



Habib-ADM Ltd.

***37th Annual Report
for the year ended
June 30, 2017***

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COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Owais G. Habib
Mr. Tufail Y. Habib

Managing Director

Non Executive Directors

Mr. Gaffar A. Habib
Dr. Howard J. Synenberg
Ms. Fatemah G. Habib
Dr. Salma Habib
Mr. Daniyal Ghani

Chairman

BOARD OF AUDIT COMMITTEE

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

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. Muhammad Yaseen Haroon

COMPANY SECRETARY

Mr. Ali Asghar Rajani

AUDITORS

EY Ford Rhodes
Chartered Accountants

SHARE REGISTRAR

M/s. THK Associates (Pvt.) Limited
1st Floor, 40 - C, Block - 6, P.E.C.H.S., Karachi-75400
UAN: (021) 111-000-322 Fax: (021) 34168271

REGISTERED OFFICE

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Karachi - 74000, Pakistan.
Telephone : (021) 32411887
Fax : (021) 32414581

ADMINISTRATIVE OFFICES & FACTORY

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Hub - 90250
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CHAIRMAN'S REVIEW / DIRECTORS' REPORT



Dear Shareholders,

We bow our heads in gratitude to Allah the Beneficent, the Merciful, the Provider, for the Blessing He continues to bestow on us which are partly reflected in the Company's performance for the year ended 30 June 2017.

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

	RUPEES in '000	
	2017	2016
Profit before Tax	43,985	17,137
Taxation		
Current	(11,382)	(10,415)
Prior	1,100	(1,000)
Deferred	4,948	27,121
Provision for Tax (Net)	(5,334)	15,706
Net Profit after Tax	38,651	32,843
Un-appropriated Profit Brought Forward	449,380	456,537
Total Available for Appropriations	488,031	489,380
Proposed Appropriations:		
Final Dividend @ 25% (2016: 20%)	50,000	40,000
Un-Appropriated Profit Carried Forward	438,031	449,380
Earnings per Share (EPS) -Net of Tax	0.97	0.82
Dividend per Share of Rs. 5 each	1.25	1.00

The Year In Review

The Results for year under review - are once again - far from satisfactory. We continue to battle for market share against cheap imports @ 5% import duty and zero sales tax from India - limiting our capacity utilization to a mere 30% - while imports take over 70% of the market.

All our efforts to correct this wrong policy has fallen on deaf ears. Never the less our untiring efforts continue.

Water

Beneficial rains in 2016 allowed ease of operation during the year. The present outlook - with the Hub Dam Lake level at 288 feet live storage capacity 49,800 acre feet (verses 298 feet full level) as on 23rd August - is dangerously low - as it allows for only 70 days of normal draw down.

The Board of Directors have recommended 25% (Rs. 1.25 per share of Rs. 5) dividend for the year ending 30 June 2017.

We pray to Allah to Bless us with Bounties as Befits His Glory, Aameen.

On behalf of the Board,



GAFFAR A. HABIB
Chairman

Karachi: 23 August 2017

Post Script to the Chairman Report

COMPANY'S CONTRIBUTION TO THE ECONOMY

A Quick glance at the numbers below shows the contribution our Company has made to the Pakistan Economy.

Description	2017 Amount	2016 Amount	2015 Amount	2014 Amount	2013 Amount
	----- Rupees in millions -----				
Total Revenue	1,156	1,060	1,144	1,382	1,229
Export Sales	263	240	200	240	300
Taxes Paid					
Sales Tax	94	86	87	109	81
Income Tax	47	45	69	83	119
	141	131	156	192	200
Employees Salaries & Other Benefits	158	154	134	130	126
Investors	42	35	106	71	126
Grand Total	341	320	396	393	452

STATEMENTS ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- a. The Financial Statements prepared by the management of the Company, present fairly its state of affairs and the result of its 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 2017.

Provident Fund Rs. 178.04 million (2016 Rs.173.33 million)

- j. Pattern of Share Holding of the Company is shown on the page 8.
- 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.	Dr. Howard J. Synenberg	-
4.	Mr. Tufail Y. Habib	4
5.	Ms. Fatemah G. Habib	4
6.	Dr. Salma Habib	3
7.	Mr. Daniyal Ghani	4

AUDITORS

The auditors M/s. EY Ford Rhodes, 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, 2018.



GAFFAR A. HABIB
Chairman

Karachi: August 23, 2017

SIX YEARS AT A GLANCE

(Rupees in '000)

PARTICULARS	2017	2016	2015	2014	2013	2012
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	488,031	489,380	576,537	534,406	519,559	537,603
Total Share Holder Equity	748,031	749,380	836,537	794,406	779,559	797,603
Fixed Assets at Cost	971,762	959,550	944,892	936,897	897,632	880,439
Accumulated Depreciation	675,066	649,428	617,548	586,351	555,878	521,159
Fixed Assets Net of Depreciation	296,696	310,122	327,344	350,546	341,754	359,280
Long Term Investments/Deposits	4,343	3,102	4,102	4,078	4,243	4,258
Current Assets	634,598	571,147	617,985	551,689	558,263	603,230
Total Assets Net of Depreciation	935,637	884,371	949,431	906,313	904,260	966,768
Non Current Liabilities	2,930	7,878	34,999	37,920	41,450	43,460
Current Liabilities	184,676	127,114	77,895	73,987	83,251	125,705
Total Liabilities	187,606	134,992	112,894	111,907	124,701	169,165
INCOME						
Consolidated Gross Sales	1,190,345	1,088,511	1,166,036	1,403,132	1,241,106	1,481,175
Net Sales (Habib-ADM Ltd)	1,138,211	1,041,050	1,113,985	1,335,973	1,183,698	1,404,005
Dividend from Subsidiary Company	-	-	793	12,121	6,987	4,449
Other Income	18,103	18,811	28,776	28,253	33,342	18,834
Total Net Revenue	1,156,314	1,059,861	1,143,554	1,376,347	1,224,027	1,427,287
Profit before Taxation	43,985	17,137	148,579	203,558	198,686	306,004
Taxation	5,334	(15,706)	26,448	48,712	56,730	101,207
Profit after Taxation	38,651	32,843	122,131	154,846	141,956	204,798
STATISTICS AND RATIOS						
Pre-Tax Profit to Sales %	0.04	0.02	0.13	0.15	0.17	0.22
Pre-Tax Profit to Capital %	0.22	0.09	0.74	1.02	0.99	1.53
Current Ratio	3.44	4.49	7.93	7.46	6.71	4.80
Paid-Up Value Per Share (Rs)	5.00	5.00	5.00	5.00	5.00	5.00
Earning Per Share Before Tax(Rs)	1.1	0.43	3.71	5.09	4.97	7.65
Earning Per Share After Tax(Rs)	0.97	0.82	3.05	3.87	3.55	5.12
Cash Dividend %(Rs.)	1.25(25%)	1.00(20%)	3.00(60%)	2.00(40%)	3.50(70%)	4.00(80%)
Bonus Share %	-	-	-	-	-	-
Retained Earning Per Share (Rs)	(0.28)	(0.18)	0.05	1.87	0.05	1.12
Break-Up Value Per Share (Rs)	18.7	18.73	20.91	19.86	19.49	19.94

* The Board of Directors in their meeting of 23 August, 2017 has recommended cash dividend in respect of the year ended June 30, 2017 @25% i.e. Rs. 1.25 per share of Rs. 5 each.

PATTERN OF SHARE HOLDING AS ON JUNE 30, 2017

NO. OF SHARE HOLDERS	SHARE HOLDING	TOTAL SHARES HELD
1091	000001 TO 0000100	29,823
600	0000101 TO 0000500	176,671
323	0000501 TO 0001000	258,325
448	0001001 TO 0005000	1,134,074
92	0005001 TO 0010000	732,519
35	0010001 TO 0015000	437,891
19	0015001 TO 0020000	340,049
6	0020001 TO 0025000	143,500
7	0025001 TO 0030000	198,950
7	0030001 TO 0035000	223,756
6	0035001 TO 0040000	230,072
9	0040001 TO 0050000	418,828
3	0050001 TO 0070000	188,722
6	0070001 TO 0075000	438,600
11	0075001 TO 0100000	969,217
6	0100001 TO 0200000	818,714
6	0200001 TO 0300000	1,486,880
1	0350001 TO 0500000	353,300
1	0800001 TO 1000000	908,670
3	1000001 TO 2000000	4,578,795
2	2000001 TO 2500000	4,390,905
4	3000001 TO 4000000	14,341,739
1	4000001 TO 7200000	7,200,000
2687		40,000,000

S.NO.	CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE OF ISSUED CAPITAL
1	INDIVIDUALS	2,643	31,527,305	78.83%
2	JOINT STOCK COMPANIES	30	7,684,570	19.21%
3	INSURANCE COMPANIES	3	553,700	1.38%
4	FINANCIAL INSTITUTIONS	6	25,429	0.06%
5	CHARITABLE & OTHER TRUSTS	5	208,996	0.52%
	TOTAL	2,687	40,000,000	100%

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2017

Category #	Shareholders' Category	Number of Shareholders	Number of Shares Held	Category Wise Shares Held	Percentage
1	Associated Companies			19,573	0.05
	M/s. Hydari Boring & Pilling (Pvt) Limited	1	18,000		
	M/s. Abbas Builders (Pvt) Limited	1	1,373		
	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			18,099,887	45.25
	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	1,607,896		
4	Banks, DFIs, NBFIs, Insurance & Modaraba Companies	7	566,565	566,565	1.42
5	Joint Stock Companies	25	464,831	464,831	1.16
6	Charitable & Other Trusts	5	208,996	208,996	0.52
7	Individuals	2,635	11,186,665	11,186,665	27.97
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	2,687	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	64.84%

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE Year Ended June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) as contained in the listing regulations of Pakistan Stock Exchange 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 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 constitutes of:

Category	Names
Independent Director	Mr. Daniyal Ghani
Executive Directors	Mr. Owais G. Habib Mr. Tufail Y. Habib
Non-Executive Directors	Mr. Gaffar A. Habib Dr. Howard J. Synenberg Ms. Fatemah G. Habib Dr. Salma Habib

The independent directors meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director on 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 NBF1 or, being a Member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No Casual Vacancy occurred in the Board during the year ended June 30, 2017.
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/Shareholders.
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. In accordance with amendments in Pakistan Stock Exchange Regulations pertaining to Code of Corporate Governance (Chapter V of Pakistan Stock Exchange Rule Book), It shall be mandatory for all Listed Companies to ensure that by June 30, 2018, at least half of the Directors on their Board have certification under any Director's Training Program (DTP) offered by institution - local or foreign - that meet the criteria specified by the SECP. Four Directors of the Company have completed Director's Training Program.
10. The Board has approved appointment of Chief Financial Officer (CFO), including his remuneration and terms and conditions of employment as determined by CEO. No new appointment has been made during the year for Company Secretary and Head of Internal Audit.

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 formed an Audit Committee. It comprises of four members of whom three are non-executive directors and the Chairman of the Committee is an Independent 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 formed an HR and Remuneration Committee. It comprises of 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 which is 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 program 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 decisions, 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. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors



Karachi: August 23, 2017

Chief Executive Officer



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

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ey.khi@pk.ey.com
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Review report to the members on statement of compliance with the code of corporate governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Habib-ADM Limited** (the Company) for the year ended **30 June 2017** to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24 (b) of the Code of Corporate Governance, where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors' for their review and approval its related party transactions 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out 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 Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended **30 June 2017**.

EY Ford Rhodes

Chartered Accountants

Date:

Place: Karachi



EY Ford Rhodes
Chartered Accountants
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Pakistan

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Auditors' report to the members

We have audited the annexed balance sheet of **Habib-ADM Limited** (the Company) as at **30 June 2017** and the related profit and loss account, statement of comprehensive income, 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 explanations 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 repealed 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 estimates 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 due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3 to the accompanying financial statements with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the 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 and loss account, statement of comprehensive income, 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 repealed 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 **30 June 2017**, and of the profit, its comprehensive income, 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.

EY Ford Rhodes

Chartered Accountants
Audit Engagement Partner: Arif Nazeer
Place: Karachi

BALANCE SHEET AS AT JUNE 30, 2017

ASSETS	NOTE	2017 RUPEES	2016 RUPEES
NON-CURRENT ASSETS			
Property, plant and equipment	6	296,696,253	310,122,354
Long-term deposits		4,342,681	3,102,001
		<u>301,038,934</u>	<u>313,224,355</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	7	53,736,910	58,131,254
Stock-in-trade	8	213,748,336	139,938,866
Trade debts	9	42,284,882	12,329,732
Loans and advances	10	3,523,192	2,914,823
Trade deposits and prepayments	11	15,847,893	2,393,570
Interest accrued		965,611	537,359
Short-term investments	12	200,254,450	200,254,450
Taxation-net		69,840,372	42,965,020
Cash and bank balances	13	34,396,418	111,682,159
		<u>634,598,064</u>	<u>571,147,233</u>
		<u>935,636,998</u>	<u>884,371,588</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 60,000,000 (2016: 60,000,000) ordinary shares of Rs.5/- each		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid-up capital	14	200,000,000	200,000,000
Reserves		548,030,985	549,379,900
		<u>748,030,985</u>	<u>749,379,900</u>
NON-CURRENT LIABILITY			
Deferred taxation - net	15	2,929,912	7,878,085
CURRENT LIABILITIES			
Trade and other payables	16	184,676,101	127,113,603
		<u>935,636,998</u>	<u>884,371,588</u>
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes from 1 to 35 form an integral part of these financial statements.



OWAIS G. HABIB
Chief Executive Officer



GAFFAR A. HABIB
Chairman

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

	NOTE	2017 RUPEES	2016 RUPEES
Turnover-net	18	1,138,210,921	1,041,050,134
Cost of sales	19	<u>(965,630,437)</u>	<u>(881,495,248)</u>
Gross profit		172,580,484	159,554,886
Distribution costs	20	(61,869,055)	(72,529,974)
Administrative expenses	21	(82,729,273)	(85,925,234)
Other expenses	22	(769,328)	(1,349,733)
Other income	23	18,102,915	18,811,015
Finance costs	24	(1,330,996)	(1,424,058)
Profit before taxation		<u>43,984,747</u>	<u>17,136,902</u>
Taxation	25	(5,333,662)	15,705,977
Profit for the year		<u><u>38,651,085</u></u>	<u><u>32,842,879</u></u>
(Rupees)			
Earnings per share - basic and diluted	26	<u>Re.0.97</u>	<u>Re.0.82</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.



OWAIS G. HABIB
Chief Executive Officer



GAFFAR A. HABIB
Chairman

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	2017 RUPEES	2016 RUPEES
Profit for the year	38,651,085	32,842,879
Other comprehensive income	-	-
Total comprehensive income for the year	<u>38,651,085</u>	<u>32,842,879</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Handwritten signature of Owais G. Habib in black ink.

OWAIS G. HABIB
Chief Executive Officer


Handwritten signature of Gaffar A. Habib in black ink.

GAFFAR A. HABIB
Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	NOTE	2017 RUPEES	2016 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	27	15,442,871	152,096,307
Finance costs paid		(1,330,996)	(1,424,058)
Taxes paid		(37,157,187)	(36,989,883)
Net cash (used in) / generated from operating activities		(23,045,312)	113,682,366
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(18,164,396)	(14,902,149)
Proceeds from disposal of operating fixed assets	6.3	5,164,647	458,000
Long-term deposits		(1,240,680)	-
Proceeds from disposal of long-term investments		-	1,000,000
Net cash used in investing activities		(14,240,429)	(13,444,149)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(40,000,000)	(120,000,000)
Net decrease in cash and cash equivalents		(77,285,741)	(19,761,783)
Cash and cash equivalents at the beginning of the year		311,936,609	331,698,392
Cash and cash equivalents at the end of the year		234,650,868	311,936,609
CASH AND CASH EQUIVALENTS COMPRISE			
Cash and bank balances	13	34,396,418	111,682,159
Short-term investments	12	200,254,450	200,254,450
		234,650,868	311,936,609

The annexed notes from 1 to 35 form an integral part of these financial statements.


OWAIS G. HABIB
 Chief Executive Officer


GAFFAR A. HABIB
 Chairman

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

PARTICULARS	Issued, subscribed and paid -up capital	Reserves			Total reserves	TOTAL
		Capital Reserves- Share Premium	General reserve	Unappropriated profit		
----- Rupees -----						
Balance as at June 30, 2015	200,000,000	10,000,000	50,000,000	576,537,021	636,537,021	836,537,021
Final dividend @ 60% for the year ended June 30, 2015	-	-	-	(120,000,000)	(120,000,000)	(120,000,000)
Profit for the year	-	-	-	32,842,879	32,842,879	32,842,879
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	32,842,879	32,842,879	32,842,879
Balance as at June 30, 2016	200,000,000	10,000,000	50,000,000	489,379,900	549,379,900	749,379,900
Final dividend @ 20% for the year ended June 30, 2016	-	-	-	(40,000,000)	(40,000,000)	(40,000,000)
Profit for the year	-	-	-	38,651,085	38,651,085	38,651,085
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	38,651,085	38,651,085	38,651,085
Balance as at June 30, 2017	200,000,000	10,000,000	50,000,000	488,030,985	548,030,985	748,030,985

The annexed notes from 1 to 35 form an integral part of these financial statements.



OWAIS G. HABIB
Chief Executive Officer



GAFFAR A. HABIB
Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Habib-ADM Limited (the Company) is a public listed company limited by shares, incorporated in Pakistan on July 10, 1980 under the repealed Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 2nd Floor, UBL Building, I.I Chundrigar Road, Karachi. The Company is engaged in the production of rice based starch sugar and proteins.
- 1.2 The Company's primary production facilities are located at its industrial complex at Hub Industrial Area, District Lasbela, Balochistan, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the requirements of Circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP), Companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with provisions of the repealed Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as are as notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention unless otherwise specifically stated.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New Standards, Interpretations and Amendments

The Company has adopted the following accounting standards and the amendments and interpretations of IFRSs which became effective for the current year:

- IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)
IAS 16	Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
IAS 16	Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
IAS 27	Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
IFRS 7	Financial Instruments: Disclosures - Servicing contracts
IFRS 7	Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
IAS 19	Employee Benefits - Discount rate: regional market issue
IAS 34	Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

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

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

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

Standard or interpretation	Effective date (annual periods Beginning on or after)
IFRS 2 Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS7 Statement of Cash Flows - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	01 January 2018
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRS 16 - Leases	01 January 2019
IFRS 17 - Insurance Contracts	01 January 2021

4. Significant accounting judgements, estimates and assumptions

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

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by management that may have a significant risk of material adjustments to the financial statements in subsequent years are as follows:

- residual values and useful lives of property, plant and equipment (note 5.1)
- provision for slow moving and obsolete stores, spares and loose tools and stock-in-trade (notes 5.4 and 5.5)
- provision for doubtful trade debts (note 5.6)
- taxation (note 5.13)
- contingencies (note 16.1)

5. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

5.1 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is stated at cost.

Depreciation on operating fixed assets is charged to the profit and loss account applying the reducing balance method. Depreciation on additions is charged from the quarter in which addition is made and in case of disposal up to the quarter preceding the disposal. Maintenance and normal repairs are charged to profit and loss account as and when incurred, while major renewals and improvements are capitalised when it is probable that respective future economic benefits will flow to the entity. Gains or losses on disposals of operating fixed assets, if any, are included in profit and loss account in the period in which they arise.

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

Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period, including advances are carried under this head. These are transferred to specific assets as and when these assets are available for use.

5.2 Investments

Held-to-maturity

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held-to-maturity. These are initially measured at fair value plus transaction costs and are subsequently stated at amortised cost using the effective interest method less impairment, if any. These are classified as current and non-current assets in accordance with the criteria set out by IFRSs.

Gains and losses are recognised in profit and loss account, when the investments are derecognised or impaired, as well as through the amortisation process.

5.3 Impairment

Financial assets

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

Non-financial assets

The carrying value of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs to sell of the asset. In determining fair value less costs to sell, the recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other fair value indicators.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit and loss account.

5.4 Stores, spare parts and loose tools

These are stated at the lower of cost and Net Realisable Value (NRV) except for goods-in-transit which are stated at invoice price plus other charges incurred thereon upto the date of the balance sheet. Cost is determined on weighted moving average basis.

Stores, spare parts and loose tools are regularly reviewed by the management and any obsolete items are brought down to their NRV.

5.5 Stock in trade

Stock in trade is valued at the lower of cost and net realisable value. Cost of raw material, work in process and finished goods is determined using the weighted average basis. Cost of stock in transit represents invoice value plus other charges incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

5.6 Trade debts

Trade debts originated by the Company are recognised and carried at original invoice amount less provision for impairment. Provision for impairment is based on the management's assessment of customers' outstandings and creditworthiness. Bad debts are written-off as and when identified.

5.7 Loans, advances, deposits and prepayments

These are recognised at cost, which is the fair value of the consideration given. However, an assessment is made at each balance sheet date to determine whether there is an indication that assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount.

5.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost and are defined as cash in hand and cash at banks. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and short term investments with a maturity of three months or less from the date of acquisition. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

5.9 Employee retirement benefits-Defined contribution plan

A defined contribution plan is a plan under which the company pays fixed contributions into a separate entity. The company has no legal and constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

The Company operates a recognised provident fund scheme (defined contribution plan) for all its employees who are eligible for the scheme in accordance with the Company's policy. Contributions in respect thereto are made at the rate of 8.333 percent of employees monthly basic salaries as per the terms of the scheme.

5.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Company.

5.11 Provisions

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.12 Revenue recognition

Revenue is recognised 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 consideration received or receivable, and is recognised on the following basis:

- Sales are recognised on dispatch of goods when significant risks and rewards of ownership are transferred to the customers.
- Profit on term deposit receipts is recognised on constant rate of return to maturity.
- Profit on deposit accounts is recognised on accrual basis.

5.13 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher and tax paid on final tax regime basis, in accordance with the provisions of Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and the liabilities and their carrying amounts.

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

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 by 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.

5.14 Foreign currency transactions

Transactions denominated in foreign currencies are recorded on initial recognition in Pak. Rupees, by applying to the foreign currency amount the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak. Rupees equivalents using the exchange rate at the balance sheet date. Exchange differences are included in profit and loss account.

5.15 Dividends and appropriation to reserve

Dividends and appropriation to reserve are recognised in the financial statements in the period in which these are approved.

5.16 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

5.17 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

	Note	2017 RUPEES	2016 RUPEES
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	289,802,490	308,649,782
Capital work-in-progress	6.4	6,893,763	1,472,572
		<u>296,696,253</u>	<u>310,122,354</u>

6.1 Operating fixed assets

Particulars	COST				DEPRECIATION				Net book value at June 30, 2017	Rate
	As at July 01, 2016	Additions / transfers*	Disposals	As at June 30, 2017	As at July 01, 2016	For the year	Disposals	As at June 30, 2017		
Freehold land	51,205,696	-	-	51,205,696	-	-	-	-	51,205,696	-
Buildings on freehold land:										
- Factory building	105,438,096	-	-	105,438,096	77,574,531	2,786,356	-	80,360,887	25,077,209	10%
- Factory office	7,086,750	-	-	7,086,750	2,046,927	251,992	-	2,298,919	4,787,831	5%
- Pavement and ponds	9,303,700	-	-	9,303,700	4,884,838	220,944	-	5,105,782	4,197,918	5%
Larkana office premises	759,358	-	-	759,358	470,812	14,428	-	485,240	274,118	5%
Plant and machinery	672,780,002	6,172,095	-	678,952,097	492,525,251	18,334,080	-	510,859,331	168,092,766	10%
Furniture and fixtures	5,364,109	69,110	-	5,433,219	3,499,748	188,164	-	3,687,912	1,745,307	10%
Tubewell	175,000	-	-	175,000	148,306	2,668	-	150,974	24,026	10%
Office and electrical equipment	4,980,961	-	-	4,980,961	4,081,084	89,988	-	4,171,072	809,889	10%
Computers	4,511,354	-	-	4,511,354	3,947,092	169,280	-	4,116,372	394,982	30%
Laboratory equipment	7,270,085	-	-	7,270,085	3,401,850	386,824	-	3,788,674	3,481,411	10%
Vehicles	88,568,468	6,502,000	5,952,480	89,117,988	56,345,800	6,466,432	3,282,703	59,529,529	29,588,459	20%
Boat	415,000	-	-	415,000	395,401	3,920	-	399,321	15,679	20%
Godown	218,996	-	-	218,996	106,153	5,644	-	111,797	107,199	5%
	958,077,575	12,743,205	5,952,480	964,868,300	649,427,793	28,920,720	3,282,703	675,065,810	289,802,490	

Particulars	COST				DEPRECIATION				Net book value at June 30, 2016	Rate
	As at July 01, 2015	Additions / transfers*	Disposals	As at June 30, 2016	As at July 01, 2015	For the year	Disposals	As at June 30, 2016		
Freehold land	50,905,696	300,000	-	51,205,696	-	-	-	-	51,205,696	-
Buildings on freehold land:										
- Factory building	105,438,096	-	-	105,438,096	74,478,579	3,095,952	-	77,574,531	27,863,565	10%
- Factory office	7,086,750	-	-	7,086,750	1,781,675	265,252	-	2,046,927	5,039,823	5%
- Pavement and ponds	9,303,700	-	-	9,303,700	4,652,266	232,572	-	4,884,838	4,418,862	5%
Larkana office premises	759,358	-	-	759,358	455,624	15,188	-	470,812	288,546	5%
Plant and machinery	665,785,100	3,432,328 3,562,574*	-	672,780,002	472,780,213	19,745,038	-	492,525,251	180,254,751	10%
Furniture and fixtures	5,354,409	9,700	-	5,364,109	3,292,596	207,152	-	3,499,748	1,864,361	10%
Tubewell	175,000	-	-	175,000	145,342	2,964	-	148,306	26,694	10%
Office and electrical equipment	4,952,961	28,000	-	4,980,961	3,983,432	97,652	-	4,081,084	899,877	10%
Computers	4,274,154	237,200	-	4,511,354	3,778,506	168,586	-	3,947,092	564,262	30%
Laboratory equipment	3,303,870	3,966,215	-	7,270,085	2,972,046	429,804	-	3,401,850	3,868,235	10%
Vehicles	86,918,658	1,893,560	243,750	88,568,468	48,736,514	7,811,302	202,016	56,345,800	32,222,668	20%
Boat	415,000	-	-	415,000	390,501	4,900	-	395,401	19,599	20%
Godown	218,996	-	-	218,996	100,213	5,940	-	106,153	112,843	5%
	944,891,748	9,867,003 3,562,574*	243,750	958,077,575	617,547,507	32,082,302	202,016	649,427,793	308,649,782	

6.2 The depreciation charge for the year has been allocated as follows:

	Note	2017 RUPEES	2016 RUPEES
Cost of sales	19.1	25,255,948	27,709,866
Administrative expenses	21	3,664,772	4,372,436
		<u>28,920,720</u>	<u>32,082,302</u>

6.3 The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
Honda Citi Reg # BBN-039 Model 2014	1,759,640	689,779	1,069,861	1,431,000	361,139	Tender	Bulk Management Pakistan (Private) Limited Suit # 401, 4th Floor Uni Tower I.I.Chundrigar Road, Karachi
Suzuki Cultus Reg # AWD-234 Model 2011	974,000	654,840	319,160	681,786	362,626	Tender	Athar Shafique Flat # R-403, North Karachi Sector 10, Karachi
Honda Citi Reg # BBN-057 Model 2014	1,759,640	689,779	1,069,861	1,069,861	-	Negotiation	S.M.Vakil A1-Salmina Appartment Clifton Karachi
Hyundai Shehzore Truck Reg # KQ-1708 Model 2008	749,000	635,591	113,409	1,175,000	1,061,591	Tender	Muhammed Khan S/o Gul Jan Parthra Area, Labour Colony Hub Lasbela
Hyundai Shehzore Truck Reg # PAA-147 Model 2007	669,000	583,698	85,302	807,000	721,698	Tender	Muhammed Shafique S/o Akhter Gul H.No D-80, Block 5, Metroville Karachi
Items having book value of less than Rs.50 thousand	41,200	29,016	12,184	-	(12,184)	Company policy	Transfer to staff as per staff incentive scheme
June 30, 2017	5,952,480	3,282,703	2,669,777	5,164,647	2,494,870		
June 30, 2016	243,750	202,016	41,734	458,000	416,266		

	Note	2017 RUPEES	2016 RUPEES
6.4 Capital work-in-progress- plant and machinery			
At the beginning of the year		1,472,572	-
Capital expenditure incurred / advances made during the year		5,421,191	5,035,146
		<u>6,893,763</u>	<u>5,035,146</u>
Transferred to operating fixed assets		-	(3,562,574)
		<u>6,893,763</u>	<u>1,472,572</u>

7. STORES, SPARE PARTS AND LOOSE TOOLS

Stores in hand	25,312,222	28,046,133
in transit	1,260,560	34,199
	<u>26,572,782</u>	<u>28,080,332</u>
Spare parts	26,727,709	29,614,503
Loose tools	436,419	436,419
	<u>53,736,910</u>	<u>58,131,254</u>

	Note	2017 RUPEES	2016 RUPEES
8. STOCK IN TRADE			
Raw and packing materials in hand	19.1.1	139,571,914	70,225,333
in transit		4,104,811	434,759
		<u>143,676,725</u>	<u>70,660,092</u>
Work-in-process	19.1	58,273	-
Finished goods	19	70,013,338	69,278,774
		<u>213,748,336</u>	<u>139,938,866</u>
9. TRADE DEBTS - considered good			
Local		187,786	117,977
Foreign		42,097,096	12,211,755
	9.1	<u>42,284,882</u>	<u>12,329,732</u>
9.1 The aging of trade debts as at June 30 is as follows:			
Neither past due nor impaired:		42,097,096	12,211,755
Past due but not impaired:			
- within 90 days		43,295	17,657
- 91 - 180 days		73,498	100,320
- over 365 days		70,993	-
		<u>42,284,882</u>	<u>12,329,732</u>
10. LOANS AND ADVANCES - unsecured, considered good			
Advances to suppliers		1,785,571	2,907,323
Loans to employees	10.1	1,737,621	7,500
		<u>3,523,192</u>	<u>2,914,823</u>
10.1 This represents interest free loans given to employees for personal expenses.			
11. TRADE DEPOSITS AND PREPAYMENTS			
Security deposits	11.1	10,894,700	235,000
Short term prepayments		4,953,193	2,158,570
		<u>15,847,893</u>	<u>2,393,570</u>
11.1 Represents interest free deposits held with various service providers			

	Note	2017 RUPEES	2016 RUPEES
12. SHORT TERM INVESTMENTS			
Held-to-maturity			
Term deposit receipts (TDR)	12.1	<u>200,254,450</u>	<u>200,254,450</u>
12.1 These represent investments made in TDR with a commercial bank having a term of less than 3 months under conventional banking relationship carrying interest rates ranging from 5.5% to 6.0% (2016: 5.9% to 7.5%) per annum.			
13. CASH AND BANK BALANCES			
Cash in hand		3,446,840	4,531,544
Cash with banks			
Current accounts		14,599,842	11,036,101
Deposit accounts	13.1	16,349,736	96,114,514
		<u>30,949,578</u>	<u>107,150,615</u>
		<u>34,396,418</u>	<u>111,682,159</u>
13.1 These carry interest rates ranging from 4.5% to 6.1% (2016: 4.5% to 6.1%) per annum under interest / mark-up arrangements under conventional banking relationships.			
14. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			
2017	2016	2017	2016
Number of Shares		RUPEES	RUPEES
15,000,000	15,000,000	75,000,000	75,000,000
25,000,000	25,000,000	125,000,000	125,000,000
<u>40,000,000</u>	<u>40,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
14.1 Related parties held 19,573 (2016: 19,573) ordinary shares of Rs. 5/- each in the Company at year end.			
15. DEFERRED TAXATION - NET			
Taxable temporary differences arising due to:			
Accelerated tax depreciation		29,520,331	38,304,306
Deductible temporary differences arising due to:			
Provision		(26,590,419)	(30,426,221)
		<u>2,929,912</u>	<u>7,878,085</u>

16. TRADE AND OTHER PAYABLES	Note	2017 RUPEES	2016 RUPEES
Creditors		6,179,897	5,348,470
Accrued liabilities		13,910,535	23,463,198
Gas Infrastructure Development Cess and other charges	16.1	108,091,134	50,218,272
Advances from customers		41,580,726	32,097,673
Workers' Welfare Fund		-	1,486,011
Unclaimed dividend / unpaid dividend		13,942,817	13,517,605
Security deposit from customers		254,450	254,450
Sales tax payable		716,542	722,768
Others		-	5,156
		<u>184,676,101</u>	<u>127,113,603</u>

- 16.1 In September 2014, the Federal Government (the Government) promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No.VI of 2014 to circumvent earlier decision of the Honorable Supreme Court on the subject, where it upheld that the earlier introduction of GIDC Act of 2011 was unconstitutional and ultravires on the grounds that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the Government passed the GIDC Act., 2015.

The Company had challenged the GIDC Act, 2015 and filed writ petition in the High Court of Sindh (HCS) including retrospective treatment of the provision of the GIDC Act. The Court vide its order dated October 26, 2016 has held the GIDC Act 2011, GIDC Ordinance 2014 and GIDC Act, 2015 as ultra vires and unconstitutional on the grounds mentioned above. The Government and Sui Southern Gas Company Limited (SSGC), however, has filed an appeal in the Appellate Tribunal of HCS which is at the stage of hearing as of the balance sheet date. Due to the inherent uncertainties involved in the matter, the Company, on a prudent basis, has provided Rs.73.86 million as of the balance sheet date which includes Rs.37.34 million for the year in these financial statements.

In August 2015, Sui Southern Gas Company (SSGC) increased rates of natural gas on the basis of notification dated 31 August 2015 issued by Oil and Gas Regulatory Authority (OGRA) whereby prices for natural gas for industrial sector have increased from Rs. 488 to Rs. 600 per MMBTU whereas those for the captive power sector have been increased from Rs. 573 to Rs. 600 per MMBTU and the Company falls within both categories. The Company challenged the OGRA notification and filed writ petition in the HCS. The Court had granted stay against charging of the increase tariff resulting in the operation of impugned notification to remain suspended. HCS vide its order dated May 18, 2016, decided the case in Company's favour and concluded that the OGRA notification lacks the sanctity of law and it cannot be validated in terms of Section 7 and 8 of the Oil and Gas Regulatory Authority Ordinance 2002. Subsequently, SSGC has filed an appeal in the HCS against the judgement dated 18 May 2016 which is at the stage of hearing.

Further, OGRA in suppression of its Notification No. SRO 876(1)2015 dated August 31,2015 notified the sale price and minimum charges, in respect of natural gas to industrial customers with effect from December 15, 2016 being flat rate of Rs.600 per MMBTU. The Company challenged the impugned notification dated December 30, 2016 before the HCS. HCS has passed ad-interim orders dated January 20, 2017 suggesting stay on the rates aforementioned, while ordering plaintiffs to deposit the differential amount in terms of impugned notification as security till further orders. Due to the inherent uncertainties involved in the matter, the Company, on a prudent basis, has provided Rs.34.23 million as of the balance sheet date which includes Rs.20.53 million for the year in these financial statements

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

Through the Finance Acts of 2006 and 2008, certain amendments were brought in the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) including the levy of WWF which had been originally calculated at the rate of 2% of the total (taxable) income of the industrial establishment in a particular year, was amended to charge on higher of total (taxable) income or profit before tax as per account. During the year, the Honorable Supreme Court of Pakistan through its judgement dated 10 October 2016, in Civil Appeals No. 1049 to 1055/2011 decided that amendments in WWF Ordinance made through Finance Acts were un-constitutional. Accordingly, the Company has reversed the WWF charge of Rs.1.49 million for the prior year. We understand that in respect of the above, the review petition has been filed by Federal Board of Revenue and others, which is pending adjudication till date.

	Note	2017 RUPEES	2016 RUPEES
17.2 Commitments			
Outstanding letters of credit		38,658,100	256,200
Guarantee issued in favour of:			
- Sui Southern Gas Company Limited	17.2.1	35,793,893	35,770,000

17.2.1 This guarantee has been issued by a commercial bank under conventional banking relationship on behalf of the Company in the normal course of business.

18. TURNOVER- net

Local sales	927,068,432	849,936,466
Sales tax on local sales	(52,134,008)	(47,460,665)
	874,934,424	802,475,801
Export sales	263,276,497	238,574,333
	<u>1,138,210,921</u>	<u>1,041,050,134</u>

19. COST OF SALES

Opening stock - finished goods	69,278,774	72,002,746
Cost of goods manufactured	19.1 966,365,001	878,771,276
Closing stock - finished goods	8 (70,013,338)	(69,278,774)
	<u>965,630,437</u>	<u>881,495,248</u>

	Note	2017 RUPEES	2016 RUPEES
19.1 Cost of goods manufactured			
Raw and packing materials consumed	19.1.1	569,143,775	500,126,421
Salaries, wages and benefits	19.1.2	104,643,900	97,576,954
Repairs, maintenance and stores consumed		50,366,509	49,548,089
Utilities		198,215,170	183,865,827
Vehicles running and maintenance		5,109,487	5,291,153
Insurance		4,066,891	4,753,972
Depreciation	6.2	25,255,948	27,709,866
Others		9,621,594	6,941,036
		<u>966,423,274</u>	<u>875,813,318</u>
Work-in-process			
Opening stock		-	2,957,958
Closing stock	8	(58,273)	-
		<u>(58,273)</u>	<u>2,957,958</u>
		<u>966,365,001</u>	<u>878,771,276</u>
19.1.1 Raw and packing materials consumed			
Opening stock		70,225,333	116,014,363
Purchases		638,490,356	454,337,391
		708,715,689	570,351,754
Closing stock	8	(139,571,914)	(70,225,333)
		<u>569,143,775</u>	<u>500,126,421</u>
19.1.2 Salaries, wages and benefits include Rs.5.32 million (2016: Rs.4.98 million) in respect of staff retirement benefits.			
20. DISTRIBUTION COSTS			
Salaries, wages and benefits	20.1	8,542,531	10,854,106
Rent, rates and taxes		441,560	317,000
Vehicle running expenses		447,819	675,878
Repairs and maintenance		55,150	22,300
Travelling and conveyance		462,463	613,225
Utilities		69,281	66,483
Postage and telephone		213,452	355,219
Printing and stationary		203,241	149,239
Advertisement expenses		998,046	389,195
Insurance		314,056	329,091
Entertainment		58,077	60,912
ISO and HACCP certification expenses		366,120	718,200
Kosher certification expenses		633,311	760,621
Organic certification expenses		80,670	1,555,886
Freight and commission		48,786,152	55,541,564
Others		197,126	121,055
		<u>61,869,055</u>	<u>72,529,974</u>
20.1 Salaries, wages and benefits include Rs.0.50 million (2016: Rs.0.67 million) in respect of staff retirement benefits.			

	Note	2017 RUPEES	2016 RUPEES
21. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	21.1	37,134,780	35,639,665
Rent, rates and taxes		2,918,499	780
Vehicle running expenses		2,402,623	2,133,015
Repairs and maintenance		158,390	132,310
Travelling and conveyance		23,292,754	30,720,031
Utilities		675,663	360,998
Postage and telephone		1,400,157	1,631,702
Printing and stationery		1,386,721	1,624,386
Advertisement expenses		743,513	239,797
Legal and professional charges		2,201,390	2,391,670
Insurance		1,010,498	1,046,039
Entertainment		1,604,044	2,036,318
Directors' fee		75,000	65,000
Auditors' remuneration	21.2	874,000	878,000
Donations and corporate social responsibility	21.3	1,047,400	874,249
Depreciation	6.2	3,664,772	4,372,436
Share registrar service charges		311,611	377,782
Others		1,827,458	1,401,056
		<u>82,729,273</u>	<u>85,925,234</u>

21.1 Salaries, wages and benefits include Rs.2.11 million (2016: Rs.2.02 million) in respect of staff retirement benefits.

21.2 Auditors' remuneration

Audit fee	650,000	650,000
Fee for half yearly review	100,000	100,000
Fee for corporate governance certificate	54,000	53,000
Out of pocket expenses	70,000	75,000
	<u>874,000</u>	<u>878,000</u>

21.3 Directors or their spouses do not have any interest in the donees to whom donations were made.

22. OTHER EXPENSES

Workers' profit participation fund	2,255,339	1,000,000
Workers' welfare fund	(1,486,011)	349,733
	<u>769,328</u>	<u>1,349,733</u>

23. OTHER INCOME

Income from financial assets		
Income from bank deposits	23.1	2,784,546
Income from short term investment	23.2	12,015,828
Exchange gain		807,671
		<u>15,608,045</u>
Income from non financial assets		
Gain on disposal of operating fixed assets		2,494,870
		<u>18,102,915</u>
		<u>18,811,015</u>

23.1 Represents interest on bank accounts under conventional banking relationship.

23.2 Represents interest on term deposit receipts with a commercial bank under conventional banking relationship.

	Note	2017 RUPEES	2016 RUPEES
24. FINANCE COSTS			
Mark-up / interest on:			
Workers' Profit Participation Fund		-	4,995
Bank charges and commission		1,330,996	1,419,063
		<u>1,330,996</u>	<u>1,424,058</u>
25. TAXATION			
Current		11,382,109	10,414,664
Prior		(1,100,274)	1,000,335
Deferred		(4,948,173)	(27,120,976)
	25.1	<u>5,333,662</u>	<u>(15,705,977)</u>
25.1	The tax assessments of the Company have been finalised upto and including the tax year 2016.		
25.2	Reconciliation between tax expense accounting profit		
Accounting profit		43,984,747	17,136,902
Tax at applicable rate of 31% (2016: 32%)		13,635,272	5,483,809
Tax effect of:			
Effect of income charged at lower rate		(7,487,827)	(20,237,626)
Effect of previous year's tax charge		(1,100,274)	1,000,335
Effect of non-deductible expenses		286,491	(1,952,495)
		<u>5,333,662</u>	<u>(15,705,977)</u>
26. EARNINGS PER SHARE			
Profit for the year		38,651,085	32,842,879
Weighted average number of ordinary shares in issue		40,000,000	40,000,000
Basic earnings per share	26.1	<u>Re.0.97</u>	<u>Re.0.82</u>
26.1	There is no dilutive effect on basic earnings per share.		
27. CASH GENERATED FROM OPERATIONS			
Profit before taxation		43,984,747	17,136,902
Adjustments			
Depreciation	6.2	28,920,720	32,082,302
Gain on disposal of operating fixed assets	23	(2,494,870)	(416,266)
Finance costs	24	1,330,996	1,424,058
		<u>27,756,846</u>	<u>33,090,094</u>
		71,741,593	50,226,996
Decrease / (Increase) in current assets			
Stores, spare parts and loose tools		4,394,344	(1,338,868)
Stock-in-trade		(73,809,470)	53,850,586
Trade debts		(29,955,150)	(338,102)
Advances, trade deposits and prepayments		(14,062,692)	562,093
Interest accrued		(428,252)	(84,767)
		<u>(113,861,220)</u>	<u>52,650,942</u>
Increase in current liabilities			
Trade and other payables		57,562,498	49,218,369
		<u>15,442,871</u>	<u>152,096,307</u>

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through equity 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 is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as short-term investments, loans and advances, deposits, trade debts and cash and bank balances, which are directly related to its operations.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2017 which are summarized below:

28.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as equity risk. The company is not materially exposed to other price risk.

28.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the term deposit receipts. The Company presently has no borrowings as at June 30, 2017, though it has a sanctioned limit of Rs.100 million for a running finance facility which carries interest at the rate of 2.50 percent plus 3 months average KIBOR and is secured against the stocks and book debts of the Company for Rs.175 million. The Company places most of its funds in commercial bank having good credit rating. As of the balance sheet date the Company is not materially exposed to interest rate risk.

Bank balances and term deposit receipts carry interest rates ranging from 4.5% to 6.1% (2016: 4.5% to 6.1%) per annum and 5.5% to 6.0% (2016: 5.9% to 7.5%) per annum respectively.

28.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

	2017	2016
Trade debts - US Dollar	401,460	116,580
The following significant exchange rates have been applied at reporting dates:		
Exchange rate - US Dollar	104.86	104.75

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

	Change in rate (%)	Effect of translation of foreign currency asset on profit or (loss) ----- Rupees -----	Effect on equity
30 June 2017	+10	4,209,710	<u>4,209,710</u>
	-10	<u>(4,209,710)</u>	<u>(4,209,710)</u>
30 June 2016	+10	1,222,458	<u>1,222,458</u>
	- 10	<u>(1,222,458)</u>	<u>(1,222,458)</u>

28.2 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counter parties failed to perform as contracted. The Company manages credit risk by limiting significant exposure to any individual customers, by obtaining advance against sales and does not have significant exposure to any individual customer. As of the balance sheet date, the Company is exposed to credit risk on the following assets:

	2017 RUPEES	2016 RUPEES
Long-term deposits	4,342,681	3,102,001
Trade debts	42,284,882	12,329,732
Loans	1,731,621	7,500
Trade deposits	10,894,700	235,000
Accrued income	965,611	537,359
Bank balances	<u>30,949,578</u>	<u>107,150,615</u>
	<u>91,169,073</u>	<u>123,362,207</u>

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings agencies or the historical information about counter party default rates as shown below:

Trade debts		
Neither past due nor impaired	42,097,096	12,211,755
Past due but not impaired	187,786	117,977
	<u>42,284,882</u>	<u>12,329,732</u>
Cash at bank		
Current accounts		
A-1+	14,599,842	11,036,101
Saving accounts		
A-1+	16,349,736	96,114,514
	<u>30,949,578</u>	<u>107,150,615</u>

28.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, the Company has a sanctioned limit of Rs.100 million for a running finance facility which carries interest at the rate of 2.50 percent plus 3 months average KIBOR and is secured against the stocks and book debts of the Company book debts of the Company for Rs.175 million.

Table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates based on contractual undiscounted payments.

	2017					2016				
	INTEREST BEARING					INTEREST BEARING				
	Less than 3 months	3 to 12 months	1 to 5 years	>5years	Total	Less than 3 months	3 to 12 months	1 to 5 years	>5years	Total
Financial Liabilities										
Trade and other payables	20,090,432	55,777,993	-	-	75,868,425	28,811,668	45,874,884	-	-	74,686,552
	20,090,432	55,777,993	-	-	75,868,425	28,811,668	45,874,884	-	-	74,686,552

28.4 Capital risk management

The Company's objective when managing capital is to safe guard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares. As of the balance sheet date, we don't have any interest bearing borrowings.

29. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

29.1 Aggregate amounts charged in the financial statements are as follows:

	2017			2016		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees) -----					
Managerial remuneration	8,645,882	5,038,085	30,796,185	6,893,936	4,025,540	26,117,074
Other benefits	659,898	384,532	1,657,047	611,017	356,048	1,628,058
Contribution to provident fund	617,381	359,757	2,200,418	572,828	333,795	2,143,043
	9,923,161	5,782,374	34,653,650	8,077,781	4,715,383	29,888,175
Number of persons	1	1	23	1	1	21

- 29.2 The aggregate amount paid to the directors as a fee for attending the Board of Directors' meetings amounted to Rs.75,000 (2016: Rs.65,000).
- 29.3 In addition, the Chief Executive, Director and 10 Executives are provided free use of Company maintained cars as per terms of employment. Telephone at residence and club bills are also paid by the Company.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted market price

Level 2: Valuation techniques (market observable); and

Level 3: Valuation techniques (non-market observables)

As of the balance sheet date, the Company does not have any financial assets carried at fair value that required categorization in Level 1, Level 2 and Level 3.

31. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, directors, executives and retirement funds. Transactions with related parties other than those disclosed elsewhere in the financial statements as mentioned below are entered under normal commercial terms:

Relationship	Nature of transactions	2017	2016
		-----Rupees-----	
Subsidiary	Proceeds from the disposal of long term investments	-	1,000,000
Associates	Dividends paid	19,573	58,719
Staff provident fund	Contributions made	7,932,131	7,673,414

	Note	2017 (Un-audited)	2016 (Audited)
32. STAFF PROVIDENT FUND		-----Rupees-----	
Size of the trust		178,035,939	173,334,055
Cost of investments made		94,497,987	88,076,399
Fair value of investments		95,285,537	89,082,900
		----- (Percentage) -----	
Percentage of investment made		53%	50%
The breakup value of fair value of investment is		-----Rupees-----	
Bank balances		10,665,178	1,868,495
Term Deposit Receipts		84,620,359	87,214,405
		<u>95,285,537</u>	<u>89,082,900</u>

Investments out of 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.

33. NUMBER OF EMPLOYEES

Total number of persons employed as at the year-end were 394(2016: 401) and average number of employees during the year were 423(2016: 431).

	2017	2016
34. CAPACITY		
Annual installed capacity as of June 30, (in m.tonnes)	<u>45,000</u>	<u>45,000</u>
Actual production for the year (in percentage)	<u>35.26%</u>	<u>31.64%</u>

34.1 Actual production was below capacity due to low demand.

35. GENERAL

35.1 Figures have been rounded off to the nearest Rupees unless otherwise stated.

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

35.3 These financial statements were authorised for issue on 23 August, 2017 by the Board of Directors of the Company.


OWAIS G. HABIB
 Chief Executive Officer


GAFFAR A. HABIB
 Chairman

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 37th Annual General Meeting of the members of the Company will be held on Friday, October 27, 2017 at 11:30 a.m. at The Institute of Chartered Accountants of Pakistan (ICAP) Auditorium Hall, D-31/8, Chartered Accountants Avenue, Clifton, Karachi to transact the following business.

ORDINARY BUSINESS:

1. To confirm the minutes of the Extra Ordinary General Body Meeting held on Saturday, May 20, 2017.
2. To receive and adopt the Director's Report and Audited Financial Statements of the Company for the year ended June 30, 2017.
3. To approve the Final Cash Dividend for the year ended June 30, 2017 @ 25% i.e. Rs.1.25 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, 2018 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: 23 August 2017.

NOTES:

- i. The share transfer books of the Company will remain closed from October 20, 2017 to October 27, 2017 (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 promptly communicate any change in their address to our Share Registrar: M/s. THK Associates (Pvt.) Limited.

- v. Pursuant to the directives of the Securities & Exchange Commission of Pakistan, CNIC number is mandatorily required to be mentioned on dividend warrants. Shareholders holding share certificate are therefore requested to submit a copy of their valid CNIC, if not already provided to M/s. THK Associates (Pvt.) Limited, 1st Floor, 40 - C, Block - 6, P.E.C.H.S., Karachi (the Share Registrar). In case of non-receipt of the copy of valid CNIC, Habib - ADM Limited would be unable to comply with SRO 831 (1) 2012 dated July 05, 2012 of SECP and therefore will be constrained under SECP Order dated 10th May 2016 to withhold dispatch of dividend warrant of such Shareholders.
- vi. The Government of Pakistan through Finance Act, 2017 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. These tax rates are as under:

(a)	For filers of income tax returns	15.0%
(b)	For non-filers of income tax returns	20.0%

To enable the Company to make tax deduction on the amount of cash dividend @15.0% instead of 20.0%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend, otherwise tax on their cash dividend will be deducted @ 20.0% instead of 15.0%.

For Shareholders holding their shares jointly, as per the clarification issue by the Federal Board of Revenue, withholding tax will be determined separately on 'Filer/Non-Filer' status of Principle shareholders as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of Principle shareholder and Joint-holder(s) in respect of shares held by them to our share registrar, in writing as follows:

Company Name	Folio/CDC Account No.	Total Shares	Principal Shareholders		Joint Shareholders	
			Name & CNIC #	Shareholding Proportion (No. of Share)	Name & CNIC #	Shareholding Proportion (No. of Share)

The Corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas physical shareholders should send a copy of their NTN certificate to the Company or Company's Share Registrar M/s. THK Associates (Pvt.) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective Folio numbers.

- vii. Dividend Mandate (Mandatory) - Pursuant to the requirements of Section 242 of the New Companies Act, 2017, shareholders are MANDATORILY required to provide their bank account details to receive their cash dividend directly into their bank accounts instead of receiving it through dividend warrants. In this regard and in pursuance of the directives of the SECP vide Circular No. 18 of 2017 dated August 01, 2017, shareholders are requested to submit their written request (if not already provided) to the Company's Share Registrar, giving particulars of their bank account details.
- viii. Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the following form and submit to registered address of the Company 10 days before holding of the Annual General Meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.

I/We, _____ of _____
being a member of Habib - ADM Limited, holder of _____ ordinary share(s)
as per Register Folio/CDC Account No. _____ hereby opt for video
conference facility at _____.

Signature of Members

For any query / clarification / information, the shareholder may contact the Company. and/or the Share Registrar at the following addresses:

Company Address:

Habib - ADM Limited
2nd Floor, UBL Building, I.I. Chundrigar Road, Karachi.
Phone: (+92-21) 32411887 Fax: (+92-21) 32414581
e-mail: habib-adm@cyber.net.pk

Share Registrar Address:

M/s. THK Associates (Pvt.) Limited
1st Floor, 40 - C, Block - 6, P.E.C.H.S., Karachi-75400
UAN: (021) 111-000-322 Fax: (021) 34168271
e-mail: secretariat@thk.com.pk

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 _____

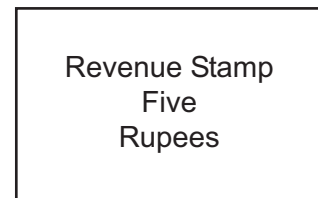
and/or CDC Account and participant's I.D. Numbers _____

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 27, 2017, and at any adjournment thereof.

Signed this _____ Day of _____



SIGNATURE OF MEMBER(S)

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

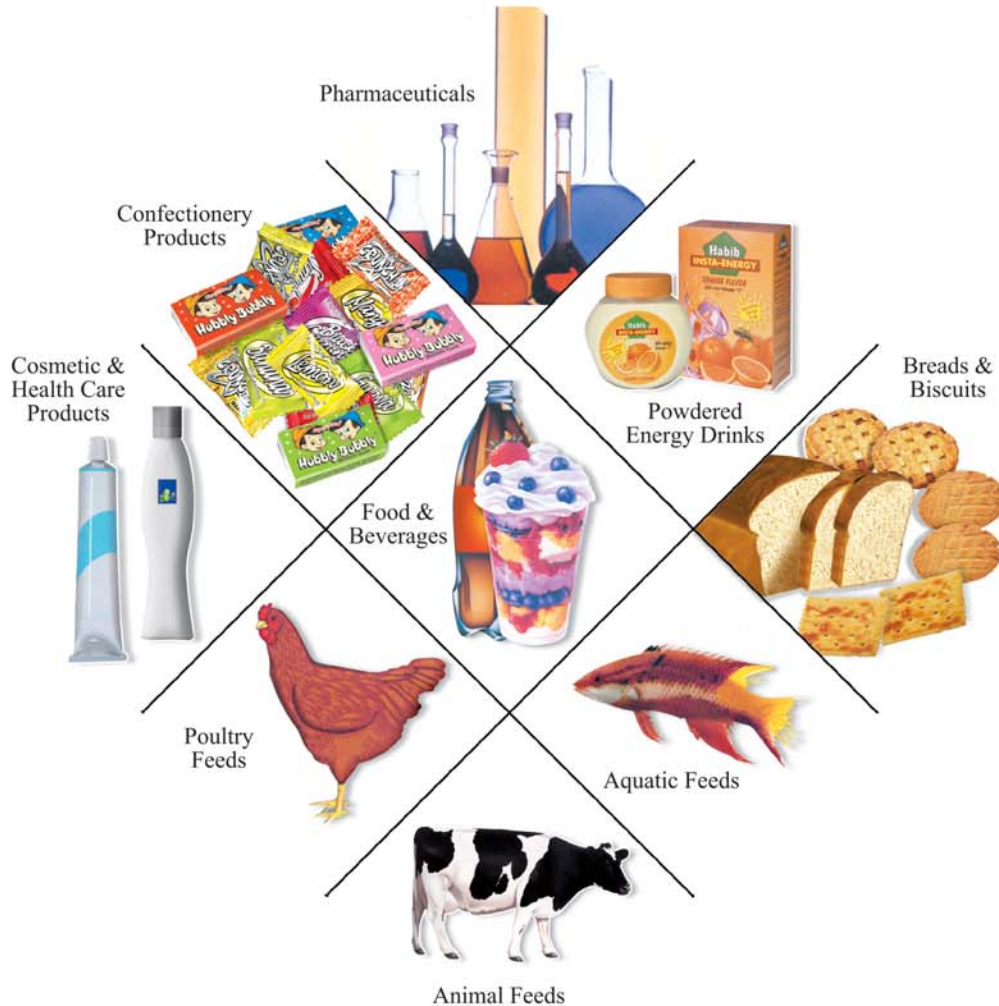


Habib-ADM Ltd.

Pioneer Producers of Rice Based Starch Sugars and Proteins

Habib-ADM Ltd pioneered the conversion of Rice into :-

- **Glucose**
- **Sorbitol**
- **Dextrose**
- **Maltodextrin**
- **High Fructose**
- **Rice Protein**



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Website : www.habibadmltd.com