/s. Hydari Boring & Pilling (Pvt) Limited	1	18,000		
	M/s. Indus Oil Expellers (Pvt) Limited	1	200		
2	**NIT**			12,730	0.03
	M/s. National Investment Trust Limited	3	12,730		
3	**Directors, Chief Executive Officer & Their Spouses**			16,914,639	42.29
	Mr. Gaffar A. Habib	1	3,820,036		
	Mr. Owais G. Habib	1	3,826,633		
	Mr. Tufail Y. Habib	1	2,150,152		
	Ms. Fatemah G. Habib	1	3,347,851		
	Dr. Salma Habib	1	3,347,219		
	Mr. Daniyal Ghani	1	100		
	Directors' Spouse				
	Mrs. Gaffar A. Habib	1	422,648		
4	**Banks, DFIs, NBFIs, Insurance & Modaraba Companies**	8	663,851	663,851	1.66
5	**Joint Stock Companies**	31	622,127	622,127	1.56
6	**Charitable & Other Trusts**	4	204,996	204,996	0.51
7	**Individuals**	2,482	10,956,331	10,956,331	27.39
8	**Foreign Investors**			9,440,753	23.60
	Holding 10% or more voting Interest (M/s. ADM International Ltd)	1	7,200,000		
	Holding less than 10% voting Interest	1	2,240,753		
	Total	**2,540**	**40,000,000**	**40,000,000**	**100.00**

SHARE HOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

Name(s) of Shareholder(s)	Number of Shareholders	Number of Shares Held	Percentage
M/s. ADM International Ltd	1	7,200,000	18.00%
Mr. Owais G. Habib	1	3,826,633	9.57%
Mr. Gaffar A. Habib	1	3,820,036	9.55%
Ms. Fatemah G. Habib	1	3,347,851	8.37%
Dr. Salma Habib	1	3,347,219	8.37%
Dr. Howard J. Synenberg	1	2,240,753	5.60%
Mr. Tufail Y. Habib	1	2,150,152	5.38%
TOTAL		**25,932,644**	**64.83%**

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
Year Ended June 30, 2013

This statement is being presented to comply with the code of Corporate Governance contained in Regulation No. 35 (Chapter XI) of Listing Regulations of Karachi Stock Exchange (Guarantee) Ltd. and Clause 40 (Chapter-XIII) of the Listing Regulations of Lahore Stock Exchange (Guarantee) Limited, for the purpose of establishing a framework of good governance, whereby a Listed Company is managed in compliance with the best practices of corporate governance.

The Habib-ADM Limited (The Company) has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent Non-Executive Directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Daniyal Ghani
Executive Directors	Mr. Gaffar A. Habib Mr. Owais G. Habib Mr. Tufail Y. Habib
Non-Executive Directors	Mr. Kenneth Denis Hayes Ms. Fatemah G. Habib Dr. Salma Habib

   The independent directors meets the criteria of independence under clause i (b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director in more than seven Listed Companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a members of stock exchange, has been declared as a defaulter by that stock exchange.
4. No Casual Vacancy occurred in the Board of Directors during the current year.
5. 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.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other Executive and Non-Executive Directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the Board Meetings, along with agenda and working papers, were circulated at least seven days before the Meetings. The Minutes of Meetings were appropriately recorded and circulated.
9. Four of Directors have already completed Training Program through PICG.
10. The Board has approved appointment of CFO, Company Secretary and head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The Financial Statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has an Audit Committee. It comprises Three members, of whom Two are Non-Executive Directors and the Chairman of the committee is an Executive Director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has an HR and Remuneration Committee. It comprises Three members, of whom Two are Non-Executive Directors and the Chairman of the committee is an Executive Director.
18. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programmed of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of ethics as adopted by the ICAP.
20. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the Auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Closed Period', prior to the announcement of interim / final results, and business decision, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material / Price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors

Karachi: 29 August 2013

Chief Executive Officer

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2013 prepared by the Board of Directors of Habib-ADM Limited to comply with the Listing Regulation No. 35 of the Karachi and Lahore Stock Exchanges, where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls, the company's corporate governance procedures and risk.

Further, Sub-regulation (x) of Listing Regulations no. 35 of the Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance applicable to the company for the year ended June 30, 2013.

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner:
Mohammad Hanif Razzak

Karachi: 29 August, 2013

Habib-ADM Ltd. and Subsidiaries

Consolidated Financial Statements
For The Year Ended June 30, 2013

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed Consolidated Financial Statements comprising Consolidated Balance Sheet of HABIB - ADM LIMITED (The Holding Company) and its Subsidiary Company HABIB MICROFINE (PVT) LIMITED as at June 30, 2013 and the related Consolidated Profit & Loss Account, Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity, together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the Financial Statements of HABIB - ADM LIMITED and HABIB MICROFINE (PVT) LIMITED. These Financial Statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

Our audit was conducted in accordance with the international standards on auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the Consolidated Financial Statements present fairly the financial position of HABIB - ADM LIMITED and its Subsidiary Company as at June 30, 2013 and results of their operations for the year then ended.

HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner:
Mohammad Hanif Razzak

Karachi: 29 August , 2013

CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2013

	NOTE	2013 RUPEES	2012 RUPEES
AUTHORISED SHARE CAPITAL			
60,000,000 Ordinary Shares of Rs. 5 each		300,000,000	300,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL	4	200,000,000	200,000,000
40,000,000 Ordinary Shares of Rs. 5 each			
RESERVES AND SURPLUS			
Capital Reserve	5	10,000,000	10,000,000
Revenue Reserve - General	6	50,000,000	50,000,000
Unappropriated Profit		519,559,186	537,602,787
		779,559,186	797,602,787
Deferred Taxation	7	41,450,000	43,460,000
CURRENT LIABILITIES			
Trade and Other Payables	8	78,220,431	84,423,494
Short Term Borrowings (Secured)	9	-	-
Provision for Income Tax Net of Payment	10	5,470,703	41,950,252
		83,691,134	126,373,746
CONTINGENCIES & COMMITMENTS	11		
		904,700,320	967,436,533

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

CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2013

	NOTE	2013 RUPEES	2012 RUPEES
NON-CURRENT ASSETS			
Property, Plant and Equipment	12	342,685,610	360,314,423
Long Term Deposits	13	3,243,001	3,258,001
		345,928,611	363,572,424
CURRENT ASSETS			
Stores, Spare Parts and Loose Tools	14	43,019,848	52,302,602
Stock in Trade	15	176,988,107	192,207,688
Trade Debts - Considered Good	16	145,038	63,414,431
Advances - Unsecured	17	3,263,174	1,056,720
Trade Deposits and Short Term Pre-Payments	18	2,788,655	2,610,847
Short Term Investments	19	200,000,000	200,000,000
Accrued Income	20	801,096	1,989,041
Other Receivables	21	2,727,409	2,531,599
Income Tax Prepaid on Advances from Customers	22	879	1,576
Cash and Bank Balances	23	129,037,503	87,749,605
		558,771,709	603,864,109
		904,700,320	967,436,533

OWAIS G. HABIB
Chief Executive

GAFFAR A. HABIB
Chairman

CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	NOTE	2013 RUPEES	2012 RUPEES
Gross Sales		1,241,106,233	1,481,174,750
Less: Sales Tax		45,383,794	70,134,354
Net Sales	24	1,195,722,439	1,411,040,396
Cost of Goods Sold	25	856,822,201	943,272,979
Gross Profit		**338,900,238**	**467,767,417**
LESS:			
Selling & Distribution Expenses	26	90,555,362	91,145,525
Administrative Expenses	27	65,447,683	67,681,177
		156,003,045	158,826,702
Operating Profit		**182,897,193**	**308,940,715**
LESS:			
Finance Cost	28	1,374,462	1,464,455
Other Operating Charges	29	16,001,067	22,666,373
		17,375,529	24,130,828
		165,521,664	284,809,887
ADD:			
Other Operating Income			
Income from Financial Assets			
Income from Bank Deposits		8,810,695	16,145,934
Income from Short Term Investment		17,944,383	1,989,041
Exchange Gain		3,521,603	2,488,919
		30,276,681	20,623,894
Income from Non Financial Assets			
Gain on disposal of Property, Plant & Equipment	12.2	3,053,666	686,846
Total Other Operating Income		33,330,347	21,310,740
Net Profit Before Taxation		**198,852,011**	**306,120,627**
Provision for Taxation	30	56,895,612	101,323,100
Net Profit For The Year		**141,956,399**	**204,797,527**
Other Comprehensive Income for the Year		-	-
Total Comprehensive Income for the Year		**141,956,399**	**204,797,527**
Earning per Share of Rs. 5 each	31	3.55	5.12

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

OWAIS G. HABIB
Chief Executive

GAFFAR A. HABIB
Chairman

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	NOTE	2013 RUPEES	2012 RUPEES
Cash Flows from Operating Activities			
Cash Generated from Operations	33	312,798,730	191,020,707
Finance Cost Paid		(1,374,462)	(1,464,455)
Payment of Income Tax during the period		(95,384,464)	(52,065,887)
Net Cash Generated from Operating Activities		216,039,804	137,490,365
Cash Flows from Investing Activities			
Addition in Property, Plant & Equipment		(18,116,509)	(32,141,979)
Sale Proceeds from Disposal of Property, Plant & Equipment		3,349,603	1,297,000
Decrease/(Increase) in Long Term Deposits		15,000	300,000
Net Cash generated in Investing Activities		(14,751,906)	(30,544,979)
Net Cash flows available from Operating and Investing Activities		201,287,898	106,945,386
Cash Flows from Financing Activities			
Repayment of Liabilities against Assets subject to Finance Lease		-	(1,428,217)
Dividend Paid		(160,000,000)	(80,000,000)
Net Cash used in Financing Activities		(160,000,000)	(81,428,217)
Net Increase /(Decrease) in Cash and Bank Balances		41,287,898	25,517,169
Cash and Bank Balances at the beginning of the Year		87,749,605	62,232,436
Cash and Bank Balances at the end of the Year		129,037,503	87,749,605

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

OWAIS G. HABIB
Chief Executive

GAFFAR A. HABIB
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

PARTICULARS	ISSUED, SUBSCRIBED AND PAID UP CAPITAL	CAPITAL RESERVE	REVENUE RESERVE GENERAL	UNAPPRO-PRIATED PROFIT	TOTAL
Balance as at July 01, 2011	200,000,000	10,000,000	50,000,000	412,805,260	672,805,260
Transaction with owners					
Final Cash Dividend for the year ended June 30, 2011 @ 40% i.e. Rs. 2 per share of Rs. 5 each	-	-	-	(80,000,000)	(80,000,000)
Total Comprehensive income for the year ended June 30,2012	-	-	-	204,797,527	204,797,527
	-	-	-	124,797,527	124,797,527
Balance as at June 30, 2012	200,000,000	10,000,000	50,000,000	537,602,787	797,602,787
Transaction with owners					
Final Cash Dividend for the year ended June 30, 2012 @ 80% i.e. Rs. 4 per share of Rs.5 each	-	-	-	(160,000,000)	(160,000,000)
Total Comprehensive income for the year ended June 30,2013	-	-	-	141,956,399	141,956,399
	-	-	-	(18,043,601)	(18,043,601)
Balance as at June 30, 2013	200,000,000	10,000,000	50,000,000	519,559,186	779,559,186

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

OWAIS G. HABIB
Chief Executive

GAFFAR A. HABIB
Chairman

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1 LEGAL STATUS AND OPERATIONS

1.1 The Consolidated Financial Statements include the Financial Statements of the following entities:

Habib-ADM Limited
Habib Microfine (Pvt) Limited

Habib-ADM Limited was incorporated in 1980 as a Public Limited Company and its share are quoted on The Karachi & Lahore Stock Exchanges.

The Registered Office of the Company is situated at 2nd Floor, UBL Building, I.I.Chundrigar Road, Karachi. The principal activity of the Parent Company is to produce rice based Starch Sugar and Proteins .

The principal activity of Habib Microfine (Pvt) Limited is the production of microfine processed products, trading and export of goods. Products sold during the year did not require to be microfined, therefore the plant remained unutilized. The Registered Office of the Company is also situated at 2nd Floor, UBL Building, I.I.Chundrigar Road, Karachi.

1.2 Basis of Consolidation

The assets and liabilities of the Subsidiary Company have been consolidated on a line by line basis and the carrying value of investment held by the Holding Company is eliminated against the Subsidiary's share capital in the Consolidated Financial Statements.

Subsidiary company financial are consolidated from the date on which more than 50% voting rights are transferred to the holding company or power to govern the financial and operating policies over the subsidiary is established and is excluded from consolidation from the date of disposal of cessation of control. Presently Habib-ADM Limited owns 100% share holding of Subsidiary Company Habib Microfine (Pvt.) Ltd.

The financial statements of the subsidiary are prepared for the same reporting period as the holding company, using consistent accounting policies.

Material intra group balances and transactions are eliminated.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These Financial Statements have been prepared in accordance with the 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 Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provision or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Significant Accounting Judgments and Estimates:

The preparation of Financial Statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future event that are believed to be reasonable under the circumstances. Revisions to accounting estimate is recognized 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 judgment which are significant to the Financial Statements.

Property, Plant and Equipment:

The Company has made certain estimation with respect to residual value, depreciation method and depreciable lives of items of property, plant and equipment. Further, the Company reviews the value of assets for possible impairment on each financial year end. Any change in the estimates in future years might effect the remaining amounts of respective items of Property, plant and equipments with a corresponding effect on the depreciation charge and impairment.

Income Taxes :

In making the estimates for the income taxes payable by the Company, the management considers current income tax law and the decisions of appellate authorities on certain cases issued in past.

Future Estimation of Export Sales :

Deferred tax calculation has been made based on estimate of future ratio of export and local sales based on past history.

Provision for Obsolescence :

Provision for Obsolescence and slow moving spare parts is based on parameters set out by management.

Contingencies:

Contingencies are evaluated based on the element of issue involved and opinion of legal counsel.

Stock in Trade:

Net realizable value of stock in trade is obtained from prevailing rates and estimate of expenses to be incurred thereon.

Provision for Bad Debts:

A provision for Bad debts of trade debts and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

2.3 Standards and interpretation that became effective but not relevant to the Company

New standards, amendment and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the year are considered not to be relevant or have any significant effect on the company's operations.

During the year, the following amendments, interpretations and improvements to the accounting standards became effective:

IAS 19	Employee Benefits - Amended standards resulting from the post-employment benefits and termination benefit project

International Accounting Standards Board (IASB) also issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wordings. These improvements are listed below:

IFRS 7	Financial Instruments: Disclosures - Clarification of disclosures
IFRS 1	First time adoption of International Financial Reporting Standards
IAS 34	Interim Financial Reporting - Significant events and transactions
IAS 1	Presentation of Financial Statements- Classification of servicing equipment
IAS 16	Property Plant and Equipment - Clarification of the requirements for comparative information
IAS 32	Financial Instrument Presentation- Clarify the tax effect of a distribution to holders of equity instruments

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

2.4 Standards and Interpretations issued but not yet effective

The following standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after July 1, 2013 or later periods:

IFRS 7	Amendments enhancing disclosures about offsetting of financial assets and liabilities	January 01,2013
IAS 1	Presentation of financial statements-amendment to revise the way other comprehensive income is presented	July 01,2012
IAS 12	Income tax (amendment)- Deferred taxes: Recovery of underlying assets	January 01,2012
IAS 19	Employee Benefits - Amended standard resulting from the post- employment benefits and termination benefit project	January 01,2013
IAS 32	Offsetting Financial Assets and Financial Liabilities(Amendments)	January 01,2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 01,2013

Standards		Effective date
IFRS 9	Financial Instruments - Revised requirements for financial liabilities and carrying over the existing derecognition requirements from IAS 39.	January 1, 2015
IAS 32	Financial Instruments Presentation - The amendment clarify the meaning of "Currently has a legally enforceable right of set-off"; and that some gross settlement system may be considered equivalent to net settlement	January 1, 2014
IFRS 10	Consolidated Financial Statements	January 1, 2014
IFRS 12	Disclosure of Interest in Other entities	January 1, 2014
IAS 36	Impairment of Assets - Amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed.	January 1, 2014
IAS 39	Financial Instruments: Recognition and measurement - Amendment clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met	January 1, 2014
IFRIC 20	Stripping Costs in the Production Phase of a surface Mine - Clarified the requirements for accounting for stripping costs associated with the waste removal in surface mining.	January 1, 2013
IFRIC 21	Levies - Provide guidance on when to recognise a liability for a levy imposed by government, both for levies that are accounted for in accordance with IAS 37 and those where the timing and amount of the levy is certain	January 1, 2014

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material affect on the Company's financial statements in the period of the initial application.

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

Standards		IASB Effective date Accounting Periods beginning on or After
IFRS 1	First time Adoption of International Financial Reporting Standards	January 1, 2013
IFRS 9	Financial Instruments	January 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Agreements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013
IAS 27	Separate Financial Statements due to non adoption of IFRS 10 and IFRS 11	January 1, 2013
IAS 28	Investment in Associates and Joint ventures due to non adoption of IFRS 10 and IFRS 11	January 1, 2013

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting Convention

These Financial Statements have been prepared under the historical cost convention, except as otherwise specifically disclosed in the accounting policies stated below.

3.2 Functional and Presentation Currency

These Financial Statements are presented in Pakistani Rupee which is the Company's Functional and presentation Currency.

3.3 Property, Plant and Equipment

Owned assets

Property, plant and equipment, except leasehold land and capital work-in-progress, are stated at cost less accumulated depreciation and impairment, if any. Leasehold land is stated at cost. Capital work-in-progress is stated at cost less impairment if any. No amortization is provided on lease hold land since the leases are renewable at the option of lessee at nominal cost and their realizable values are expected to be higher than respective carrying values.

Depreciation is charged to income applying the Reducing Balance Method, whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation is charged including on additions on quarterly basis, whereas no depreciation is charged on the assets disposed off during the quarter.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvement are capitalized and the assets so replaced, if any are retired.

Gains or losses on disposals of property plant and equipment, if any are included in profit and loss account.
Assets residual values, useful lives and methods of depreciation are reviewed, and adjusted, if appropriate at each financial year end.

Leased Assets

Assets held under finance leases are included in operating fixed assets at fair value or if lower at the present value of minimum lease payments.

The financial charge is calculated at the rate implicit in the lease and is charged to profit and loss account.
Assets acquired under the finance lease are depreciated over the useful life of the respective assets in the manner and at the rates applicable to the company's owned assets.

3.4 Capital Work in Progress

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.

3.5 Trade and Other Payables

Liabilities for trade and other amount payables are carried at cost which is the fair value of the consideration to be paid in future for good and services.

3.6 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company looses control of the contractual rights that comprises the financial assets. All financial liabilities are derecognized at the time when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account.

3.7 Stores, Spare Parts and Loose Tools.

Stores and Spare Parts - Valued at moving average cost except for items in transit which are valued at actual cost

Loose Tools - Stated at actual

3.8 Stock in Trade

Raw Material - Valued at lower of monthly weighted average cost and net realizable value.

Packing Material - Valued at lower of weighted average cost and net realizable value.

Work-in-Process - Valued at lower of weighted average cost of raw material plus appropriate portion of the manufacturing expenses or net realizable value

Finished Goods - Valued at lower of weighted average manufacturing cost and net realizable value.

Raw Material in Transit - Stated at actual

3.9 Trade Debts

These are recognized and carried at original invoice amount which is the fair consideration. An estimate for doubtful debts is made when collection of the any amount is no longer probable.

Debts considered irrecoverable are written off when identified.

3.10 Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, Cash and Cash Equivalents consist of Cash in hand and with Bank.

3.11 Borrowing Cost

Loans and borrowings are recorded as and when the proceeds are received.

Borrowing costs are recognized 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 cost, if any, is capitalized as part of the cost of that asset.

3.12 Taxation

Current :

Provision for Current Taxation is computed in accordance with the provisions of the Income Tax Ordinance, 2001.

Provision for current taxation is based on taxability of certain income streams of the Company under Final Tax Regime at the applicable tax rates and remaining income streams are chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and rebates available, if any, or minimum tax under section 113 of the Income Tax Ordinance, 2001 whichever is higher. The charge for current income tax is recorded after adjustment, if any, to the provision for tax made in prior year including those arising from assessment and amendments in assessments during the year in such years.

Deferred :

The Company accounts for Deferred Taxation on all material temporary differences using the Liability Method. Deferred Tax debit balances are recognized only to the extent that it is probable that future taxable profit will be available against which these can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited to profit & loss account.

3.13 Impairment

The carrying amounts of the assets are reviewed at each financial year end to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognized in the Profit and Loss Account.

3.14 Offsetting of Financial Assets and Liabilities

A Financial Asset and Financial Liability is offset and net amount is reported in the Balance Sheet if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets value and settle the liability simultaneously.

3.15 Provision

A provision is recognized in the financial statements when the Company has a legal constructive obligation as a result of a past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.16 Staff Retirement Benefits

The Company operates an approved defined contribution scheme of provident fund for eligible employees. Matching monthly contributions are made both by the Company and the employees to the fund at 8.33% of salary.

3.17 Compensated Unavailed leaves

The Company accounts for its estimated liability towards unavailed leaves accumulated by employees at the end of the year, if any.

3.18 Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies. Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers.Interest income is recognized on accrual basis.

3.19 Dividend & Appropriation to reserves

Dividend and appropriation to reserves are recognized in the Financial Statements in the period in which these are approved.

3.20 Foreign Currency Translations

Foreign currency transactions are translated into Pak Rupees using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end the exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Profit and loss account.

		2013 RUPEES	2012 RUPEES
4	**ISSUED, SUBSCRIBED AND PAID UP CAPITAL**		
	15,000,000 Ordinary Shares of Rs. 5 each allotted for consideration paid in Cash.	75,000,000	75,000,000
	25,000,000 Ordinary Shares of Rs. 5 each allotted as Fully Paid Bonus Shares.	125,000,000	125,000,000
		200,000,000	200,000,000
5	**CAPITAL RESERVE**		
	Share Premium on 5,000,000 Right Shares @ Rs. 2 per share issued in the year 1995-96	10,000,000	10,000,000
6	**REVENUE RESERVE - General**	50,000,000	50,000,000

This reserve is created out of appropriation in past year and retain to meet future exigencies

		2013 RUPEES	2012 RUPEES
7	**DEFERRED TAXATION**		
	Deferred Tax Liability arising due to :		
	- Accelerated Depreciation Allowance	41,450,000	43,460,000
8	**TRADE & OTHER PAYABLES**		
	Trade Creditors	3,698,343	13,234,659
	Accrued Liabilities	20,807,436	27,906,674
	Advance from Customers	34,579,879	18,051,876
	Security Deposit from Customers (Refundable on Cessation of Business Dealings Free of Interest)	254,450	808,774
	Workers' Profits Participation Fund - Note 8.1	2,649,350	7,334,183
	Workers' Welfare Fund	4,054,823	6,244,990
	Others - Note 8.2	12,176,150	10,842,338
		78,220,431	84,423,494
8.1	Workers' Profits Participation Fund		
	Opening Balance	7,334,183	4,108,020
	Add: Interest on funds utilized for Company's business	144,579	122,870
		7,478,762	4,230,890
	Add: Allocation for the year	10,670,588	16,434,183
		18,149,350	20,665,073
	Less: Amount paid to trustees	15,500,000	13,330,890
	Closing Balance	2,649,350	7,334,183
8.2	Others		
	Income Tax Deducted at Source	20,043	10,241
	Sales Tax & Special Excise Duty Payable	2,203,604	2,742,360
	Unclaimed Dividend	9,948,988	8,086,222
	Unclaimed Cheques For Right and Bonus Share Fraction	3,515	3,515
		12,176,150	10,842,338

9 SHORT TERM BORROWING - Secured

The sanctioned limit of short term borrowings (Running Finance with sub limit in Finance against Packing Credit, Finance against Foreign Bills and Foreign Currency Export Finance) aggregates to Rs. 100 million (2012 Rs. 100 million) and unavailed facility during the year as well as at the Balance Sheet date amount to Rs.100 million (2012 Rs. 100 million). Facility is valid up to December 31, 2013. The mark-up is linked with 3-Months KIBOR plus the spread of 2.5% per annum. The short term facility of the bank is for one year which is renewable after expiry of the term on revolving basis. These finance facilities are secured against hypothecation of Stocks and Book Debts, Lien over LC/Contract and import document, Furthermore, the Company has also provided collateral security to a Bank being an equitable mortgage over plant & machinery and land & building. The aggregate limit is available for utilization by the company or its wholly owned subsidiary.

10 PROVISION FOR INCOME TAX NET OF PAYMENTS

	2013 RUPEES	2012 RUPEES
Opening Balance Payable/(Refundable)	41,950,252	(5,898,537)
Tax Paid during the year including Advance Tax	(95,219,498)	(52,064,311)
	(53,269,246)	(57,962,848)
Provision for current year	58,278,960	97,460,621
Tax for prior year	460,989	2,452,479
Net Payable	5,470,703	41,950,252

11 CONTINGENCIES & COMMITMENTS

11.1 CONTINGENCIES

11.1.1 The Company contested an appeal before the Appellate Tribunal-Inland Revenue against the order passed by the Collector Customs & Central Excise (Appeals) confirming levy of Sales Tax by the Collector of Customs & Central Excise in the year 1991 of Rs. 11.5 million. Appellate Tribunal-Inland Revenue has since adjudicated the matter during the year and has set aside the orders. Time to file further appeal by the department have yet to elapse.

11.2 COMMITMENTS

11.2.1 Guarantees have been issued by Commercial Bank on behalf of the Company to Sui Southern Gas for gas supply which is secured against assets disclosed in Note 9 in the normal course of the business for aggregating to Rs. 36.435 million (2012 : Rs 36.435 million)

11.2.2 Habib ADM Limited being parent Company has provided to Commercial Bank a Guarantee of Rs.100 million on behalf of its 100% wholly owned Subsidiary Company Habib Microfine (Pvt) Limited to cover the loan sanctioned by bank on mark up basis. (Also refer Note 9)

11.2.3 The Company Commitment as on June 30, 2013 amounting to Rs. 0.877 million (2012: Rs 17.15 million) against letter of credit for raw materials.

			2013 RUPEES	2012 RUPEES
12	**PROPERTY, PLANT & EQUIPMENT**			
	Operating Fixed Assets - Tangible	12.1	341,468,158	360,314,423
	Capital Work -in- Progress	12.3	1,217,452	-
			342,685,610	360,314,423

12.1 Carrying Value Reconciliation of Property, Plant & Equipment for 2013

Particulars of Assets	2013									
	Cost as at July 01, 2012	Depreciation as at July 01, 2012	Carrying Value at the beginning of the year	Additions during the period	Disposals during the period	Adjustment/ Transfer	Rate %	Depreciation for the year	Accumulated Depreciation as at June 30, 2013	Carrying Value of assets as at June 30, 2013
Land (Lease hold) at Hub & Karachi	50,774,480	-	50,774,480	131,216	-	-	-	-	-	50,905,696
On Lease Hold Land										
Factory Building	105,302,130	64,509,405	40,792,725	-	-	-	10	4,079,272	68,588,677	36,713,453
Office at Factory	7,086,750	899,171	6,187,579	-	-	-	5	309,380	1,208,551	5,878,199
Pavement and Ponds	9,303,700	3,878,498	5,425,202	-	-	-	5	271,260	4,149,758	5,153,942
Larkana Office Premises	759,358	405,100	354,258	-	-	-	5	17,712	422,812	336,546
Plant & Machinery	645,250,609	427,717,341	217,533,268	11,874,161	-	-	10	22,499,466	450,216,807	206,907,963
Tube Well	175,000	134,318	40,682	-	-	-	10	4,068	138,386	36,614
Office & Electrical Equipment	4,875,636	3,648,411	1,227,225	99,000	-	-	10	125,195	3,773,606	1,201,030
Computers	4,221,654	2,841,772	1,379,882	52,500	-	-	30	420,858	3,262,630	1,011,524
Laboratory Equipment	3,303,870	2,848,698	455,172	-	-	-	10	45,516	2,894,214	409,656
Furniture & Fixtures	4,523,107	2,699,273	1,823,834	40,000	-	-	10	184,134	2,883,407	1,679,700
Vehicles	66,341,153	32,207,430	34,133,723	4,702,180	295,937	-	20	7,476,025	39,683,455	31,063,941
Boat	415,000	367,149	47,851	-	-	-	20	9,572	376,721	38,279
Godown at Karachi	218,996	80,453	138,543	-	-	-	5	6,928	87,381	131,615
Total June 30, 2013	**902,551,443**	**542,237,019**	**360,314,424**	**16,899,057**	**295,937**	**-**		**35,449,386**	**577,686,405**	**341,468,158**

Carrying Value Reconciliation of Property, Plant & Equipment for 2012

Particulars of Assets	2012									
	Cost as at July 01, 2011	Depreciation as at July 01, 2011	Carrying Value at the beginning of the year	Additions during the period	Disposals during the period	Adjustment/ Transfer	Rate %	Depreciation for the year	Accumulated Depreciation as at June 30, 2012	Carrying Value of assets as at June 30, 2012
Owned										
Land (Lease hold) at Hub & Karachi	37,803,418	-	37,803,418	12,971,062	-	-	-	-	-	50,774,480
On Lease Hold Land										
Factory Building	105,186,160	59,984,184	45,201,976	115,970	-	-	10	4,525,221	64,509,405	40,792,725
Office at Factory	7,086,750	573,507	6,513,243	-	-	-	5	325,664	899,171	6,187,579
Pavement and Ponds	9,303,700	3,592,962	5,710,738	-	-	-	5	285,536	3,878,498	5,425,202
Larkana Office Premises	759,358	386,456	372,902	-	-	-	5	18,644	405,100	354,258
Plant & Machinery	636,727,246	404,228,625	232,498,621	8,523,363	-	-	10	23,488,716	427,717,341	217,533,268
Tube Well	175,000	129,798	45,202	-	-	-	10	4,520	134,318	40,682
Office & Electrical Equipment	4,875,636	3,512,051	1,363,585	-	-	-	10	136,360	3,648,411	1,227,225
Computers	3,984,679	2,301,951	1,682,728	236,975	-	-	30	539,821	2,841,772	1,379,882
Laboratory Equipment	3,274,935	2,799,732	475,203	28,935	-	-	10	48,966	2,848,698	455,172
Furniture & Fixtures	4,378,147	2,502,551	1,875,596	144,960	-	-	10	196,722	2,699,273	1,823,834
Vehicles	54,897,975	24,921,225	29,976,750	10,120,714	619,135	1,824,000	20	7,168,606	32,493,006	34,133,723
Boat	415,000	355,185	59,815	-	-	-	20	11,964	367,149	47,851
Godown at Karachi	218,996	73,161	145,835	-	-	-	5	7,292	80,453	138,543
Total June 30, 2012	869,087,000	505,361,388	363,725,612	32,141,979	619,135	1,824,000		36,758,032	542,522,595	360,314,424
Leased										
Vehicle	3,000,000	1,080,000	1,920,000	-	-	(1,824,000)	20	96,000	-	-
Grand Total as on June 30, 2012	872,087,000	506,441,388	365,645,612	32,141,979	619,135	-		36,854,032	542,522,595	360,314,424

Note:

	2013 RUPEES	2012 RUPEES
Depreciation has been allocated and charged as under :		
Cost of Sales	31,306,036	32,790,402
Administrative Expenses	4,143,350	4,063,630
	35,449,386	36,854,032

12.2 The following is the statement of Fixed Assets sold during the year.

Particulars of Assets	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain	Mode Of Sale	Sold to
HONDA CIVIC Reg # ACX-923 Model 2000	90,500	75,317	15,183	488,900	473,717	BY TENDER	Mr. Raheel Methani H/No D-87/1,Kehkashan, Clifton Block 7, Karachi
HONDA CIVIC Reg # AGT-624 Model 2004	110,750	74,459	36,291	838,900	802,609	BY TENDER	Mr. Raheel Methani H/No D-87/1,Kehkashan, Clifton Block 7, Karachi
HONDA CIVIC Reg # AHA-590 Model 2004	100,250	69,042	31,208	730,500	699,292	BY TENDER	Mr. Mohammed Raza Flat # B-14, Gulshan -e-Sabir, Soldier Bazar Karachi
HONDA CIVIC Reg # AGD-653 Model 2004	137,750	97,013	40,737	860,300	819,563	BY TENDER	Mr. Mohammed Raza Flat # B-14, Gulshan -e-Sabir, Soldier Bazar M.A.Jinnah Road Karachi
SUZUKI BOLAN Reg # CS-4935 Model 2008	439,630	277,115	162,515	421,000	258,485	BY TENDER	Mr. Zahid Khan H.# 63, Ghilanabad, Malir Colony, Karachi
Honda CD 70 Reg # KAX-1893 Model 2003	5,850	4,470	1,380	1,380	-	BY NEGOCIATION	Mr.Ali Abbas B-504 , M.L.Paradise Soldier Bazar Karachi
HABIB 70 Reg # KDD-8619 Model 2007	38,700	30,077	8,623	8,623	-	BY NEGOCIATION	Mr.Mohammed Hanif Rasheed abad Karachi
Total June 30, 2013	923,430	627,493	295,937	3,349,603	3,053,666		
Total June 30, 2012	1,677,536	1,058,401	619,135	1,297,000	677,865		

12.3 The following is the movement in capital work in progress during the year

	2013			
	Opening Balance	Additions	Transferred to Operating Fixed Assets	Closing Balance
Plant & Machinery & Other Assets	-	7,101,155	5,883,703	1,217,452
Total June 30, 2013	-	7,101,155	5,883,703	1,217,452
Total June 30, 2012	-	-	-	-

		2013 RUPEES	2012 RUPEES
13	**LONG TERM DEPOSITS**		
	Deposits - Security	3,243,001	3,258,001
14	**STORES, SPARE PARTS & LOOSE TOOLS**		
	Stores	20,439,664	29,301,702
	Spare Parts	21,582,672	22,388,175
	Loose Tools	436,419	436,419
	Stores in Transit	561,093	176,306
		43,019,848	52,302,602
15	**STOCK IN TRADE**		
	Raw & Packing Material	69,697,857	97,351,529
	Work-in-Process	1,930,077	649,895
	Finished Goods	105,360,173	92,737,743
	Raw Material-in-Transit	-	1,468,521
		176,988,107	192,207,688
16	**TRADE DEBTS - Considered Good**		
	Local - Unsecured	145,038	1,395,767
	Foreign - Secured Note 16.1	-	62,018,664
		145,038	63,414,431

16.1 Foreign debtors are secured against irrevocable letter of credit.

		2013 RUPEES	2012 RUPEES
17	**ADVANCES - Unsecured**		
	To Employee other than Directors,CEO and Key Management Personnel	122,616	271,652
	Against - Purchases & Supplies	3,140,558	785,068
		3,263,174	1,056,720
18	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**		
	Security Deposits	110,000	210,000
	Prepayments	2,678,655	2,400,847
		2,788,655	2,610,847
19	**SHORT TERM INVESTMENTS**		
	PLS term deposit receipt with Bank Al Habib Ltd	200,000,000	200,000,000

19.1 It carries profit @ 8.5% p.a (2012: 11% p.a) paid at the time of maturity/rollover (3 months period).

		2013 RUPEES	2012 RUPEES
20	**ACCRUED INCOME**		
	Interest accrued on PLS term deposit receipt with Bank Al Habib Ltd	801,096	1,989,041
21	**OTHER RECEIVABLES**		
	Sales Tax Refundable	1,779,562	1,860,694
	Export Rebate	190,472	370,905
	Insurance Claim	757,375	300,000
		2,727,409	2,531,599
22	**INCOME TAX REFUNDABLE NET OF PROVISION**		
	Opening Balance Refundable	1,576	-
	Add: Tax Paid during the year	164,966	117,707
		166,542	117,707
	Less: Provision for current year	165,663	116,131
	Net Refundable	879	1,576
23	**CASH & BANK BALANCES**		
	Cash in Hand	2,575,629	1,521,492
	Balances with Banks:		
	Local Currency :		
	In Current Account	4,172,019	5,075,228
	In Call Treasury Account - Note 23.1	122,289,855	81,152,885
		126,461,874	86,228,113
		129,037,503	87,749,605

23.1 It carries Interest @ 8.25% p.a (2012-9.50% p.a)

		2013 RUPEES	2012 RUPEES
24	**SALES**		
	Local Sales	948,849,963	1,154,568,663
	Export Sales	292,117,694	326,447,426
	Add: Rebate	138,576	158,661
	Total Gross Consolidated Sales	1,241,106,233	1,481,174,750
	Less: Sales Tax	45,383,794	70,134,354
	Net Sales	1,195,722,439	1,411,040,396

25 COST OF GOODS SOLD

	2013 RUPEES	2012 RUPEES
Raw & Packing Material Consumed - Note 25.1	576,436,368	622,769,924
Repair Maintenance & Stores Consumed	19,703,299	37,140,806
Utilities (Fuel, Power & Water)	147,003,678	128,778,340
Salaries, Wages including Bonus, Staff Welfare and Contribution to Provident Fund - Note 32	78,260,847	73,198,988
Vehicle Running Expense	4,943,458	4,734,703
Insurance	6,462,942	7,578,684
Obsolescence of Stores & Spare Parts	-	119,520
Other Manufacturing Expenses - Note 25.2	6,608,185	3,676,953
Depreciation	31,306,036	32,790,403
	870,724,813	910,788,321
Add: Opening Stock of Work-in-Process	649,895	-
	871,374,708	910,788,321
Less: Closing Stock of Work-in-Process	1,930,077	649,895
Cost of Goods Produced	869,444,631	910,138,426
Add: Opening Stock of Finished Goods	92,737,743	125,991,143
	962,182,374	1,036,129,569
Less: Closing Stock of Finished Goods	105,360,173	92,737,743
	856,822,201	943,391,826
Insurance Claim Against Finished Goods	-	118,847
Cost of Goods Sold	856,822,201	943,272,979

25.1 Raw & Packing Material Consumed

	Raw Material	Packing Material		
Opening Stock	93,659,315	3,692,214	97,351,529	133,589,020
Add: Purchases	507,259,708	41,522,988	548,782,696	586,532,433
Available for Manufacturing	600,919,023	45,215,202	646,134,225	720,121,453
Less: Closing Stock	59,863,576	9,834,281	69,697,857	97,351,529
	541,055,447	35,380,921	576,436,368	622,769,924

		2013 RUPEES	2012 RUPEES
25.2	Other Manufacturing Expenses		
	Traveling	5,415	34,875
	Cartage	24,495	146,025
	Printing & Stationery	461,954	94,224
	Postage and Telephone	365,673	405,109
	Rent, Rates & Taxes	179,718	215,338
	Conveyance	72,697	42,485
	Entertainment	329,793	389,635
	Legal & Professional	-	20,200
	Advertisement	-	7,229
	Independent Laboratory Testing Expenses	758,452	361,916
	Security Expense	3,817,663	1,543,685
	Others	592,325	416,232
		6,608,185	3,676,953

26	**SELLING & DISTRIBUTION EXPENSES**		
	Salaries, Wages including Bonus, Staff Welfare and Contribution to Provident Fund - Note 32	8,690,790	8,045,120
	Rent, Rates and Taxes	297,000	276,000
	Vehicle Running Expense	899,179	810,684
	Repair & Maintenance	5,887	29,765
	Traveling	51,935	18,230
	Utilities (Fuel, Powers & Water)	23,607	11,863
	Postage and Telephone	602,625	259,401
	Printing & Stationery	194,158	149,953
	Advertisement	875,940	844,823
	Insurance	300,472	363,651
	Samples	4,216	-
	Conveyance	515,467	463,816
	Entertainment	81,476	62,410
	ISO & HACCP Certification Expenses	85,000	192,718
	Kosher Certification Expenses	985,645	912,317
	Organic Certification Expenses	1,094,177	856,465
	Freight and Commission	75,795,418	77,481,969
	Bad Debts Written Off	-	308,771
	Others	52,370	57,569
		90,555,362	91,145,525

27 ADMINISTRATIVE EXPENSES

	2013 RUPEES	2012 RUPEES
Salaries, Wages including Bonus, Staff Welfare and Contribution to Provident Fund - Note 32	31,269,658	29,558,769
Rent, Rates and Taxes	11,007	29,694
Vehicle Running Expense	2,906,057	2,893,987
Repair & Maintenance	80,750	127,220
Traveling	15,485,776	18,604,873
Utilities (Fuel, Powers & Water)	282,090	207,897
Postage and Telephone	1,327,726	1,813,764
Printing & Stationery	1,595,511	1,128,528
Advertisement	77,641	85,397
Legal & Professional	999,034	353,895
Insurance	990,145	863,710
Conveyance	542,266	515,998
Entertainment	1,543,043	1,000,095
Directors' Fee	60,000	57,500
Audit Fee - Note 27.1	726,825	623,250
Charity, Donations and Corporate Social Responsibility Costs- Note 27.2	1,123,827	2,991,261
Depreciation	4,143,350	4,063,630
Orientation Course	-	900,000
Others	1,424,977	927,709
Share Registrar Service Charges	858,000	858,000
Security Expenses	-	76,000
	65,447,683	67,681,177

27.1 Audit Fee

	2013 RUPEES	2012 RUPEES
<u>Holding Company</u>		
Annual Audit Fee	575,000	500,000
Review of Half Yearly Accounts	29,000	25,000
Fee for Consolidation of Habib-ADM & Subsidiary Company	23,000	20,000
Review of Statement of Compliance with Code of Corporate Govemence	17,000	15,000
Out of Pocket Expenses	41,825	28,250
<u>Subsidiary Company</u>		
Annual Audit Fee	35,000	30,000
Review of Half Yearly Accounts	6,000	5,000
	726,825	623,250

27.2 None of the Directors or their spouses had any interest in the donee's fund.

28 FINANCE COST

	2013 RUPEES	2012 RUPEES
Interest On Workers' Profit Participation Fund	144,579	122,870
Financial Charges on Liabilities against Assets subject to Finance Lease	-	80,112
Bank Guarantee Commission	324,127	507,175
Bank Charges	905,756	754,298
	1,374,462	1,464,455

29 OTHER OPERATING CHARGES

	2013 RUPEES	2012 RUPEES
Workers' Profit Participation Fund	10,670,588	16,434,183
Workers' Welfare Fund - Current Year	4,200,803	6,244,990
- Prior Year	673,278	(21,781)
Loss on disposal of vehicles classified in property, plant & equipment	-	8,981
Exchange Loss	456,398	-
	16,001,067	22,666,373

30 PROVISION FOR TAXATION

	2013 RUPEES	2012 RUPEES
Income Tax - Current Year	58,444,623	97,460,621
- Prior Year	460,989	2,452,479
Deferred Tax (Reversal) / Provision	(2,010,000)	1,410,000
	56,895,612	101,323,100

30.1 Relationship Between Tax Expense and Accounting Profit

	2013 RUPEES	2012 RUPEES
Net Profit as per Profit and Loss Account	198,852,011	306,120,627
Tax @ 35%	69,598,204	107,142,219
Tax Effect From:		
Export Sales	(11,948,341)	(8,238,087)
Dividend Income attracting Lower Tax	(1,746,844)	(1,112,205)
Prior year Taxation	460,989	2,444,199
Others	531,604	1,086,974
	56,895,612	101,323,100

31 EARNING PER SHARE - BASIC AND DILUTED

	2013 RUPEES	2012 RUPEES
Net Profit after Taxation	141,956,399	204,797,527
Weighted average number of ordinary shares of Rs.5 each	40,000,000	40,000,000
Earning per share	3.55	5.12

There is no dilutive effect on the basic earning per share of the Company.

32 DEFINED CONTRIBUTION SCHEME

An amount of Rs. 6.78 million (2012 Rs.5.98 million) has been charged during the year in respect of contributory Provident Fund scheme maintained by the Company which has been included in Salaries, Wages including Bonus,Contribution to Provident Fund & Staff Welfare Fund

	2013 RUPEES	2012 RUPEES
Cost of Goods Sold - Note 25	4,256,155	3,679,783
Selling & Distribution - Note 26	531,170	508,904
Administrative - Note 27	1,994,916	1,788,003
	6,782,241	5,976,690

33 CASH GENERATED FROM OPERATIONS

	2013 RUPEES	2012 RUPEES
Profit Before Taxation	198,852,011	306,120,627
Adjustments for Non Cash Charges and Other Items:		
Depreciation	35,449,386	36,854,032
Loss on Disposal of Property, Plant & Equipment	-	8,981
Gain on Disposal of Property, Plant & Equipment	(3,053,666)	(686,846)
Provision for Obsolescence of Stores & Spare Parts	-	119,520
Finance Cost	1,374,462	1,464,455
Working Capital Changes - Note 33.1	80,176,537	(152,860,062)
	312,798,730	191,020,707

33.1 Working Capital Changes

	2013 RUPEES	2012 RUPEES
(Increase) / Decrease in Current Assets		
Stores, Spare Parts & Loose Tools	9,282,754	5,181,556
Stock in Trade	15,219,581	70,101,884
Trade Debts	63,269,393	(58,451,374)
Advances	(2,206,454)	118,522
Trade Deposits and Short Term Pre-Payments	(177,808)	254,786
Short Term Investment	-	(200,000,000)
Accrued Income	1,187,945	(1,989,041)
Other Receivables	(195,810)	935,828
	86,379,601	(183,847,839)
Increase /(Decrease) in Current Liabilities		
Trade and Other Payables	(6,203,064)	30,987,777
Working Capital Changes	80,176,537	(152,860,062)

34. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES:

PARTICULARS	Directors		Chief Executive		Executives		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012
Meeting Fee - 3 Directors	60,000	42,000	-	-	-	-	60,000	42,000
Managerial Remuneration	6,936,000	6,760,000	5,951,400	5,800,350	19,681,380	16,131,538	32,568,780	28,691,888
Other Benefit (Leave Encashment)	905,534	327,534	529,013	529,013	1,454,798	890,729	2,889,345	1,747,276
Contribution to Provident Fund	577,992	521,450	495,948	447,425	1,640,148	1,245,001	2,714,088	2,213,876
Total Rupees	8,479,526	7,650,984	6,976,361	6,776,788	22,776,326	18,267,268	38,232,213	32,695,040
Number of persons	2	2	1	1	18	13	21	16

In addition, the Chief Executive, Directors and the ten Executives are provided free use of Company maintained cars as per terms of employment, Telephone at residence and club bills of Chief Executive and Two Directors are also paid by the Company.

35 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE.

35.1 Financial Assets and Liabilities 2013

PARTICULARS	INTEREST/MARKUP BEARING			NON-INTEREST/MARKUP BEARING			Total 2013
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	
Financial Assets :							
Deposits	-	-	-	110,000	3,243,001	3,353,001	3,353,001
Trade Debts	-	-	-	145,038	-	145,038	145,038
Advances to Employee	-	-	-	122,616	-	122,616	122,616
Short Term Investment (see Note 19)	200,000,000	-	200,000,000	-	-	-	200,000,000
Other Receivables	-	-	-	1,970,034	-	1,970,034	1,970,034
Cash & Bank Balances (see Note 23)	122,289,855	-	122,289,855	6,747,648	-	6,747,648	129,037,503
Total Financial Assets 2013	322,289,855	-	322,289,855	9,095,336	3,243,001	12,338,337	334,628,192
Financial Liabilities :							
Trade & Other Payables	2,649,350	-	2,649,350	76,016,827	-	76,016,827	78,666,177
Total Financial Liabilities 2013	2,649,350	-	2,649,350	76,016,827	-	76,016,827	78,666,177

Financial Assets and Liabilities 2012

PARTICULARS	INTEREST/MARKUP BEARING			NON-INTEREST/MARKUP BEARING			Total 2012
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	
Financial Assets :							
Deposits	-	-	-	210,000	3,258,001	3,468,001	3,468,001
Trade Debts	-	-	-	63,414,431	-	63,414,431	63,414,431
Advances to Employee	-	-	-	271,652	-	271,652	271,652
Short Term Investment (see Note 19)	200,000,000	-	200,000,000	-	-	-	200,000,000
Other Receivables	-	-	-	2,531,599	-	2,531,599	2,531,599
Cash & Bank Balances (see Note 23)	81,152,885	-	81,152,885	6,596,720	-	6,596,720	87,749,605
Total Financial Assets 2012	281,152,885	-	281,152,885	73,024,402	3,258,001	76,282,403	357,435,288
Financial Liabilities :							
Trade & Other Payables	7,334,183	-	7,334,183	77,089,311	-	77,089,311	84,423,494
Total Financial Liabilities 2012	7,334,183	-	7,334,183	77,089,311	-	77,089,311	84,423,494

35.2 Financial Risk Management Objectives and Policies

The company finances its operations through equity borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.Taken as a whole, the company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

35.2.1 Financial Instruments and Related Disclosures

The company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but not limited to market risk, credit risk and liquidity risk. The company's over all risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

35.2.2 Credit Risk and Concentration of Credit Risk

Credit risk represents the accounting loss that would be reconginsed at the reporting date if counter parties fail completely to perform as contracted.

The Company manages credit risk interalia by setting out credit limits in relation to individual worthness of customers and /or by obtaining advances against sales /or through letter of credits and/ or by making providing for doubtful debts. Also the Company does not have significant exposure in relation to individual customer. Consequently the Company believes that it is not exposed to any major concentration of credit risk.

	2013 RUPEES	2012 RUPEES
The maximum exposure of Financial Assets as at the balance sheet date are as follows;		
Long term Deposits	3,243,001	3,258,001
Trade Debts	145,038	63,414,431
Advances	122,616	271,652
Trade Deposits	110,000	210,000
Short Term Investment	200,000,000	200,000,000
Other Receivables	947,847	2,531,599
Bank Balances	126,461,874	86,228,113
	331,030,376	355,913,796
The Financial Assets that are neither past due are as follows;		
Trade Debts	145,038	63,414,431
Advances	122,616	271,652
Trade Deposits	110,000	210,000
Other Receivables	947,847	2,531,599

35.2.3 Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The company manage liquidity risk by maintaining sufficient cash and the availibility of funding through an adequate amount of committed credit facilities.

As at June 30, 2013, the company had an aggregate available borrowing limits amounting to Rs. 100 million (2012: 100 million) from various financial institutions and Rs. 89.355 million (2012: 89.355 million) cash and Bank balances.Base on the above,the management of the Company believe that the liquidity risk at present is insignificant.

The management forecasts the liquidity of the company on basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Taken as a whole, risk arising from the Company’s financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

35.2.4 Market Risk:

Market risk refers to fluctuation in value of financial instruments as a result of changes in market prices. The Company manages market risk as follows:

a) Foreign Exchange Risk Management

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arise mainly from future economic transactions or receivables and payables that exist due to transaction in foreign exchange.

The Company is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US Dollar (USD),Euro and Pounds(GBP).

Currently, the Company's foreign exchange risk exposure is restricted to the amount receivable / payable from / to the foreign entities and outstanding letters of credit.

Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate , with all other variables held constant, of the Company's profit before tax and the company's equity.

	Change in foreign Currency rate %	Effect on Tax Profit or (Loss)
June 30, 2013	+5	-
	-5	-
June 30, 2012	+5	3,100,933
	-5	(3,100,933)

b) Interest rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates the value of financial instruments.The company presently has no borrowing as at June 30, 2013.

However the Company's financial instruments are balances placed on deposits with banks where changes in markup rates do not have any impact on the future profit/cash flows. Treasury account with a schedule bank of Rs. 122.29 million (2012: Rs. 81.15 million) The Company places its funds in banks having good credit ratings wherein the following funds are places.

However the Company's financial instruments are balances placed on deposits with banks where changes in interest rates may have impact on the future profit/cash flows. The effects of changes in interest rates on the future profit arising on the balances placed in deposits with banks if the interest rate varied by 1% with all other variable held constant, profit before tax for the year would have been approximately higher/ lower by Rs. 0.122 million(2012: Rs. 0.081 million) . The Company places its funds in banks having good credit ratings wherein the following funds are places.

c) Price Risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, (other than those arising from interest or currency rate risk), whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial traded in the market. The Company is only exposed to equity price risk with respect to its investment in wholly owned subsidiary which is strategic. The Company monitors other price risk by closely monitoring the suppliers and commodity situation.

35.2.5 Trade debts

Trade debts are essentially due from local and foreign companies and the company does not expect that these companies will fail to meet their obligations.

The Company establishes an allowance for the doubtful trade debts that represent its estimate of incurred losses in respect of trade debts. This allowance is based on the management assessment of a specific loss component that relates to individually significant exposures.

35.2.6 Bank Balances

The Company limits its exposure to credit risk by investigating in liquid securities and maintaining bank accounts only with counterparties that have stable credit rating.

Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.Following are the details of the respective credit ratings of the Banks.

Credit Quality of Financial Assets; Short Term Credit Rating	Rating Agency	2013 RUPEES	2012 RUPEES
A1+	PACRA	124,120,797	84,654,909
A-1+	JCR-VIS	1,792,786	1,110,410
P-1	Moody's	548,291	394,054
P-1*	Moody's	-	68,740
Total		126,461,874	86,228,113

35.2.7 Fair Value of Financial Instruments

Fiar value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value Estimates.

The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values except those which are described policy notes.

36 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as on going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue the new shares or sell assets to reduce debt.

	2013 RUPEES	2012 RUPEES

37 TRANSACTION WITH RELATED PARTIES

Payment of Dividend to Associated Companies	2,366,400	4,732,800

There are no transaction with related parties except with the key management personnel under the terms of employment which are disclosed in Note 34

38 PRODUCTION CAPACITY

	2013	2012
Capacity Utilized		
Habib-ADM Limited Note 38.1	36.76%	44.88%
Habib Microfine (Pvt) Ltd Note 38.2	0.00%	0.00%

38.1 The initial designed capacity of the plant is 45,000 M.Tons of High Fructose Syrup. Later additions and modifications to the plant have enabled production of a wider range of products including liquid glucose, maltodextrins, dextrose powder, sorbitol, etc.

38.2 The designed capacity of the plant is 10000 M.Tons of Microfine processed goods. Product sold during the year did not require to be microfined, therefore the plant was unutilized.

39 PROVIDENT FUND RELATED DISCLOSURE

The following information is based on latest un-audited financial statements of the fund:

	2013 RUPEES	2012 RUPEES
Size of the Fund - Total Assets	153,379,291	142,489,028
Cost of Investment	105,932,501	96,310,970
Percentage of Investment made	69.07%	67.59%
Fair Value of Investment made	113,798,238	103,025,303

The break up value of fair value of investment is

	2013	2012		
Bank Balances	4.96%	3.56%	5,649,625	3,666,090
Term Deposit Receipts	95.04%	96.44%	108,148,613	99,359,213
	100%	100%	113,798,238	103,025,303

The investment out of the provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

40 NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2013 and 2012

	2013	2012
	No. of employees	
Average number of employees during the year	429	439
Number of employees as at June 30, 2013/2012.	408	452

41 DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements were authorized for issue on August 29, 2013 by the Board of Directors of the Company.

42 NON ADJUSTMENT EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on 29 August 2013 has proposed a cash dividend in respect of the year ended June 30, 2013 at the rate of 70% i.e Rs.3.50 per Share of Rs. 5 each. Which is subject to the approval of the forth coming Annual General Meeting. The Financial Statements for the year ended June 30, 2013 do not include the effect of this appropriation which will be accounted for in the Financial Statements for the year ending June 30, 2014.

43 GENERAL

Figures have been rounded of to the nearest rupee.

OWAIS G. HABIB
Chief Executive

GAFFAR A. HABIB
Chairman

Habib-ADM Ltd.

Financial Statements
For The Year Ended June 30, 2013

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of HABIB -ADM LIMITED as at June 30, 2013 and the related Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanation which to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant statements made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after verification, we report that;

(a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:
   i) the Balance Sheet and Profit & Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company’s business; and;

   iii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner:
Mohammad Hanif Razzak

Karachi: 29 August, 2013

BALANCE SHEET

	NOTE	2013 RUPEES	2012 RUPEES
AUTHORISED SHARE CAPITAL			
60,000,000 Ordinary Shares of Rs. 5 each		300,000,000	300,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL	4	200,000,000	200,000,000
40,000,000 Ordinary Shares of Rs. 5 each			
RESERVES AND SURPLUS			
Capital Reserve	5	10,000,000	10,000,000
Revenue Reserve - General	6	50,000,000	50,000,000
Unappropriated Profit		519,559,186	537,602,787
		779,559,186	797,602,787
Deferred Taxation	7	41,450,000	43,460,000
CURRENT LIABILITIES			
Trade and Other Payables	8	77,780,372	83,754,718
Short Term Borrowings (Secured)	9	-	-
Provision for Income Tax Net of Payment	10	5,470,703	41,950,252
		83,251,075	125,704,970
CONTINGENCIES & COMMITMENTS	11		
		904,260,261	966,767,757

The annexed notes 1 to 44 form an integral part of these financial statements.

AS AT JUNE 30, 2013

	NOTE	2013 RUPEES	2012 RUPEES
NON-CURRENT ASSETS			
Property, Plant and Equipment	12	341,754,285	359,279,618
Long Term Investment in Share Capital of Subsidiary Company	13	1,000,000	1,000,000
Long Term Deposits	14	3,243,001	3,258,001
		345,997,286	363,537,619
CURRENT ASSETS			
Stores, Spare Parts and Loose Tools	15	43,019,848	52,302,602
Stock in Trade	16	176,988,107	192,207,688
Trade Debts - Considered Good	17	1,725,403	63,980,706
Advances - Unsecured	18	3,263,174	1,056,720
Trade Deposits and Short Term Pre-Payments	19	2,768,655	2,590,847
Short Term Investments	20	200,000,000	200,000,000
Accrued Income	21	801,096	1,989,041
Other Receivables	22	933,404	2,161,813
Cash and Bank Balances	23	128,763,288	86,940,721
		558,262,975	603,230,138
		904,260,261	966,767,757

OWAIS G. HABIB
Chief Executive

GAFFAR A. HABIB
Chairman

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	NOTE	2013 RUPEES	2012 RUPEES
Gross Sales		1,229,081,559	1,474,138,878
Less: Sales Tax		45,383,794	70,134,354
Sales - Net	24	1,183,697,765	1,404,004,524
Cost of Goods Sold	25	856,479,957	942,929,700
Gross Profit		**327,217,808**	**461,074,824**
Less:			
Selling & Distribution Expenses	26	87,220,448	89,328,771
Administrative Expenses	27	65,183,321	67,427,916
		152,403,769	156,756,687
Operating Profit		**174,814,039**	**304,318,137**
Less:			
Finance Cost	28	1,303,731	1,412,779
Other Operating Charges	29	15,153,681	22,666,373
		16,457,412	24,079,152
		158,356,627	280,238,985
Add: Other Operating Income			
Income from Financial Assets			
Income from Bank Deposits		8,810,695	16,145,934
Income from Short Term Investment		17,944,383	1,989,041
Exchange Gain		3,521,603	2,482,870
Dividend Income from Subsidiary Company		6,987,374	4,448,820
		37,264,055	25,066,665
Income from Non Financial Assets			
Rent Income from Subsidiary Company		12,000	12,000
Gain on Sale of Property, Plant & Equipment	12.1	3,053,666	686,846
Income from Non Financial Assets	30	3,065,666	698,846
Total Other Operating Income		40,329,721	25,765,511
Net Profit before Taxation		**198,686,348**	**306,004,496**
Provision for Taxation	31	56,729,949	101,206,969
Net Profit for the Year		**141,956,399**	**204,797,527**
Other Comprehensive Income for the Year		-	-
Total Comprehensive Income for the Year		**141,956,399**	**204,797,527**
Earning per Share of Rs. 5 each	32	3.55	5.12

The annexed notes 1 to 44 form an integral part of these financial statements.

OWAIS G. HABIB
Chief Executive

GAFFAR A. HABIB
Chairman

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	NOTE	2013 RUPEES	2012 RUPEES
Cash Flows from Operating Activities			
Cash Generated from Operations	34	313,097,702	190,325,582
Finance Cost Paid		(1,303,731)	(1,412,779)
Payment of Income Tax during the Year		(95,219,498)	(51,948,180)
Net Cash Generated From Operating Activities		216,574,473	136,964,623
Cash Flows from Investing Activities			
Addition in Property, Plant & Equipment		(18,116,509)	(32,141,979)
Sale Proceeds from Disposal of Property, Plant & Equipment		3,349,603	1,297,000
Decrease/(Increase) in Long Term Deposits		15,000	300,000
Net Cash generated in Investing Activities		(14,751,906)	(30,544,979)
Net Cash Flows available from Operating and Investing Activities		201,822,567	106,419,644
Cash Flows from Financing Activities			
Repayment of Liabilities against Assets subject to Finance Lease		-	(1,428,217)
Dividend Paid		(160,000,000)	(80,000,000)
Net Cash used in Financing Activities		(160,000,000)	(81,428,217)
Net Increase /(Decrease) in Cash and Bank Balances		41,822,567	24,991,427
Cash and Bank Balances at the beginning of the Year		86,940,721	61,949,294
Cash and Bank Balances at the end of the Year		128,763,288	86,940,721

The annexed notes 1 to 44 form an integral part of these financial statements.

OWAIS G. HABIB
Chief Executive

GAFFAR A. HABIB
Chairman

Habib-ADM Ltd.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

PARTICULARS	ISSUED, SUBSCRIBED AND PAID UP CAPITAL	CAPITAL RESERVE	REVENUE RESERVE GENERAL	UNAPPRO-PRIATED PROFIT	TOTAL
Balance as at July 01, 2011	200,000,000	10,000,000	50,000,000	412,805,260	672,805,260
Transaction with owners					
Final Cash Dividend for the year ended June 30, 2011 @ 40% i.e. Rs. 2 per share of Rs.5 each	-	-	-	(80,000,000)	(80,000,000)
Total Comprehensive income for the year ended June 30, 2012	-	-	-	204,797,527	204,797,527
	-	-	-	124,797,527	124,797,527
Balance as at June 30, 2012	200,000,000	10,000,000	50,000,000	537,602,787	797,602,787
Transaction with owners					
Final Cash Dividend for the year ended June 30, 2012 @ 80% i.e. Rs. 4 per share of Rs.5 each	-	-	-	(160,000,000)	(160,000,000)
Total Comprehensive income for the year ended June 30, 2013	-	-	-	141,956,399	141,956,399
	-	-	-	(18,043,601)	(18,043,601)
Balance as at June 30, 2013	200,000,000	10,000,000	50,000,000	519,559,186	779,559,186

The annexed notes 1 to 44 form an integral part of these financial statements.

OWAIS G. HABIB
Chief Executive

GAFFAR A. HABIB
Chairman

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1 LEGAL STATUS AND OPERATIONS

Habib-ADM Limited was incorporated in Pakistan on 10th July, 1980 as a Public Limited Company and its shares are quoted on the Karachi & Lahore Stock Exchanges. The Registered Office of the Company is situated at 2nd Floor, UBL Building, I.I.Chundrigar Road, Karachi. The principal activity of the Company is to produce rice based Starch Sugar and Proteins .

The Company's primary production facilities are located at its industrial complex in Hub. The Company has also set up a specialized production facility at Quetta. The Company also owns a wholly owned subsidiary namely M/s Habib Microfine (Private) Limited which is engaged in manufacturing of microfine processed products, trading and export of goods.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These Financial Statements have been prepared in accordance with the 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 Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provision or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Significant Accounting Judgments and Estimates:

The preparation of Financial Statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future event that are believed to be reasonable under the circumstances. Revisions to accounting estimate is recognized 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 Financial Statements.

Property, Plant and Equipment:

The Company has made certain estimation with respect to residual value, depreciation method and depreciable lives of items of property, plant and equipment. Further, the Company reviews the value of assets for possible impairment on each financial year end. Any change in the estimates in future years might effect the remaining amounts of respective items of Property, plant and equipments with a corresponding effect on the depreciation charge and impairment.

Income Taxes :

In making the estimates for the income taxes payable by the Company, the management considers current income tax law and the decisions of appellate authorities on certain cases issued in past.

Future Estimation of Export Sales :

Deferred tax calculation has been made based on estimate of future ratio of export and local sales based on past history.

Provision for Obsolescence :

Provision for Obsolescence and slow moving spare parts is based on parameters set out by management.

Contingencies:

Contingencies are evaluated based on the element of issue involved and opinion of legal counsel.

Stock in Trade:

Net realizable value of stock in trade is obtained from prevailing rates and estimate of expenses to be incurred thereon.

Provision for Bad Debts:

A provision for Bad debts of trade debts and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

Impairment in Investment:

The impairment in investment is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. An investment impairment is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that investment.

2.3 Standards and interpretation that became effective but not relevant to the Company

New standards, amendment and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the year are considered not to be relevant or have any significant effect on the company's operations.

During the year, the following amendments, interpretations and improvements to the accounting standards became effective:

IAS 19 Employee Benefits - Amended standards resulting from the post-employment benefits and termination benefit project

International Accounting Standards Board (IASB) also issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wordings. These improvements are listed below:

IFRS 7 Financial Instruments: Disclosures - Clarification of disclosures
IFRS 1 First time adoption of International Financial Reporting Standards
IAS 34 Interim Financial Reporting - Significant events and transactions
IAS 1 Presentation of Financial Statements- Classification of servicing equipment
IAS 16 Property Plant and Equipment - Clarification of the requirements for comparative information
IAS 32 Financial Instrument Presentation- Clarify the tax effect of a distribution to holders of equity instruments

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

2.4 Standards and Interpretations issued but not yet effective

The following standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after July 1, 2013 or later periods:

Standards		Effective date
IFRS 9	Financial Instruments - Revised requirements for financial liabilities and carrying over the existing derecognition requirements from IAS 39.	January 1, 2015
IAS 32	Financial Instruments Presentation - The amendment clarify the meaning of "Currently has a legally enforceable right of set-off"; and that some gross settlement system may be considered equivalent to net settlement	January 1, 2014
IFRS 10	Consolidated Financial Statements	January 1, 2014
IFRS 12	Disclosure of Interest in Other entities	January 1, 2014
IAS 36	Impairment of Assets - Amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed.	January 1, 2014
IAS 39	Financial Instruments: Recognition and measurement - Amendment clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met	January 1, 2014
IFRIC 20	Stripping Costs in the Production Phase of a surface Mine - Clarified the requirements for accounting for stripping costs associated with the waste removal in surface mining.	January 1, 2013
IFRIC 21	Levies - Provide guidance on when to recognise a liability for a levy imposed by government, both for levies that are accounted for in accordance with IAS 37 and those where the timing and amount of the levy is certain	January 1, 2014

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material affect on the Company's financial statements in the period of the initial application.

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

Standards		IASB Effective date Accounting Periods beginning on or After
IFRS 1	First time Adoption of International Financial Reporting Standards	January 1, 2013
IFRS 9	Financial Instruments	January 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Agreements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013
IAS 27	Separate Financial Statements due to non adoption of IFRS 10 and IFRS 11	January 1, 2013
IAS 28	Investment in Associates and Joint ventures due to non adoption of IFRS 10 and IFRS 11	January 1, 2013

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting Convention

These Financial Statements have been prepared under the historical cost convention, except as otherwise specifically disclosed in the accounting policies below.

3.2 Functional and Presentation Currency

These Financial Statements are presented in Pakistani Rupee which is the Company's Functional and presentation Currency.

3.3 Property, Plant and Equipment

Owned assets

Property, plant and equipment, except leasehold land and capital work-in-progress, are stated at cost less accumulated depreciation and impairment, if any. Leasehold land is stated at cost. Capital work-in-progress is stated at cost less impairment, if any. No amortization is provided on lease hold land since the leases are renewable at the option of lessee at nominal cost and their realizable values are expected to be higher than respective carrying values.

Depreciation is charged to income applying the Reducing Balance Method, whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation is charged including additions on quarterly basis, whereas no depreciation is charged on the assets disposed off during the quarter.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvement are capitalised and the assets so replaced, if any are retired.

Gains or losses on disposals of items of property plant and equipment, if any are included in profit and loss account.

Assets residual values, useful lives and methods of depreciation are reviewed, and adjusted, if appropriate at each financial year end.

Leased Assets

Assets held under finance leases are included in operating fixed assets at fair value or if lower at the present value of minimum lease payments.

The financial charge is calculated at the rate implicit in the lease and is charged to profit and loss account.

Assets acquired under the finance lease are depreciated over the useful life of the respective assets in the manner and at the rates applicable to the company's owned assets.

3.4 Capital Work in Progress

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.

3.5 Trade and Other Payables

Liabilities for trade and other amount payables are carried at cost which is the fair value of the consideration to be paid in future for good and services.

3.6 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company looses control of the contractual rights that comprises the financial assets. All financial liabilities are derecognized at the time when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account.

3.7 Investment

The Investment in wholly owned Subsidiary Company is stated at cost less impairment, if any.

3.8 Stores, Spare Parts and Loose Tools.

Stores and Spare Parts - Valued at moving average cost except for items in transit which are valued at actual cost

Loose Tools - Stated at actual

3.9 Stock in Trade

Raw Material - Valued at lower of monthly weighted average cost and net realizable value.

Packing Material - Valued at lower of weighted average cost and net realizable value.

Work-in-Process - Valued at lower of weighted average cost of raw material plus appropriate portion of the manufacturing expenses or net realizable value

Finished Goods - Valued at lower of weighted average manufacturing cost and net realizable value.

Raw Material in Transit - Stated at actual

3.10 Trade Debts

These are recognized and carried at original invoice amount which is the fair consideration. An estimate for doubtful debts is made when collection of the any amount is no longer probable. Debts considered irrecoverable are written off when identified.

3.11 Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, Cash and Cash Equivalents consist of Cash in hand and with Bank.

3.12 Borrowing Cost

Loans and borrowings are recorded as and when the proceeds are received.

Borrowing costs are recognized 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 cost, if any, is capitalized as part of the cost of that asset.

3.13 Taxation

Current :

Provision for current taxation is based on taxability of certain income streams of the Company under Final Tax Regime at the applicable tax rates and remaining income streams are chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and rebates available, if any, or minimum tax under section 113 of the Income Tax Ordinance, 2001 whichever is higher. The charge for current income tax is recorded after adjustment, if any, to the provision for tax made in prior year including those arising from assessment and amendments in assessments during the year in such years.

Deferred :

The Company accounts for Deferred Taxation on all material temporary differences using the Liability Method. Deferred Tax debit balances are recognized only to the extent that it is probable that future taxable profit will be available against which these can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited to profit & loss account.

3.14 Impairment

The carrying amounts of the assets are reviewed at each financial year end to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognized in the Profit and Loss Account.

3.15 Offsetting of Financial Assets and Liabilities

A Financial Asset and Financial Liability is offset and net amount is reported in the Balance Sheet if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets value and settle the liability simultaneously.

3.16 Provision

A provision is recognized in the financial statements when the Company has a legal constructive obligation as a result of a past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.17 Staff Retirement Benefits

The Company operates an approved defined contribution scheme of provident fund for eligible employees. Matching monthly contributions are made both by the Company and the Employees to the fund at 8.33% of salary.

3.18 Compensated Unavailed leaves

The Company accounts for its estimated liability towards unavailed leaves accumulated by employees at the end of the year, if any.

3.19 Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies. Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers. Dividend Income is recorded when the right to receive payment is established. Rent Income and Interest Income is recognized on accrual basis.

3.20 Dividend & Appropriation to reserves

Dividend and appropriation to reserves are recognized in the Financial Statements in the period in which these are approved.

3.21 Foreign Currency Translations

Foreign currency transactions are translated into Pak Rupees using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end the exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Profit and loss account.

		2013 RUPEES	2012 RUPEES
4	**ISSUED, SUBSCRIBED AND PAID UP CAPITAL**		
	15,000,000 Ordinary Shares of Rs. 5 each fully paid issued for Cash.	75,000,000	75,000,000
	25,000,000 Ordinary Shares of Rs. 5 each issued as Fully Paid Bonus Shares.	125,000,000	125,000,000
		200,000,000	200,000,000
5	**CAPITAL RESERVE**		
	Share Premium on 5,000,000 Right Shares @ Rs. 2 per share issued in the year 1995-96	10,000,000	10,000,000
6	**REVENUE RESERVE - General** This reserve is created out of appropriation in past year and retained to meet future exigencies	50,000,000	50,000,000
7	**DEFERRED TAXATION**		
	Deferred Tax Liability arising due to : Accelerated Depreciation Allowance	41,450,000	43,460,000

	2013 RUPEES	2012 RUPEES
8 TRADE AND OTHER PAYABLES		
Trade Creditors	3,698,343	12,786,282
Accrued Liabilities	20,615,373	27,906,674
Advance from Customers	34,331,883	17,831,477
Security Deposit from Customers (Refundable on Cessation of Business Dealings, Free of Interest)	254,450	808,774
Workers' Profit Participation Fund - Note 8.1	2,649,350	7,334,183
Workers' Welfare Fund	4,054,823	6,244,990
Others - Note 8.2	12,176,150	10,842,338
	77,780,372	83,754,718

8.1 Workers' Profit Participation Fund

Opening Balance	7,334,183	4,108,020
Add: Interest on funds utilized for Company's business	144,579	122,870
	7,478,762	4,230,890
Add: Allocation for the year	10,670,588	16,434,183
	18,149,350	20,665,073
Less: Amount paid to trustees	15,500,000	13,330,890
Closing Balance	2,649,350	7,334,183

8.2 Others

Income Tax Deducted at Source	20,043	10,241
Sales Tax and Special Excise Duty Payable	2,203,604	2,742,360
Unclaimed Dividend	9,948,988	8,086,222
Unclaimed Cheques For Right and Bonus Share Fraction	3,515	3,515
	12,176,150	10,842,338

9 SHORT TERM BORROWINGS - Secured

The sanctioned limit of short term borrowings (Running Finance with sub limit in Finance against Packing Credit, Finance against Foreign Bills and Foreign Currency Export Finance) aggregates to Rs. 100 million (2012 Rs. 100 million) and unavailed facility during the year as well as at the Balance Sheet date amount to Rs.100 million (2012 Rs. 100 million). Facility is valid up to December 31, 2013. The mark-up is linked with 3-Months KIBOR plus the spread of 2.5% per annum. The short term facility of the bank is for one year which is renewable after expiry of the term on revolving basis. These finance facilities are secured against hypothecation of Stocks and Book Debts, Lien over LC/Contract and import document, Furthermore, the Company has also provided collateral security to a Bank being an equitable mortgage over plant & machinery and land & building. The aggregate limit is available for utilization by the company or its wholly owned subsidiary.

10 PROVISION OF INCOME TAX NET OF PAYMENTS

Opening Balance Payable / (Refundable)	41,950,252	(5,898,537)
Tax paid during the year including Advance Tax	(95,219,498)	(51,948,180)
	(53,269,246)	(57,846,717)
Provision for current year	58,278,960	97,352,770
Tax for prior year	460,989	2,444,199
Net Payable	5,470,703	41,950,252

11 CONTINGENCIES & COMMITMENTS

11.1 The Company contested an appeal before the Appellate Tribunal-Inland Revenue against the order passed by the Collector Customs & Central Excise (Appeals) confirming levy of Sales Tax by the Collector of Customs & Central Excise in the year 1991 of Rs. 11.5 million. Appellate Tribunal-Inland Revenue has since adjudicated the matter during the year and has set aside the orders. Time to file further appeal by the department have yet to elapse.

11.2 Guarantees have been issued by Commercial Bank on behalf of the Company to Sui Southern Gas Company Limited for gas supply which is secured against assets disclosed in Note 9 in the normal course of the business aggregating to Rs. 36.435 million (2012 : Rs 36.435 million)

11.3 Habib-ADM Limited being parent Company has provided to Commercial Bank a Guarantee of Rs.100 million on behalf of its wholly owned Subsidiary Company Habib Microfine (Pvt) Limited to cover the loan sanctioned by that bank on mark up basis. (Also refer Note 9)

11.4 The Company Commitment as on June 30, 2013 amounting to Rs. 3.542 million (2012: Rs 17.15 million) against letter of credit for raw materials.

12. PROPERTY, PLANT & EQUIPMENT

		2013 RUPEES	2012 RUPEES
Operating Fixed Assets - Tangible	12.1	340,536,833	359,279,618
Capital Work - in - Progress	12.3	1,217,452	-
		341,754,285	359,279,618

12.1 Carrying Value Reconciliation of Property,Plant & Equipment for 2013

Particulars of Assets	2013									
	Cost as at July 01, 2012	Depreciation as at July 01, 2012	Carrying Value at the beginning of the year	Additions during the year	Disposals during the year	Adjustment/ Transfer	Rate %	Depreciation for the year	Accumulated Depreciation as at June 30, 2013	Carrying Value of assets as at June 30, 2013
Land (Lease hold) at Hub & Karachi	50,774,480	-	50,774,480	131,216	-	-	-	-	-	50,905,696
On Lease Hold Land										
Factory Building	104,045,936	63,253,211	40,792,725	-	-	-	10	4,079,272	67,332,483	36,713,453
Office at Factory	7,086,750	899,171	6,187,579	-	-	-	5	309,380	1,208,551	5,878,199
Pavement and Ponds	9,303,700	3,878,498	5,425,202	-	-	-	5	271,260	4,149,758	5,153,942
Larkana Office Premises	759,358	405,100	354,258	-	-	-	5	17,712	422,812	336,546
Plant & Machinery	624,416,116	407,913,121	216,502,995	11,874,161	-	-	10	22,396,437	430,309,558	205,980,719
Tube Well	175,000	134,318	40,682	-	-	-	10	4,068	138,386	36,614
Office & Electrical Equipment	4,853,961	3,631,269	1,222,692	99,000	-	-	10	124,743	3,756,012	1,196,949
Computers	4,221,654	2,841,772	1,379,882	52,500	-	-	30	420,858	3,262,630	1,011,524
Laboratory Equipment	3,303,870	2,848,698	455,172	-	-	-	10	45,516	2,894,214	409,656
Furniture & Fixtures	4,523,107	2,699,273	1,823,834	40,000	-	-	10	184,134	2,883,407	1,679,700
Vehicles	66,341,153	32,207,430	34,133,723	4,702,180	295,937	-	20	7,476,025	39,683,455	31,063,941
Boat	415,000	367,149	47,851	-	-	-	20	9,572	376,721	38,279
Godown at Karachi	218,996	80,453	138,543	-	-	-	5	6,928	87,381	131,615
Total as on June 30, 2013	880,439,081	521,159,463	359,279,618	16,899,057	295,937			35,345,905	556,505,368	340,536,833

Carrying Value Reconciliation of Property,Plant & Equipment for 2012

Particulars of Assets	2 0 12									
	Cost as at July 01, 2011	Depreciation as at July 01, 2011	Carrying Value at the beginning of the year	Additions during the year	Disposals during the year	Adjustment/ Transfer	Rate %	Depreciation for the year	Accumulated Depreciation as at June 30, 2012	Carrying Value of assets as at June 30, 2012
Land (Lease hold) at Hub & Karachi	37,803,418	-	37,803,418	12,971,062	-	-	-	-	-	50,774,480
On Lease Hold Land	-	-	-	-	-	-				
Factory Building	103,929,966	58,727,990	45,201,976	115,970	-	-	10	4,525,221	63,253,211	40,792,725
Office at Factory	7,086,750	573,507	6,513,243	-	-	-	5	325,664	899,171	6,187,579
Pavement and Ponds	9,303,700	3,592,962	5,710,738	-	-	-	5	285,536	3,878,498	5,425,202
Larkana Office Premises	759,358	386,456	372,902	-	-	-	5	18,644	405,100	354,258
Plant & Machinery	615,892,753	384,538,880	231,353,873	8,523,363	-	-	10	23,374,241	407,913,121	216,502,995
Tube Well	175,000	129,798	45,202	-	-	-	10	4,520	134,318	40,682
Office & Electrical Equipment	4,853,961	3,495,413	1,358,548	-	-	-	10	135,856	3,631,269	1,222,692
Computers	3,984,679	2,301,951	1,682,728	236,975	-	-	30	539,821	2,841,772	1,379,882
Laboratory Equipment	3,274,935	2,799,732	475,203	28,935	-	-	10	48,966	2,848,698	455,172
Furniture & Fixtures	4,378,147	2,502,551	1,875,596	144,960	-	-	10	196,722	2,699,273	1,823,834
Vehicles	54,897,975	24,921,225	29,976,750	10,120,714	619,135	1,824,000	20	7,168,606	32,207,430	34,133,723
Boat	415,000	355,185	59,815	-	-	-	20	11,964	367,149	47,851
Godown at Karachi	218,996	73,161	145,835	-	-	-	5	7,292	80,453	138,543
Total as on June 30, 2012	846,974,638	484,398,811	362,575,827	32,141,979	619,135	1,824,000		36,643,053	521,159,463	359,279,618
Leased Vehicle	3,000,000	1,080,000	1,920,000	-	-	(1,824,000)	20	96,000	-	-
Grand Total as on June 30, 2012	849,974,638	485,478,811	364,495,827	32,141,979	619,135	-		36,739,053	521,159,463	359,279,618

Note:	2013 RUPEES	2012 RUPEES
Depreciation has been allocated and charged as under :		
Cost of Sales	31,202,555	32,675,423
Administrative Expenses	4,143,350	4,063,630
	35,345,905	36,739,053

12.2 The following is the statement of Fixed Assets sold during the year.

Particulars of Assets	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain	Mode of Sale	Sold to
HONDA CIVIC Reg # ACX-923 Model 2000	90,500	75,317	15,183	488,900	473,717	BY TENDER	Mr. Raheel Methani H/No D-87/1,Kehkashan, Clifton Block 7, Karachi
HONDA CIVIC Reg # AGT-624 Model 2004	110,750	74,459	36,291	838,900	802,609	BY TENDER	Mr. Raheel Methani H/No D-87/1,Kehkashan, Clifton Block 7, Karachi
HONDA CIVIC Reg # AHA-590 Model 2004	100,250	69,042	31,208	730,500	699,292	BY TENDER	Mr. Mohammed Raza Flat # B-14, Gulshan -e-Sabir, Soldier Bazar Karachi
HONDA CIVIC Reg # AGD-653 Model 2004	137,750	97,013	40,737	860,300	819,563	BY TENDER	Mr. Mohammed Raza Flat # B-14, Gulshan -e-Sabir, Soldier Bazar M.A.Jinnah Road Karachi
SUZUKI BOLAN Reg # CS-4935 Model 2008	439,630	277,115	162,515	421,000	258,485	BY TENDER	Mr. Zahid Khan H.# 63, Ghilanabad, Malir Colony, Karachi
Honda CD 70 Reg # KAX-1893 Model 2003	5,850	4,470	1,380	1,380	-	BY NEGOCIATION	Mr. Ali Abbas B-504 , M.L.Paradise Soldier Bazar Karachi
HABIB 70 Reg # KDD-8619 Model 2007	38,700	30,077	8,623	8,623	-	BY NEGOCIATION	Mr. Mohammed Hanif Rasheed abad Karachi
Total as on June 30, 2013	923,430	627,493	295,937	3,349,603	3,053,666		
Total as on June 30, 2012	1,677,536	1,058,401	619,135	1,297,000	677,865		

12.3 The following is the movement in capital work in progress during the Year

	2013			
	Opening Balance	Additions	Transferred to Operating Fixed Assets	Closing Balance
Plant & Machinery & other Assets	-	7,101,155	5,883,703	1,217,452
Total June 30, 2013	-	7,101,155	5,883,703	1,217,452
Total June 30, 2012	-	-	-	-

	2013 RUPEES	2012 RUPEES

13 LONG TERM INVESTMENT IN SHARE CAPITAL OF SUBSIDIARY COMPANY

In wholly owned Subsidiary Company namely Habib Microfine (Pvt) Limited

	2013 RUPEES	2012 RUPEES
100,000 ordinary shares of Rupees 10 each.	1,000,000	1,000,000

Name of the CEO of the investee is Mr. Owais G. Habib
Book value of the investee company is Rs. One million based on audited financial statements for the year ended June 30, 2013.

14 LONG TERM DEPOSITS

	2013 RUPEES	2012 RUPEES
Deposits - Security	3,243,001	3,258,001

15 STORES, SPARE PARTS & LOOSE TOOLS

	2013 RUPEES	2012 RUPEES
Stores	20,439,664	29,301,702
Spare Parts	21,582,672	22,388,175
Loose Tools	436,419	436,419
Stores in Transit	561,093	176,306
	43,019,848	52,302,602

16 STOCK IN TRADE

	2013 RUPEES	2012 RUPEES
Raw & Packing Material	69,697,857	97,351,529
Work-in-Process	1,930,077	649,895
Finished Goods	105,360,173	92,737,743
Raw Material-in-Transit	-	1,468,521
	176,988,107	192,207,688

	2013 RUPEES	2012 RUPEES
17 TRADE DEBTS - Considered Good		
Subsidiary Company- Habib Microfine (Pvt) Ltd-Current Dues	1,580,365	566,275
Others - Local - Unsecured	145,038	1,395,767
- Foreign - Secured Note 17.2	-	62,018,664
	145,038	63,414,431
	1,725,403	63,980,706

17.1 It represents dues out of current sales and there are no past due or impaired amount. Maximum amount due from subsidiary company at any month end was Rs.1.58 mn (2012: Rs.2.91 mn)

17.2 Foreign debtors are secured against irrevocable export letters of credit.

	2013 RUPEES	2012 RUPEES
18 ADVANCES - Unsecured		
To Employees other than Directors, CEO & Key Management Personnel	122,616	271,652
Against - Purchases & Supplies	3,140,558	785,068
	3,263,174	1,056,720
19 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Security Deposits	90,000	190,000
Prepayments	2,678,655	2,400,847
	2,768,655	2,590,847
20 SHORT TERM INVESTMENTS		
PLS Term deposit receipt with Bank Al Habib Ltd.	200,000,000	200,000,000

20.1 It carries profit @ 8.5% p.a (2012: 11% p.a) paid at the time of maturity/rollover (3 months period).

	2013 RUPEES	2012 RUPEES
21 ACCRUED INCOME		
Income accrued on PLS term deposit receipt with Bank Al-Habib Ltd	801,096	1,989,041
22 OTHER RECEIVABLES		
Dividend Receivable from Subsidiary Company	-	1,559,565
Export Rebate	176,029	302,248
Insurance Claim	757,375	300,000
	933,404	2,161,813

		2013 RUPEES	2012 RUPEES
23	**CASH & BANK BALANCES**		
	Cash in Hand	2,575,629	1,521,492
	Balances with Banks:		
	Local Currency :		
	In Current Account	3,897,804	4,266,344
	In Call Treasury Account - Note 23.1	122,289,855	81,152,885
		126,187,659	85,419,229
		128,763,288	86,940,721

23.1 It carries Interest @ 8.25% p.a (2012 - 9.50% p.a)

		2013 RUPEES	2012 RUPEES
24	**SALES**		
	Local Sales	953,426,419	1,158,316,261
	Export Sales	275,523,397	315,668,492
	Add: Rebate	131,743	154,125
	Total Gross Sales	1,229,081,559	1,474,138,878
	Less: Sales Tax	45,383,794	70,134,354
	Net Sales	1,183,697,765	1,404,004,524
25	**COST OF GOODS SOLD**		
	Raw & Packing Material Consumed - Note 25.1	576,436,368	622,769,924
	Repairs, Maintenance & Stores Consumed	19,703,299	37,140,806
	Utilities (Fuel, Power & Water)	147,003,678	128,778,340
	Salaries, Wages including Bonus, Staff Welfare and Contribution to Provident Fund - Note 33	78,043,636	72,990,457
	Vehicle Running Expenses	4,943,458	4,734,703
	Insurance	6,447,390	7,560,916
	Obsolescence for Stores & Spare Parts	-	119,520
	Other Manufacturing Expenses - Note 25.2	6,602,185	3,674,953
	Depreciation	31,202,555	32,675,423
		870,382,569	910,445,042
	Add: Opening Stock of Work-in-Process	649,895	-
		871,032,464	910,445,042
	Less: Closing Stock of Work-in-Process	1,930,077	649,895
	Cost of Goods Produced	869,102,387	909,795,147
	Add: Opening Stock of Finished Goods	92,737,743	125,991,143
		961,840,130	1,035,786,290
	Less: Closing Stock of Finished Goods	105,360,173	92,737,743
		856,479,957	943,048,547
	Insurance Claim against Finished Goods	-	118,847
	Cost of Goods Sold	856,479,957	942,929,700

25.1 Raw & Packing Material Consumed

	Raw Material	Packing Material	2013 RUPEES	2012 RUPEES
Opening Stock	93,659,315	3,692,214	97,351,529	133,589,020
Add: Purchases	507,259,708	41,522,988	548,782,696	586,532,433
Available for Manufacturing	600,919,023	45,215,202	646,134,225	720,121,453
Less: Closing Stock	59,863,576	9,834,281	69,697,857	97,351,529
	541,055,447	35,380,921	576,436,368	622,769,924

25.2 Other Manufacturing Expenses

	2013 RUPEES	2012 RUPEES
Travelling	5,415	34,875
Cartage	24,495	146,025
Printing & Stationery	455,954	92,224
Postage & Telephone	365,673	405,109
Rent, Rates & Taxes	179,718	215,338
Conveyance	72,697	42,485
Entertainment	329,793	389,635
Legal & Professional	-	20,200
Advertisement	-	7,229
Independent Laboratory Testing Expenses	758,452	361,916
Security Expense	3,817,663	1,543,685
Others	592,325	416,232
	6,602,185	3,674,953

26 SELLING & DISTRIBUTION EXPENSES

	2013 RUPEES	2012 RUPEES
Salaries, Wages including Bonus, Staff Welfare and Contribution to Provident Fund - Note 33	8,690,790	8,045,120
Rent, Rates and Taxes	297,000	276,000
Vehicle Running Expense	899,179	810,684
Repair & Maintenance	5,887	29,765
Traveling	51,935	18,230
Utilities (Fuel, Powers & Water)	23,607	11,863
Postage & Telephone	602,625	259,401
Printing & Stationery	194,158	149,953
Advertisement	875,940	844,823
Insurance	300,472	363,651
Samples	4,216	-
Conveyance	515,467	463,816
Entertainment	81,476	62,410
ISO & HACCP Certification Expenses	85,000	192,718
Kosher Certification Expenses	985,645	912,317
Organic Certification Expenses	1,094,177	856,465
Freight & Commission	72,460,504	75,665,215
Bad Debts Written Off	-	308,771
Others	52,370	57,569
	87,220,448	89,328,771

		2013 RUPEES	2012 RUPEES
27	**ADMINISTRATIVE EXPENSES**		
	Salaries, Wages including Bonus, Staff Welfare and Contribution of Provident Fund - Note 33	31,069,276	29,373,268
	Rent, Rates and Taxes	11,007	29,694
	Vehicle Running Expense	2,906,057	2,893,987
	Repair & Maintenance	80,750	127,220
	Traveling	15,485,776	18,604,873
	Utilities (Fuel, Powers & Water)	282,090	207,897
	Postage & Telephone	1,327,726	1,813,764
	Printing & Stationery	1,595,511	1,128,528
	Advertisement	77,641	85,397
	Legal & Professional	976,054	321,135
	Insurance	990,145	863,710
	Conveyance	542,266	515,998
	Entertainment	1,543,043	1,000,095
	Directors' Fee	60,000	57,500
	Audit Fee - Note 27.1	685,825	588,250
	Charity, Donations and Corporate Social Responsibility Costs - Note 27.2	1,123,827	2,991,261
	Depreciation	4,143,350	4,063,630
	Orientation Course	-	900,000
	Others	1,424,977	927,709
	Share Registrar Service Charges	858,000	858,000
	Security Expenses	-	76,000
		65,183,321	67,427,916

		2013 RUPEES	2012 RUPEES
27.1	Audit Fee		
	Annual Audit Fee	575,000	500,000
	Review of Half Yearly Accounts	29,000	25,000
	Fee for Consolidated financial statements	23,000	20,000
	Review of Statement of Compliance with Code of Corporate Governance	17,000	15,000
	Out of Pocket Expenses	41,825	28,250
		685,825	588,250

27.2 None of the Directors or their spouses had any interest in the donee's fund.

		2013 RUPEES	2012 RUPEES
28	**FINANCE COST**		
	Interest On Workers' Profits Participation Fund	144,579	122,870
	Financial Charges on Liabilities against Assets subject to Finance Lease	-	80,112
	Bank Guarantee Commission	324,127	507,175
	Bank Charges	835,025	702,622
		1,303,731	1,412,779

		2013 RUPEES	2012 RUPEES
29	**OTHER OPERATING CHARGES**		
	Workers' Profits Participation Fund	10,670,588	16,434,183
	Workers' Welfare Fund - Current Year	4,054,823	6,244,990
	- Prior Year	-	(21,781)
	Loss on disposal of Property, Plant & Equipment	-	8,981
	Exchange Loss	428,270	-
		15,153,681	22,666,373
30	**INCOME FROM NON FINANCIAL ASSETS**		
	Rent Income from Subsidiary Company	12,000	12,000
	Gain on Sale of Property, Plant & Equipment	3,053,666	686,846
		3,065,666	698,846
31	**PROVISION FOR TAXATION**		
	Income Tax - Current Year	58,278,960	97,352,770
	- Prior Year	460,989	2,444,199
	Deferred Tax (Reversal) / Provision	(2,010,000)	1,410,000
		56,729,949	101,206,969
31.1	Relationship Between Tax Expense Accounting Profit		
	Net Profit as per Profit and Loss Account	198,686,348	306,004,496
	Tax @ 35%	69,540,222	107,101,574
	Tax Effect From:		
	Export Sales	(10,138,058)	(8,238,087)
	Dividend Income attracting Lower Tax	(1,746,844)	(1,112,205)
	Prior year Taxation	460,989	2,444,199
	Others	(1,386,360)	1,011,488
		56,729,949	101,206,969
32	**EARNING PER SHARE - BASIC AND DILUTED**		
	Net Profit After Taxation	141,956,399	204,797,527
	Weighted Average Number of Ordinary Shares of Rs.5 each	40,000,000	40,000,000
	Earning Per Share	3.55	5.12

There is no dilutive effect on the basic earning per share of the Company.

33 DEFINED CONTRIBUTION SCHEME

An amount of Rs. 6.78 million (2012 Rs.5.95 million) has been charged during the year in respect of contributory Provident Fund scheme maintained by the Company which has been included in Salaries, Wages including Bonus, Contribution to Provident Fund & Staff Welfare Fund

	2013	2012
Cost of Goods Sold - Note 25	4,256,155	3,666,293
Selling & Distribution - Note 26	531,170	508,904
Administration - Note 27	1,994,916	1,774,840
	6,782,241	5,950,037

34 CASH GENERATED FROM OPERATIONS

	2013 RUPEES	2012 RUPEES
Profit Before Taxation	198,686,348	306,004,496
Adjustments for Non Cash Charges and Other Items:		
Depreciation	35,345,905	36,739,053
Loss on Disposal of Property, Plant & Equipment	-	8,981
Gain on sale of Property, Plant & Equipment	(3,053,666)	(686,846)
Provision for Obsolescence of Stores & Spare Parts	-	119,520
Finance Cost	1,303,731	1,412,779
Working Capital Changes - Note 34.1	80,815,384	(153,272,401)
	313,097,702	190,325,582

34.1 Working Capital Changes

(Increase) / Decrease in Current Assets		
Stores, Spare Parts & Loose Tools	9,282,754	5,181,556
Stock in Trade	15,219,581	70,101,884
Trade Debts	62,255,303	(57,771,871)
Advances	(2,206,454)	118,522
Trade Deposits and Short Term Pre-Payments	(177,808)	254,786
Other Receivables	1,228,409	413,642
Accrued Income	1,187,945	(1,989,041)
Short Term Investments	-	(200,000,000)
	86,789,730	(183,690,522)
Increase /(Decrease) in Current Liabilities		
Trade and Other Payables	(5,974,346)	30,418,121
Working Capital Changes	80,815,384	(153,272,401)

35 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES:

PARTICULARS	Directors		Chief Executive		Executives		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012
Meeting Fee - 3 Directors	60,000	42,000	-	-	-	-	60,000	42,000
Managerial Remuneration	6,936,000	6,760,000	5,951,400	5,800,350	19,681,380	16,131,538	32,568,780	28,691,888
Other Benefits (Leave Encashment)	905,534	327,534	529,013	529,013	1,454,798	890,729	2,889,345	1,747,276
Contribution to Provident Fund	577,992	521,450	495,948	447,425	1,640,148	1,245,001	2,714,088	2,213,876
Total Rupees	8,479,526	7,650,984	6,976,361	6,776,788	22,776,326	18,267,268	38,232,213	32,695,040
Number of persons	2	2	1	1	18	13	21	16

In addition, the Chief Executive, Directors and the ten Executives are provided free use of Company maintained cars as per terms of employment, Telephone at residence and club bills of Chief Executive and Two Directors are also paid by the Company.

36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

36.1 Financial Assets and Liabilities 2013

PARTICULARS	INTEREST/MARKUP BEARING			NON-INTEREST/MARKUP BEARING			Total 2013
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	
Financial Assets :							
Deposits	-	-	-	90,000	3,243,001	3,333,001	3,333,001
Trade Debts	-	-	-	1,725,403	-	1,725,403	1,725,403
Advances to Employee	-	-	-	122,616	-	122,616	122,616
Short Term Investment (see note 20)	200,000,000	-	200,000,000	-	-	-	200,000,000
Other Receivables	-	-	-	757,375	-	757,375	757,375
Cash & Bank Balances (see note 23)	122,289,855	-	122,289,855	6,473,433	-	6,473,433	128,763,288
Total Financial Assets 2013	322,289,855	-	322,289,855	9,168,827	3,243,001	12,411,828	334,701,683
Financial Liabilities :							
Trade & Other Payables	2,649,350	-	2,649,350	75,131,022	-	75,131,022	77,780,372
Total Financial Liabilities 2013	2,649,350	-	2,649,350	75,131,022	-	75,131,022	77,780,372

Financial Assets and Liabilities 2012

PARTICULARS	INTEREST/MARKUP BEARING			NON-INTEREST/MARKUP BEARING			Total 2012
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	
Financial Assets :							
Deposits	-	-	-	190,000	3,258,001	3,448,001	3,448,001
Trade Debts	-	-	-	63,980,706	-	63,980,706	63,980,706
Advances to Employee	-	-	-	271,652	-	271,652	271,652
Short Term Investment (see note 20)	200,000,000	-	200,000,000	-	-	-	200,000,000
Other Receivables	-	-	-	2,161,813	-	2,161,813	2,161,813
Cash & Bank Balances (see note 23)	81,152,885	-	81,152,885	5,787,836	-	5,787,836	86,940,721
Total Financial Assets 2012	281,152,885	-	281,152,885	72,392,007	3,258,001	75,650,008	356,802,893
Financial Liabilities :							
Trade & Other Payables	7,334,183	-	7,334,183	76,420,535	-	76,420,535	83,754,718
Total Financial Liabilities 2012	7,334,183	-	7,334,183	76,420,535	-	76,420,535	83,754,718

36.2 Financial Risk Management Objectives and Policies

The company finances its operations through equity borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

36.2.1 Financial Instruments and Related Disclosures

The company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but not limited to market risk, credit risk and liquidity risk. The company's over all risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

36.2.2 Credit Risk and Concentration of Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fails completely to perform as contracted.

The Company manages credit risk interalia by setting out credit limits in relation to individual worthiness of customers and /or by obtaining advances against sales /or through letter of credits and/ or by providing for doubtful debts. Company does not have significant exposure in relation to individual customers. Consequently the Company believes that it is not exposed to any major concentration of credit risk.

	2013 RUPEES	2012 RUPEES
The maximum exposure of Financial Assets as at the balance sheet date are as follows;		
Long term Deposits	3,243,001	3,258,001
Trade Debts	1,725,403	63,980,706
Advances	122,616	271,652
Trade Deposits	90,000	190,000
Short Term Investments	200,000,000	200,000,000
Other Receivables	933,404	2,161,813
Bank Balances	126,187,659	85,419,229
	332,302,083	355,281,401

The Financial Assets that are neither past due are as follows;

Trade Debts	1,725,403	63,980,706
Advances	122,616	271,652
Trade Deposits	90,000	190,000
Other Receivables	933,404	2,161,813

The Financial Assets that are either past due or impaired are as nil.

36.2.3 Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The company manage liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

As at June 30, 2013, the company had an aggregate available borrowing limits amounting to Rs. 100 million (2012: 100 million) from a bank and Rs. 128.80 million (2012: 86.94 million) cash and Bank balances. Base on the above, the management of the Company believe that the liquidity risk at present is non-existent.

The management forecasts the liquidity of the company on the basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

36.2.4 Market Risk:

Market risk refers to fluctuation in value of financial instruments as a result of changes in market prices. The Company manages market risk as follows:

a) Foreign Exchange Risk Management

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arise mainly from future economic transactions or receivables and payables that exist due to transaction in foreign exchange.

The Company is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US Dollar (USD),Euro and Pounds(GBP).

Currently, the Company's foreign exchange risk exposure is restricted to the amount receivable / payable from / to the foreign entities during a year and outstanding foreign letters of credit.

Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate , with all other variables held constant, of the Company's profit before tax and the company's equity.

	Change in foreign Currency rate %	Effect on tax profit or (loss)
June 30, 2013	+5	-
	-5	-
June 30, 2012	+5	3,100,933
	-5	(3,100,933)

b) Interest rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates the value of financial instruments. The company presently has no short term borrowing as at June 30, 2013,though it has a sanctioned limit of Rs. 100 million.

Instead the Company's financial instruments represents fund balances placed under deposits with banks where changes in interest rates may have impact on the future profit/cash flows. Treasury account with a schedule bank of Rs. 122.29 million (2012:Rs. 81.15 million). The Company places its funds with Bank Al Habib Limited which having good credit ratings.

c) Price Risk

Price risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, (other than those arising from interest or currency rate risk), whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is only exposed to equity price risk with respect to its investment in wholly owned subsidiary which is strategic.

The Company monitors other price risk by closely monitoring the suppliers and commodity situation.

36.2.5 Trade debts

Trade debts are essentially due from local and foreign customers and the company does not expect that these companies will fail to meet their obligations.

The Company establishes an allowance for the doubtful trade debts that represent its estimate of incurred losses in respect of trade debts. This allowance is based on the management assessment of a specific loss component that relates to individually significant exposures.

36.2.6 Bank Balances

The Company limits its exposure to credit risk by investigating in liquid securities and maintaining bank accounts only with counterparties that have stable credit rating.

Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations. Following are the details of the respective credit ratings of the Banks.

Credit Quality of Financial Assets; Short Term Credit Rating	Rating Agency	2013 RUPEES	2012 RUPEES
A1+	PACRA	123,947,049	83,885,438
A-1+	JCR-VIS	1,778,386	1,096,012
P-1	Moody's	462,224	394,054
P-1*	Moody's	-	43,725
Total		126,187,659	85,419,229

36.2.7 Fair Value of Financial Instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value Estimates.

The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values except those which are described policy notes.

37 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return surplus capital to shareholders or issue the new shares or sell assets to reduce debt, as the case may be.

38 PRODUCTION CAPACITY

	2013	2012
Capacity Utilized	36.76%	44.88%

The initial designed capacity of the plant is 45,000 M.Tons of High Fructose Syrup. Later additions and modifications to the plant have enabled production of a wider range of products including liquid glucose, maltodextrins,dextrose powder, sorbitol, etc. Market demands has been the main constraint for low utilization of capacity.

39 PROVIDENT FUND RELATED DISCLOSURE

The following information is based on latest un-audited financial statements of the fund:

	2013 RUPEES	2012 RUPEES
Size of the Fund - Total Assets	153,379,291	142,489,028
Cost of Investment	105,932,501	96,310,970
Percentage of Investment made	69.07%	67.59%
Fair Value of Investment made	113,798,238	103,025,303

The break up value of fair value of investment is

	2013	2012		
Bank Balances	4.96%	3.56%	5,649,625	3,666,090
Term Deposit Receipts	95.04%	96.44%	108,148,613	99,359,213
	100%	100%	113,798,238	103,025,303

The investment out of the provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

40 NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2013 and 2012

	2013	2012
	No. of employees	
Average number of employees during the year	427	437
Number of employees as at June 30, 2013/2012.	406	450

	2013 RUPEES	2012 RUPEES
41 TRANSACTIONS WITH RELATED PARTIES (SUBSIDIARY COMPANY)		
Rent Income	12,000	12,000
Sale to Subsidiary Company	4,576,465	3,747,598
Dividend from Subsidiary Company	6,987,374	4,448,820
Payment of Dividend to Associated Companies	4,732,800	2,366,400
	16,308,639	10,574,818

There are no transaction with key management personnel other than under the terms of employment as disclosed in note 35

42 DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements were authorized for issue on 29 August, 2013 by the Board of Directors of the Company.

43 NON ADJUSTMENT EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on 29 August 2013 has proposed a cash dividend in respect of the year ended June 30, 2013 at the rate of 70% i.e. Rs.3.50 per Share of Rs. 5 each. Which is subject to the approval of the forth coming Annual General Meeting. The Financial Statements for the year ended June 30, 2013 do not include the effect of this appropriation which will be accounted for in the Financial Statements for the year ending June 30, 2014.

44 GENERAL

Figures have been rounded of to the nearest rupee.

OWAIS G. HABIB
Chief Executive

GAFFAR A. HABIB
Chairman

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 33rd Annual General Meeting of the members of the Company will be held on Thursday, October 24, 2013 at 11:30 a.m. at HAH Muslim Gymkhana Auditorium, Aiwan-e-Sadar Road, Karachi.

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Body Meeting held on October 20, 2012.
2. To receive and adopt the Director's Report and Audited Financial Statements of the Company for the year ended June 30, 2013.
3. To approve the Final Cash Dividend for the year ended June 30, 2013 @ 70% i.e. Rs.3.50 per share of Rs. 5 each to the members as recommended by the Board of Directors.
4. To appoint Auditors for the year ending on June 30, 2014 and fix their remuneration.
5. To transact such other business as may be placed before the meeting with the permission of the Chairman.

By Order of the Board

Ali Asghar Rajani
Company Secretary

Karachi: 29 August 2013.

NOTES:

i. The share transfer books of the Company will remain closed from October 18, 2013 to October 24, 2013 (both days inclusive).

ii. A member of the company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies must be received at the Company's Share Registrar office not later than 48 hours prior to the meeting.

iii. The CDC account / Sub account holders are requested to bring with them their Computerized National Identity Cards (CNIC) along with the participant(s) ID number and their account numbers at the time of attending the AGM in order to facilitate identification of the respective shareholders. In case of corporate entity, the Board of Directors Resolution / Power of attorney with specimen signature must be produced at the time of meeting.

iv. The shareholders are requested to send their CNIC and also to communicate any change in their address to the Company's Share Registrar: Secretarial Services (Pvt) Limited, at 2nd Floor, UBL Building, I.I.Chundrigar Road, Karachi. Shareholders's CNIC Numbers is now mandatory for every Company to have printed on Dividend Warrant else the Warrant may not be dispatched.

Habib-ADM Ltd.

PROXY FORM

I/We____

of____

being a member(s) of HABIB-ADM LIMITED, and a holder of ____________________

Ordinary Shares as per Share Register Folio Number____________________

and/or CDC Account and participant's I.D. Numbers ____________________

hereby appoint ____________________Folio No. ____________of ________

or failing him/her ____________________Folio No. ____________of ________

another member of HABIB-ADM LIMITED as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 24, 2013, and at any adjournment thereof.

Signed this ____________________Day of ____________________

Revenue Stamp
Five
Rupees

SIGNATURE OF MEMBER(S)

(Signature should agree with the specimen signature registered with the Company)