



***38th Annual Report
for the year ended
June 30, 2018***

Contents

	Page No
Company Information	2
Chairman's Review / Directors' Report	3
Company's Contribution to the Economy	5
Statement on Corporate and Financial Reporting Framework	6
Six Years at a Glance	7
Pattern of Shareholding	8
Statement of Compliance with listed Companies (Code of Corporate Governance) Regulation, 2017	10
Independent Auditors' Review Report	12
Independent Auditors' Report on Financial Statements	13
Statement of Financial Position	17
Statement of Profit or Loss	18
Statement of Other Comprehensive Income	19
Statement of Cash Flows	20
Statement of Changes in Equity	21
Notes to the Financial Statements	22
Notice of Annual General Meeting	46
Proxy Form	

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
Mr. Daniyal Ghani

CHIEF EXECUTIVE OFFICER

Mr. Owais G. Habib

CHIEF FINANCIAL OFFICER

Mr. Muhammad Yaseen

COMPANY SECRETARY

Mr. Ali Asghar Rajani

AUDITORS

EY Ford Rhodes
Chartered Accountants

SHARE REGISTRAR

M/s. THK Associates (Pvt) Limited
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REGISTERED OFFICE

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ADMINISTRATIVE OFFICES & FACTORY

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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 2018.

During the year, the Board of the Company comprised of:

Mr. Gaffar A. Habib	Chairman, Non-Executive Director
Mr. Owais G. Habib	Chief Executive Officer
Dr. Howard J. Synenberg	Non-Executive Director
Mr. Tufail Y. Habib	Executive Director
Ms. Fatemah G. Habib	Non-Executive Director
Dr. Salma Habib	Non-Executive Director
Mr. Daniyal Ghani	Independent Director

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

	RUPEES in '000	
	2018	2017
Profit before Tax	60,535	43,985
Taxation		
Current	(16,818)	(11,382)
Prior	(579)	1,100
Deferred	25,744	4,948
Provision for Tax (Net)	8,347	(5,334)
Net Profit after Tax	68,882	38,651
Un-appropriated Profit Brought Forward - (Net of Dividend)	438,031	449,380
Total Available for Appropriations	506,913	488,031
Proposed Appropriations:		
Final Dividend @ 25% (2017: 25%)	50,000	50,000
Un-appropriated Profit Carried Forward	456,913	438,031
Earnings per Share (EPS) -Net of Tax	1.72	0.97
Dividend per Share of Rs. 5 each	1.25	1.25

The Year In Review

Several favorable factors in the last quarter helped boost our bottom line - devaluation - making Imports more expensive in rupee terms, emerging Export demand for our rice proteins and a registering of higher dollar values of imports of Sorbitol.

These factors combined gave us a chance to expand our domestic sales (which are still subsidized by our export earnings - but at a reduced level).

Water

Failed rains in the current monsoons - is a very disturbing factor - the Hub Lake is presently below dead storage level - due to pumping out for rationed supplies. If we do not get rains - it could be with disastrous result.

The Board of Directors have recommended 25% (Rs. 1.25 per share of Rs. 5) dividend for the year ending 30 June 2018.

In closing, please join me in my prayers to Allah the Beneficent, the Merciful, the Provider, to bless us with Benefited rains and Bless our operation with the Bounties as Befits His Glory, Aameen.

On behalf of the Board,



GAFFAR A. HABIB
Chairman

Karachi: 05 September 2018

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	2018 Amount	2017 Amount	2016 Amount	2015 Amount	2014 Amount
----- Rupees in millions -----					
Total Revenue	1,447	1,156	1,060	1,144	1,382
Export Sales	186	263	239	200	242
Taxes Paid					
Sales Tax	138	94	86	87	109
Income Tax	71	66	63	101	135
	209	160	149	188	244
Employees Salaries & Other Benefits	171	158	153	135	130
Investors	42	42	34	103	71
Grand Total	422	360	336	426	445

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 being 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 2018.

Provident Fund Rs. 191.21 million - Note 33 (2017 Rs.178.04 million)
- j. Pattern of Share Holding of the Company is shown on the page 9.
- 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	4
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, 2019.



GAFFAR A. HABIB
Chairman

Karachi: September 05, 2018

SIX YEARS AT A GLANCE

(Rupees in '000)

PARTICULARS	2018	2017	2016	2015	2014	2013
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	506,913	488,031	489,380	576,537	534,406	519,559
Total Share Holder Equity	766,913	748,031	749,380	836,537	794,406	779,559
Fixed Assets at Cost (Incl. CWIP)	1,069,681	971,762	959,550	944,892	936,897	897,632
Accumulated Depreciation	702,001	675,066	649,428	617,548	586,351	555,878
Fixed Assets Net of Depreciation	367,680	296,696	310,122	327,344	350,546	341,754
Long Term Deposits	4,593	4,343	3,102	4,102	4,078	4,243
Deferred Taxation - Net	22,814	-	-	-	-	-
Current Assets	668,184	634,598	571,147	617,985	551,689	558,263
Total Assets Net of Depreciation	1,063,271	935,637	884,371	949,431	906,313	904,260
Non Current Liabilities	-	2,930	7,878	34,999	37,920	41,450
Current Liabilities	296,357	184,676	127,114	77,895	73,987	83,251
Total Liabilities	296,357	187,606	134,992	112,894	111,907	124,701
INCOME						
Consolidated Gross Sales	1,509,346	1,190,345	1,088,511	1,166,036	1,403,132	1,241,106
Net Sales(Habib-ADM Ltd)	1,430,162	1,138,211	1,041,050	1,113,985	1,335,973	1,183,698
Dividend from Subsidiary Company	-	-	-	793	12,121	6,987
Other Income	16,485	18,103	18,811	28,776	28,253	33,342
Total Net Revenue	1,446,647	1,156,314	1,059,861	1,143,554	1,376,347	1,224,027
Profit before Taxation	60,535	43,985	17,137	148,579	203,558	198,686
Taxation	(8,347)	5,334	(15,706)	26,448	48,712	56,730
Profit after taxation	68,882	38,651	32,843	122,131	154,846	141,956
STATISTICS AND RATIOS						
Pre-Tax Profit to Sales %	4	4	2	13	15	17
Pre-Tax Profit to Capital %	30	22	9	74	102	99
Current Ratio	2.25	3.44	4.49	7.93	7.46	6.71
Paid-Up Value Per Share (Rs)	5	5	5	5	5	5
Earning Per Share Before Tax (Rs)	1.51	1.10	0.43	3.71	5.09	4.97
Earning Per Share After Tax (Rs)	1.72	0.97	0.82	3.05	3.87	3.55
Cash Dividend (Rs.)/%	1.25(25%)	1.25(25%)	1.00(20%)	3.00(60%)	2.00(40%)	3.50(70%)
Bonus Share %	-	-	-	-	-	-
Retained Earning Per Share (Rs)	0.47	(0.28)	(0.18)	0.05	1.87	0.05
Break-Up Value Per Share (Rs)	19.17	18.70	18.73	20.91	19.86	19.49

* The Board of Directors in their meeting of September 05, 2018 has recommended cash dividend in respect of the year ended June 30,2018 @25% i.e. Rs. 1.25 per share of Rs. 5 each.

PATTERN OF SHARE HOLDING AS ON JUNE 30, 2018

NO. OF SHARE HOLDERS	SHARE HOLDING	TOTAL SHARES HELD
1013	0000001 TO 0000100	28,870
581	0000101 TO 0000500	167,425
287	0000501 TO 0001000	223,640
370	0001001 TO 0005000	903,192
67	0005001 TO 0010000	518,971
17	0010001 TO 0015000	213,602
11	0015001 TO 0020000	199,548
3	0020001 TO 0025000	68,000
4	0025001 TO 0030000	115,450
5	0030001 TO 0035000	164,756
4	0035001 TO 0040000	154,548
2	0040001 TO 0050000	85,828
2	0050001 TO 0070000	137,500
5	0070001 TO 0075000	363,600
9	0075001 TO 0100000	784,217
6	0100001 TO 0200000	829,064
4	0200001 TO 0300000	997,380
1	0350001 TO 0500000	353,300
1	0800001 TO 1000000	908,670
3	1000001 TO 2000000	4,578,795
3	2000001 TO 2500000	6,661,905
4	3000001 TO 4000000	14,341,739
1	4000001 TO 7200000	7,200,000
2403		40,000,000

S.NO.	CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE OF ISSUED CAPITAL
1	INDIVIDUALS	2,355	31,570,916	78.93%
2	JOINT STOCK COMPANIES	32	7,640,793	19.10%
3	INSURANCE COMPANIES	3	553,700	1.38%
4	FINANCIAL INSTITUTIONS	8	25,595	0.06%
5	CHARITABLE & OTHER TRUSTS	5	208,996	0.53%
	TOTAL	2,403	40,000,000	100%

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2018

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	8	566,565	566,565	1.42
5	Joint Stock Companies	28	421,220	421,220	1.05
6	Charitable & Other Trusts	5	208,996	208,996	0.52
7	Individuals	2,347	11,230,276	11,230,276	28.08
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	2,403	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%
Mr. Munaf Ibrahim	1	2,271,000	5.68%
Dr. Howard J. Synenberg	1	2,240,753	5.60%
Mr. Tufail Y. Habib	1	2,150,152	5.38%
TOTAL		28,203,644	70.52%

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Habib - ADM Ltd. Year Ended June 30, 2018

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

1. The total number of Directors are 7 as per the following:

a. Male:	5
b. Female:	2

2. The composition of board is as follows:

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

3. The Director have confirmed that none of them is serving as director on more than five listed Companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decision on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of Directors have a formal policy and transparent procedure for remuneration of directors in accordance with the Act and these Regulations.
9. Following Directors have already gone through Director's Training Program:
- Mr. Gaffar A. Habib
Mr. Tufail Y. Habib
Ms. Fatemah G. Habib
Dr. Salma Habib
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

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

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

a) Audit Committee:

Name	Designation
Mr. Gaffar A. Habib	Member
Ms. Fatemah G. Habib	Member
Dr. Salma Habib	Member
Mr. Daniyal Ghani	Chairman

b) HR and Remuneration Committee:

Name	Designation
Mr. Daniyal Ghani	Chairman
Mr. Tufail Y. Habib	Member
Ms. Fatemah G. Habib	Member
Dr. Salma Habib	Member

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

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

- a) Audit Committee Quarterly
b) HR and Remuneration Committee Yearly

15. 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.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

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

Karachi: September 05, 2018


Gaffar A. Habib
Chairman



EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Habib ADM Limited (the Company)

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Habib ADM Limited for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 05 September 2018



EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the members of Habib ADM Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Habib ADM Limited (the Company)**, which comprise the statement of financial position as at **30 June 2018**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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



Following is the Key audit matter:

Key audit matters	How our audit addressed the Key audit matters
1. New Companies Act, 2017 (the Act) and its impact on the financial statements	
<p>The Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>In case of the Company, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 3.1 to the accompanying financial statements.</p> <p>The aforementioned changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.</p>	<p>We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.</p>

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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



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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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.

The engagement partner on the audit resulting in this independent auditors' report is Tariq Feroz Khan.

Chartered Accountants

Place: Karachi

Date: 05 September 2018

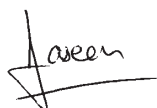
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	NOTE	2018 RUPEES	2017 RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	367,679,727	296,696,253
Long-term deposits		4,593,181	4,342,681
Deferred taxation - net	8	22,813,718	-
		<u>395,086,626</u>	<u>301,038,934</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	9	57,372,129	53,736,910
Stock-in-trade	10	226,705,852	213,748,336
Trade debts	11	7,542,932	42,284,882
Loans and advances	12	3,398,303	3,523,192
Trade deposits, prepayments and other receivable	13	9,374,911	5,423,193
Short-term investments	14	150,254,450	200,254,450
Interest accrued		683,064	965,611
Taxation - net		87,526,276	69,840,372
Cash and bank balances	15	125,325,687	44,821,118
		<u>668,183,604</u>	<u>634,598,064</u>
		<u>1,063,270,230</u>	<u>935,636,998</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 60,000,000 (2017: 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	16	200,000,000	200,000,000
Reserves		<u>566,912,965</u>	<u>548,030,985</u>
		<u>766,912,965</u>	<u>748,030,985</u>
NON-CURRENT LIABILITY			
Deferred taxation - net	8	-	2,929,912
CURRENT LIABILITIES			
Trade and other payables	17	282,037,932	170,733,284
Unclaimed dividend		14,319,333	13,942,817
		<u>296,357,265</u>	<u>184,676,101</u>
		<u>1,063,270,230</u>	<u>935,636,998</u>
CONTINGENCIES AND COMMITMENTS			
	18		

The annexed notes from 1 to 36 form an integral part of these financial statements.



OWAIS G. HABIB
Chief Executive Officer



MUHAMMAD YASEEN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

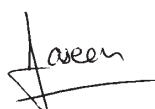
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	NOTE	2018 RUPEES	2017 RUPEES
Turnover - net	19	1,430,161,795	1,138,210,921
Cost of sales	20	(1,222,416,650)	(965,630,437)
Gross profit		207,745,145	172,580,484
Distribution costs	21	(62,996,171)	(61,869,055)
Administrative expenses	22	(95,740,346)	(82,729,273)
Other expenses	23	(3,834,623)	(769,328)
Other income	24	16,484,779	18,102,915
Finance costs	25	(1,124,160)	(1,330,996)
Profit before taxation		60,534,624	43,984,747
Taxation	26	8,347,356	(5,333,662)
Profit for the year		68,881,980	38,651,085
(Rupees)			
Earnings per share - basic and diluted	27	Rs.1.72	Re.0.97

The annexed notes from 1 to 36 form an integral part of these financial statements.



OWAIS G. HABIB
Chief Executive Officer



MUHAMMAD YASEEN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

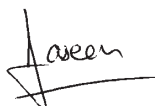
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018 RUPEES	2017 RUPEES
Profit for the year	68,881,980	38,651,085
Other comprehensive income	-	-
Total comprehensive income for the year	<u>68,881,980</u>	<u>38,651,085</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.



OWAIS G. HABIB
Chief Executive Officer



MUHAMMAD YASEEN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

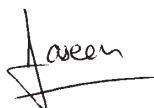
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	NOTE	2018 RUPEES	2017 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	214,503,590	25,442,359
Finance costs paid		(1,124,160)	(1,330,996)
Taxes paid		(35,082,178)	(37,157,187)
Long-term deposits		(250,500)	(1,240,680)
Net cash generated from / (used in) operating activities		178,046,752	(14,286,504)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(97,918,699)	(18,164,396)
Proceeds from disposal of operating fixed assets		-	5,164,647
Net cash used in investing activities		(97,918,699)	(12,999,749)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(49,623,484)	(39,574,788)
Net increase / (decrease) in cash and cash equivalents		30,504,569	(66,861,041)
Cash and cash equivalents at the beginning of the year		245,075,568	311,936,609
Cash and cash equivalents at the end of the year		<u>275,580,137</u>	<u>245,075,568</u>
CASH AND CASH EQUIVALENTS COMPRISE			
Short-term investments	14	150,254,450	200,254,450
Cash and bank balances	15	125,325,687	44,821,118
		<u>275,580,137</u>	<u>245,075,568</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.



OWAIS G. HABIB
Chief Executive Officer



MUHAMMAD YASEEN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

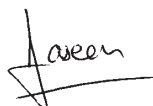
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

PARTICULARS	Issued, subscribed and paid -up capital	Reserves				TOTAL EQUITY
		Capital reserves	Revenue reserves		Total Reserves	
		Share premium	General reserve	Unappropriated profit		
----- Rupees -----						
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
Final dividend @ 25% for the year ended June 30, 2017	-	-	-	(50,000,000)	(50,000,000)	(50,000,000)
Profit for the year				68,881,980	68,881,980	68,881,980
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	68,881,980	68,881,980	68,881,980
Balance as at June 30, 2018	200,000,000	10,000,000	50,000,000	506,912,965	566,912,965	766,912,965

The annexed notes from 1 to 36 form an integral part of these financial statements.



OWAIS G. HABIB
Chief Executive Officer



MUHAMMAD YASEEN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. THE COMPANY AND ITS OPERATIONS

1.1 Habib-ADM Limited (the Company) is a public Company Limited by Shares, incorporated in Pakistan on July 10, 1980 and is listed on the Pakistan Stock Exchange. The Company is engaged in the production of rice based starch sugar and proteins. The registered office of the Company is situated at 2nd Floor, UBL Building, I.I Chundrigar Road, Karachi.

1.2 Geographical location and address of business unit / plant:

Hub	Purpose
Hub Industrial Area, District Lasbela, Baluchistan	Production Plant

2. SIGNIFICANT TRANSACTIONS AND EVENTS THAT AFFECTED THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

Following is the summary of significant transactions and events that have affected the financial position and performance of the Company:

- Purchase of a generator for the production plant- note 7.4 ; and
- Declared and paid dividend for the year ended 30 June 2017.

3. BASIS OF PREPARATION

3.1 Statement of Compliance

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

The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in respect of nomenclature of these financial statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, significant transactions and events (refer note 2), particulars of immovable assets of the Company (refer note 7.3), management assessment of sufficiency of tax provision in the financial statements (refer note 26.3), change in threshold for identification of executives (refer note 30) etc.

3.2 Basis of Measurement

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

4. 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:

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

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

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

The following standards, amendments and interpretations with respect to the accounting and reporting 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	Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	01 January 2018
IFRS 9	Financial Instruments	01 July 2018
IFRS 9	Prepayment Features with Negative Compensation - (Amendments)	01 January 2019
IFRS 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
IFRS 15	Revenue from Contracts with Customers	01 July 2018
IFRS 16	Leases	01 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019

Standard or interpretation	Effective date (annual periods Beginning on or after)
IAS 28 Long-term Interests in Associates and Joint Ventures - (Amendments)	01 January 2019
IAS 40 Investment Property - Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 15 "Revenue from Contracts with Customers". The Company is yet to assess the full impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

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

5. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan 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.

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

- residual values and useful lives of property, plant and equipment (note 6.1)
- provision for slow moving and obsolete stores, spares and loose tools and stock-in-trade (notes 6.4 and 6.5)
- provision for doubtful trade debts (note 6.6)
- taxation (note 6.13)

6. 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.

6.1 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 or 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 or 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 or 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.

6.2 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 or loss account, when the investments are derecognised or impaired, as well as through the amortisation process.

6.3 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 or 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 or loss account.

6.4 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 statement of financial position. 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.

6.5 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.

6.6 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.

6.7 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 financial position 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.

6.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position 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.

6.9 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.

6.10 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.

6.11 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 financial position date and adjusted to reflect the current best estimate.

6.12 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.

6.13 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 financial position 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 financial position 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.

6.14 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 financial position date. Exchange differences are included in profit or loss account.

6.15 Dividends and appropriation to reserve

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

6.16 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position 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.

6.17 Functional and presentation currency

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

	Note	2018 RUPEES	2017 RUPEES
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	269,386,761	289,802,490
Capital work-in-progress	7.4	98,292,966	6,893,763
		<u>367,679,727</u>	<u>296,696,253</u>

7.1 Operating fixed assets

Particulars	COST				DEPRECIATION				Net book value at June 30, 2018	Rate
	As at July 01, 2017	Additions / transfers*	Disposals	As at June 30, 2018	As at July 01, 2017	For the year	Disposals	As at June 30, 2018		
Freehold land	51,205,696	-	-	51,205,696	-	-	-	-	51,205,696	-
Buildings on freehold land:										
- Factory building	105,438,096	-	-	105,438,096	80,360,887	2,507,720	-	82,868,607	22,569,489	10%
- Factory office	7,086,750	-	-	7,086,750	2,298,919	239,392	-	2,538,311	4,548,439	5%
- Pavement and ponds	9,303,700	-	-	9,303,700	5,105,782	209,896	-	5,315,678	3,988,022	5%
Larkana office premises	759,358	-	-	759,358	485,240	13,704	-	498,944	260,414	5%
Plant and machinery	678,952,097	5,951,786	-	684,903,883	510,859,331	17,220,285	-	528,079,616	156,824,267	10%
Furniture and fixtures	5,433,219	-	-	5,433,219	3,687,912	174,532	-	3,862,444	1,570,775	10%
Tubewell	175,000	-	-	175,000	150,974	2,404	-	153,378	21,622	10%
Office and electrical equipment	4,980,961	-	-	4,980,961	4,171,072	80,988	-	4,252,060	728,901	10%
Computers	4,511,354	529,900	-	5,041,254	4,116,372	211,030	-	4,327,402	713,852	30%
Laboratory equipment	7,270,085	37,810	-	7,307,895	3,788,674	349,086	-	4,137,760	3,170,135	10%
Vehicles	89,117,988	-	-	89,117,988	59,529,529	5,917,692	-	65,447,221	23,670,767	20%
Boat	415,000	-	-	415,000	399,321	3,136	-	402,457	12,543	20%
Godown	218,996	-	-	218,996	111,797	5,360	-	117,157	101,839	5%
	964,868,300	6,519,496	-	971,387,796	675,065,810	26,935,225	-	702,001,035	269,386,761	

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	

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

	Note	2018 RUPEES	2017 RUPEES
Cost of sales	20.1	23,554,857	25,255,948
Administrative expenses	22	3,380,368	3,664,772
		<u>26,935,225</u>	<u>28,920,720</u>

7.3 Particulars of immovable assets of the Company are as follows:

Description	Location	Covered Area
Freehold Land and Buildings on Freehold Land	Hub Industrial Area, District Lasbela, Baluchistan	32 Acres
Freehold Land	Hub Chowki, Baluchistan	42 Acres
	Plot # A-25, A-26, A-27, Quetta Industrial Area and Trading Estate	1.21 Acres
Larkana Premises	Plot # 92, New Anaj Mandi, Miro Khan Road Quetta Road	0.0436 Acre
Godown	Plot # S/42, Site Ltd, Karachi	1 Acre
	Note	2018 RUPEES
		2017 RUPEES

7.4 Capital work-in-progress - plant and machinery

At the beginning of the year		6,893,763	1,472,572
Capital expenditure incurred / advances made during the year	7.4.1	<u>91,399,203</u>	<u>5,421,191</u>
		<u>98,292,966</u>	<u>6,893,763</u>

7.4.1 Includes Rs. 77.67 million of capital expenditure incurred on purchase of generator for the production plant.

8. DEFERRED TAXATION - NET

Taxable temporary differences arising due to: Accelerated tax depreciation	(26,389,810)	(29,520,331)
Deductible temporary differences arising due to: Provision Minimum Tax	<u>42,705,285</u> <u>6,498,243</u> <u>22,813,718</u>	<u>26,590,419</u> <u>-</u> <u>(2,929,912)</u>

9. STORES, SPARE PARTS AND LOOSE TOOLS

Stores in hand in transit	<u>26,272,866</u> <u>2,837,975</u> <u>29,110,841</u>	<u>25,312,222</u> <u>1,260,560</u> <u>26,572,782</u>
Spare parts Loose tools	<u>27,742,073</u> <u>519,215</u> <u>57,372,129</u>	<u>26,727,709</u> <u>436,419</u> <u>53,736,910</u>

	Note	2018 RUPEES	2017 RUPEES
10. STOCK IN TRADE			
Raw and packing materials			
in hand	20.1.1	160,609,913	139,571,914
in transit		3,778,850	4,104,811
		<u>164,388,763</u>	<u>143,676,725</u>
Work-in-process	20.1	-	58,273
Finished goods	20	62,317,089	70,013,338
		<u>226,705,852</u>	<u>213,748,336</u>
11. TRADE DEBTS - unsecured, considered good			
Local		129,575	187,786
Export	11.1	7,413,357	42,097,096
	11.2	<u>7,542,932</u>	<u>42,284,882</u>
11.1 Export			
United States of America - Documentary collection		<u>7,413,357</u>	<u>42,097,096</u>
11.2 The aging of trade debts as at June 30 is as follows:			
Neither past due nor impaired:		7,413,357	42,097,096
Past due but not impaired:			
- within 90 days		52,718	43,295
- 91 - 180 days		-	73,498
- 181 - 365 days		76,857	-
- over 365 days		-	70,993
		<u>129,575</u>	<u>187,786</u>
		<u>7,542,932</u>	<u>42,284,882</u>
12. LOANS AND ADVANCES - unsecured, considered good			
Loan to:			
- Employees	12.1	1,300,422	1,737,621
- Executive	12.1	900,000	-
Advances to supplier		1,197,881	1,785,571
		<u>3,398,303</u>	<u>3,523,192</u>

12.1 Represents interest free loans given to an executive and other employees in accordance with their employment terms.

	Note	2018 RUPEES	2017 RUPEES
13. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE			
Security deposits		800,388	470,000
Short term prepayments		7,477,273	4,953,193
Other receivable		1,097,250	-
		<u>9,374,911</u>	<u>5,423,193</u>
14. SHORT TERM INVESTMENTS			
Held-to-maturity			
Term deposit receipts (TDR)	14.1	<u>150,254,450</u>	<u>200,254,450</u>
14.1 Represent investments made in TDR with a commercial bank having a term of less than 3 months carrying interest rates ranging from 5.5% to 6.25% (2017: 5.5% to 6.0%) per annum.			
15. CASH AND BANK BALANCES			
Cash in hand		<u>3,447,766</u>	<u>3,446,840</u>
Cash with banks			
Current accounts		17,081,703	14,599,842
Deposit accounts	15.1	104,796,218	26,774,436
		<u>121,877,921</u>	<u>41,374,278</u>
		<u>125,325,687</u>	<u>44,821,118</u>
15.1 These carry interest rates ranging from 4.5% (2017: 4.5% to 6.1%) per annum.			
16. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			
2018	2017		
Number of Shares			
	Ordinary shares of Rs.5/- each issued as:		
15,000,000	fully paid in cash	75,000,000	75,000,000
25,000,000	fully paid bonus shares	125,000,000	125,000,000
<u>40,000,000</u>		<u>200,000,000</u>	<u>200,000,000</u>
16.1 Associated Companies held 19,573 (2017: 19,573) ordinary shares of Rs. 5/- each in the Company at year end.			
16.2 The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of cash, bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.			

17. TRADE AND OTHER PAYABLES	Note	2018 RUPEES	2017 RUPEES
Creditors		9,125,390	6,179,897
Accrued liabilities		24,928,980	13,910,535
Provision of Gas Infrastructure Development Cess and other charges	17.1	181,801,978	108,091,134
Advances from customers		60,978,785	41,835,176
Workers' Welfare Fund		616,161	-
Workers' Profit Participation Fund		2,718,462	-
Sales tax payable		1,868,176	716,542
		<u>282,037,932</u>	<u>170,733,284</u>

17.1 In the year 2011, Gas Infrastructure Development Cess (GIDC) was made applicable to the industrial consumers by means of GIDC Act, 2011 and the Company has been making provision on account of GIDC. 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, along with other companies in the industry, challenged the GIDC Act, 2015 and filed writ petition in the Honorable High Court of Sindh (HCS) including retrospective application of the provisions 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, have reportedly filed an appeal in the Double Bench of HCS in a similar case against certain petitioners, which is at the stage of hearing as of 30 June 2018. Due to the uncertainties involved in the matter, the eventual outcome of the case cannot be determined at this stage. Therefore, the Company, on a prudent basis, has made an aggregate provision of Rs.121.49 million as of 30 June 2018 which includes Rs.47.63 million for the year in these financial statements.

17.2 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. Thereafter, HCS vide its order dated May 18, 2016, decided the case in Company's favor 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. SSGC filed an appeal in the HCS which was dismissed on August 15, 2017. Subsequently, SSGC has taken the matter to the Supreme Court of Pakistan and filed petition to appeal against the order dated August 15, 2017.

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.60.31 million as of 30 June 2018 which includes Rs.26.07 million for the year in these financial statements

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

As of the financial position date, the Company does not have any contingencies to report.

	Note	2018 RUPEES	2017 RUPEES
18.2 Commitments			
Outstanding letters of credit		5,446,800	38,658,100
Guarantee issued in favour of: - Sui Southern Gas Company Limited		46,370,000	35,793,893
Cheques issued in favor of Nazir of high court in relation to OGRA case	17.2	36,215,885	10,424,700

19. TURNOVER - net

Local sales	1,323,649,960	927,068,432
Sales tax on local sales	(79,184,548)	(52,134,008)
	1,244,465,412	874,934,424
Export sales	185,696,383	263,276,497
	1,430,161,795	1,138,210,921

20. COST OF SALES

Opening stock - finished goods	70,013,338	69,278,774
Cost of goods manufactured	20.1 1,214,720,401	966,365,001
Closing stock - finished goods	10 (62,317,089)	(70,013,338)
	1,222,416,650	965,630,437

	Note	2018 RUPEES	2017 RUPEES
20.1 Cost of goods manufactured			
Raw and packing materials consumed	20.1.1	741,382,474	569,143,775
Salaries, wages and benefits	20.1.2	114,129,901	104,643,900
Repairs, maintenance and stores consumed		51,587,491	50,366,509
Utilities		262,297,290	198,215,170
Vehicles running and maintenance		6,281,442	5,109,487
Insurance		2,508,510	4,066,891
Depreciation	7.2	23,554,857	25,255,948
Others		12,920,163	9,621,594
		1,214,662,128	966,423,274
Work-in-process			
Opening stock		58,273	-
Closing stock	10	-	(58,273)
		58,273	(58,273)
		1,214,720,401	966,365,001
20.1.1 Raw and packing materials consumed			
Opening stock		139,571,914	70,225,333
Purchases		762,420,473	638,490,356
		901,992,387	708,715,689
Closing stock	10	(160,609,913)	(139,571,914)
		741,382,474	569,143,775
20.1.2 Salaries, wages and benefits include Rs. 5.5 million (2017: Rs. 5.32 million) in respect of staff retirement benefits.			
21. DISTRIBUTION COSTS			
Salaries, wages and benefits	21.1	9,266,681	8,542,531
Freight and commission		48,084,314	48,786,152
Rent, rates and taxes		418,944	441,560
Vehicle running expenses		559,111	447,819
Repairs and maintenance		17,030	55,150
Travelling and conveyance		672,475	462,463
Utilities		84,367	69,281
Postage and telephone		491,350	213,452
Printing and stationary		141,380	203,241
Advertisement expenses		1,158,874	998,046
Insurance		238,862	314,056
Entertainment		215,499	58,077
ISO and HACCP certification expenses		229,390	366,120
Kosher certification expenses		757,746	633,311
Organic certification expenses		483,462	80,670
Others		176,686	197,126
		62,996,171	61,869,055

21.1 Salaries, wages and benefits include Rs. 0.57 million (2017: Rs. 0.50 million) in respect of staff retirement benefits.

	Note	2018 RUPEES	2017 RUPEES
22. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	22.1	38,621,332	37,134,780
Rent, rates and taxes		8,755,600	2,918,499
Vehicle running expenses		2,711,672	2,402,623
Repairs and maintenance		279,953	158,390
Travelling and conveyance		24,722,671	23,292,754
Utilities		1,540,669	675,663
Postage and telephone		1,499,731	1,400,157
Printing and stationery		1,597,858	1,386,721
Advertisement expenses		248,421	743,513
Legal and professional charges		4,908,590	2,147,390
Insurance		346,299	1,010,498
Entertainment		1,779,990	1,604,044
Directors' fee		75,000	75,000
Auditors' remuneration	22.2	1,133,750	928,000
Donations and corporate social responsibility	22.3	1,069,600	1,047,400
Depreciation	7.2	3,380,368	3,664,772
Share registrar service charges		306,196	311,611
Others		2,762,646	1,827,458
		<u>95,740,346</u>	<u>82,729,273</u>

22.1 Salaries, wages and benefits include Rs. 2.31million (2017: Rs. 2.11 million) in respect of staff retirement benefits.

22.2 Auditors' remuneration

Statutory Audit	700,000	650,000
Half yearly review	125,000	100,000
Code of Corporate Governance	60,000	54,000
CDC certification	27,000	27,000
Remittance of dividend	56,750	27,000
Free float certification	81,000	-
Out of pocket expenses	84,000	70,000
	<u>1,133,750</u>	<u>928,000</u>

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

23. OTHER EXPENSES

Workers' profit participation fund	3,218,462	2,255,339
Workers' welfare fund	616,161	(1,486,011)
	<u>3,834,623</u>	<u>769,328</u>

24. OTHER INCOME

Income from financial assets		
Interest on bank deposits	3,698,808	2,784,546
Interest on TDR	9,318,795	12,015,828
Exchange gain	3,467,176	807,671
	<u>16,484,779</u>	<u>15,608,045</u>
Income from non financial assets		
Gain on disposal of operating fixed assets	-	2,494,870
	<u>16,484,779</u>	<u>18,102,915</u>

	Note	2018 RUPEES	2017 RUPEES
25. FINANCE COSTS			
Bank charges and commission		1,124,160	1,330,996
26. TAXATION			
Current		(16,817,603)	(11,382,109)
Prior		(578,671)	1,100,274
Deferred		25,743,630	4,948,173
		<u>8,347,356</u>	<u>(5,333,662)</u>
26.1	Income tax assessments of the Company have been finalized up to and including the tax year 2017.		
26.2	Reconciliation between tax expense accounting profit		
Accounting profit		60,534,624	43,984,747
Tax at applicable rate of 30% (2017: 31%)		(18,160,387)	(13,635,272)
Tax effect of:			
Effect of income charged at lower rate		28,219,280	7,487,827
Effect of previous year's tax charge		(578,671)	1,100,274
Effect of non-deductible expenses		(1,132,867)	(286,491)
		<u>8,347,355</u>	<u>(5,333,662)</u>
26.3	Management has provided sufficient tax provision in financial statements in accordance with the Income Tax Ordinance, 2001. Following is the comparison of tax provision as per accounts vis a vis tax assessment for the last three years :		
		Tax provision as per Accounts -----Rupees-----	Tax Assessment
For the year 30 June 2017		11,382,109	10,764,899
For the year 30 June 2016		10,414,664	9,314,389
For the year 30 June 2015		28,820,325	31,016,541
27. EARNINGS PER SHARE			
Profit for the year		68,881,980	38,651,085
Weighted average number of ordinary shares in issue		40,000,000	40,000,000
Basic earnings per share	27.1	Rs. 1.72	Re.0.97
27.1	There is no dilutive effect on basic earnings per share.		

28. CASH GENERATED FROM OPERATIONS	Note	2018 RUPEES	2017 RUPEES
Profit before taxation		60,534,624	43,984,747
Adjustments			
Depreciation	7.2	26,935,225	28,920,720
Gain on disposal of operating fixed assets	24	-	(2,494,870)
Unrealized exchange gain		(379,407)	-
Finance costs	25	1,124,160	1,330,996
		27,679,978	27,756,846
		88,214,602	71,741,593
Decrease / (Increase) in current assets			
Stores, spare parts and loose tools		(3,635,219)	4,394,344
Stock-in-trade		(12,957,516)	(73,809,470)
Trade debts		35,121,357	(29,955,150)
Advances, trade deposits, prepayments and other receivable		(3,826,829)	(3,637,992)
Interest accrued		282,547	(428,252)
		14,984,340	(103,436,520)
Increase in current liabilities			
Trade and other payables		111,304,648	57,137,286
		214,503,590	25,442,359

29. 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 manage working capital requirements 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 2018 which are summarized below:

29.1 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: interest rate risk, currency risk and other price risk, such as equity risk. The company is not materially exposed to other price risk.

29.1.1 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, 2018, 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 financial position date the Company is not materially exposed to interest rate risk.

Bank balances and term deposit receipts carry interest rates ranging from 4.5% (2017: 4.5% to 6.1%) per annum and 5.5% to 6.25% (2017: 5.5% to 6.0%) per annum respectively.

29.1.2 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).

	2018	2017
US Dollar	60,900	401,460
The following significant exchange rates have been applied at reporting dates:		
Exchange rate - US Dollar	121.73	104.86

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)	Effect on equity
		----- Rupees -----	
30 June 2018	+10	741,336	741,336
	-10	(741,336)	(741,336)
30 June 2017	+10	4,209,710	4,209,710
	- 10	(4,209,710)	(4,209,710)

29.2 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 financial position date, the Company is exposed to credit risk on the following assets:

	Note	2018 RUPEES	2017 RUPEES
Long-term deposits		4,593,181	4,342,681
Trade debts	11	7,542,932	42,284,882
Loans to employees	12	1,300,422	1,737,621
Loan to executive	12	900,000	-
Security deposit	13	800,388	470,000
Accrued income		683,064	965,611
Cash with Banks	15	121,877,921	41,374,278
		<u>137,697,908</u>	<u>91,175,073</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	11.2	7,413,357	42,097,096
Past due but not impaired	11.2	129,575	187,786
		<u>7,542,932</u>	<u>42,284,882</u>

Cash at bank

Current accounts			
A-1 +	15	17,081,703	14,599,842
Saving accounts			
A-1 +	15	104,796,218	26,774,436
		<u>121,877,921</u>	<u>41,374,278</u>

29.3 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 30 June 2018, 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.

	2018					2017				
	On demand	Less than 3 months	3 to 12 Months	1 to 5 years	Total	On demand	Less than 3 months	3 to 12 Months	1 to 5 years	Total
Financial Liabilities										
Trade and other payables	1,197,610	32,856,760	-	-	34,054,370	506,536	19,583,896	-	-	20,090,432
Un-claimed dividend	14,319,333	-	-	-	14,319,333	13,942,817	-	-	-	13,942,817
	15,516,943	32,856,760	-	-	48,373,703	14,449,353	19,583,896	-	-	34,033,249

29.4 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 30 June 2018, we don't have any interest bearing borrowings.

29.5 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 30 June 2018, the Company does not have any financial assets carried at fair value that required categorization in Level 1, Level 2 and Level 3.

30. REMUNERATION OF THE CHIEF EXECUTIVE , DIRECTOR AND EXECUTIVES

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

	2018			2017		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees) -----					
Managerial remuneration	8,131,430	4,738,299	15,558,705	7,408,573	4,317,086	17,109,666
Bonus	746,523	435,011	1,461,756	1,237,309	720,999	2,840,966
Leave encashment	-	-	116,663	659,898	384,532	1,129,507
Contribution to provident fund	677,619	394,858	1,296,558	617,381	359,757	1,425,806
	9,555,572	5,568,168	18,433,682	9,923,161	5,782,374	22,505,945
Number of persons	1	1	7	1	1	11

30.2 The aggregate amount paid to the directors as a fee for attending the Board of Directors' meetings amounted to Rs.75,000 (2017: Rs. 75,000).

30.3 In addition, the Chief Executive, Director and 7 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.

31. POST REPORTING DATE EVENTS

31.1 Subsequent to the year end, the Board of Directors of the Company in their meeting held on 05 September, 2018 have proposed a final cash dividend of Rs. 1.25 (2017: Rs.1.25) per share.

31.2 Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), the Company is obligated to pay tax at the rate 7.5% on its accounting profit before tax, if it derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year, through cash. The Company is confident that it will be able to distribute at least 40% of its after tax profits of current year, in line with requirements of section 5A of the Ordinance, and accordingly, no further tax provision has been recorded under section 5A of the Ordinance.

32. TRANSACTIONS WITH RELATED PARTIES

32.1 Related parties comprises of directors, other key management personnels 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	2018	2017
		-----Rupees-----	
Associated Companies	Dividend paid as per share holding	24,467	19,573
Directors and other	Dividend paid as per share holding	25,425,800	20,340,640
Staff provident fund	Contributions made	8,387,093	7,932,131

32.2 Following are the associated companies with whom the Company had entered into transactions or have arrangement / agreement in place:

S.No	Company Name	Basis of relationship	Aggregate % of shareholding
1	Hydari Boring & Pilling (Private) Limited	Common directorship	0.05%
2	Abbas Builders (Private) Limited	Common directorship	0.003%
3	Indus Oil Expellers (Private) Limited	Common directorship	0.001%

	Note	2018 RUPEES (Un-audited)	2017 RUPEES (Audited)
33. STAFF PROVIDENT FUND			
Size of the trust		191,212,081	178,035,940
Cost of investments made		98,697,321	94,497,987
Fair value of investments		99,447,008	95,285,538
		2018 (Un-audited)	2017 (Audited)
Percentage of investment made		52%	53%

Categories of investment of provident fund are as follows:

	2018 ----- Unaudited -----		2017 ----- Audited -----	
	Investment (Rupees)	% of investment	Investment (Rupees)	% of investment
Bank Balances	11,598,207	12%	10,665,178	11%
Term Deposit Receipts	87,848,801	88%	84,620,360	89%
	99,447,008	100%	95,285,538	100%

33.1 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified there under.

34. NUMBER OF EMPLOYEES

The number of employees including contractual employees of the Company are as follows:

	2018 ----- Numbers -----	2017
At year end	353	394
Average employees during the year	352	423
Factory employees at year end	211	201
Average factory employees during the year	207	187

	2018	2017
35. CAPACITY		
Annual installed capacity as of June 30, (in m.tonnes)	45,000	45,000
Actual production for the year (in m.tonnes)	20,187	15,867

35.1 Actual production was below capacity due to low demand.

36. GENERAL

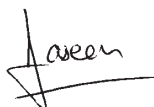
36.1 Figures have been rounded off to the nearest Rupees unless otherwise stated.

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

36.3 These financial statements were authorised for issue on 05 September, 2018 by the Board of Directors of the Company.



OWAIS G. HABIB
Chief Executive Officer



MUHAMMAD YASEEN
Chief Financial Officer



GAFFAR A. HABIB
Chairman

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 38th Annual General Meeting of the members of the Company will be held on Thursday, October 18, 2018 at 11:00 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 Annual General Body Meeting held on Friday, October 27, 2017.
2. To receive and adopt the Director's Report and Audited Financial Statements of the Company for the year ended June 30, 2018.
3. To approve the Final Cash Dividend for the year ended June 30, 2018 @ 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, 2019 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: 05 September 2018.

NOTES:

- i. The share transfer books of the Company will remain closed from October 10, 2018 to October 18, 2018 (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.

- Those shareholders who have still not provided their IBAN are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC to their respective CDC participant / CDC Investor account service (in case of shareholding in Book Entry Form) or to the Company's Share Registrar M/s. THK Associates (Pvt.) Limited, 1st Floor, 40 - C, Block - 6, P.E.C.H.S., Karachi. (in case of shareholding in Physical Form).

(Kindly Provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the HABIB - ADM Ltd., and Central Depository Company of Pakistan Limited (CDC) will not be held responsible, in any manner, for any loss or delay in your cash dividend payment).

- vii. The Government of Pakistan through Finance Act, 2018 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%
(b)	For non-filers of income tax returns	20%

To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 20%, 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 of approval of the cash dividend, at the Annual General Meeting on 18th October 2018, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

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.

- viii. With reference to SRO 787 (I/2014 dated 8th September 2014) issued by SECP, shareholders have an option to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. Shareholders of the Company are requested to give their consent on prescribed format placed on the Company's website www.hal-financialstatement.com to our Shares Registrar, M/s THK Associates (PVT) Ltd. at 40-C,Block-6, P.E.C.H.S., Karachi, to update our record if they wish to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. However, if a shareholder, in addition, requests for a hard copy of the Audited Financial Statements, the same shall be provided free of cost within seven (07) days of receipt of such request.
- ix. 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 07 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.

Habib-ADM Ltd.

To avail this facility a request to be submitted to registered address of the Company 07 days before holding of the Annual General Meeting.

I/We, _____ of _____
being a member of Habib - ADM Ltd., 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 Ltd.

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 LTD., 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 LTD., 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 18, 2018, and at any
adjournment thereof.

Signed this _____ Day of _____

Revenue Stamp
Five
Rupees

SIGNATURE OF MEMBER(S)

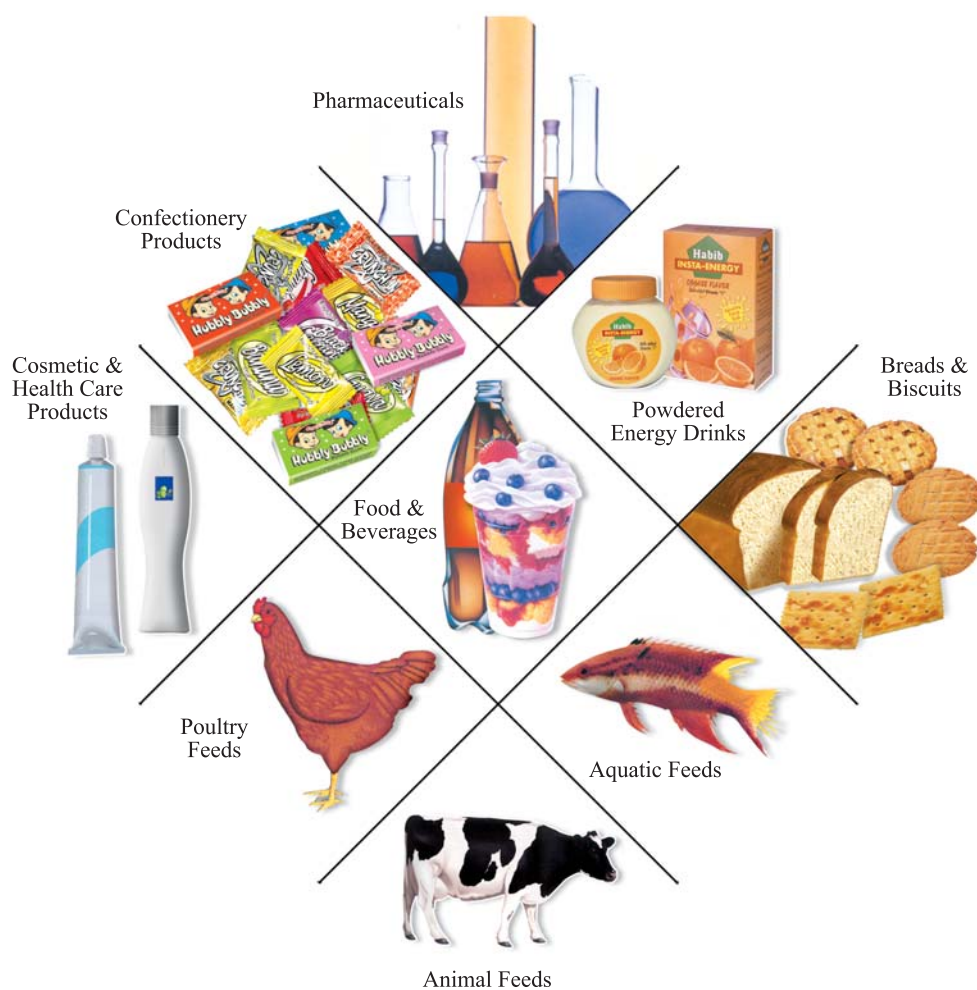
(Signature should agree with the specimen signature registered with the Company)



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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