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Habib-ADM Ltd.

*29th Annual Report
for the year ended
June 30, 2009*



COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Gaffar A. Habib
Mr. Owais G. Habib
Mr. Yusuf A. Habib.
Mr. Tufail Y. Habib.

Chairman
Managing Director

Non Executive Directors

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

BOARD OF AUDIT COMMITTEE

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

CHIEF EXECUTIVE OFFICER

Mr. Owais G. Habib

CHIEF FINANCIAL OFFICER

Mr. S. M. Vakil

COMPANY SECRETARY

Mr. Ali Asghar Rajani

AUDITORS

M/s. Hyder Bhimji & Co.
Chartered Accountants

REGISTERED OFFICE

2nd Floor, UBL Building
I. I. Chundrigar Road,
Karachi - 74000
Pakistan.
Telephone : (0213) 2411887
Fax : (0213) 2414581

ADMINISTRATIVE OFFICES & FACTORY

243, Mauza Baroot,
H.I.T.E
Hub - 90250
Pakistan.
Telephone : (0853) 363963-5
Fax : (0853) 364068



CHAIRMAN'S REVIEW



Dear Shareholders.

We bow our heads in gratitude to Allah the Beneficent, the Merciful, the Provider, for the Blessings He continues to bestow on us which are partly reflected in the Company's favorable performance for the year ended June 2009.

By the Grace of Allah the Company's performance remained strong through the year with gross consolidated sales increasing to Rs 1349 million (2008: Rs 1188m) and resultant net profit after tax of Rs 141 million (2008: Rs 115m). This has enabled the Board of Directors to recommend a 40% (Rs 2 per share) Cash Dividend for the year ended June 2009.

Significant developments during the year included downward adjustments of all agricultural commodity prices, including rice, in the international markets. On the domestic front, Pakistan was blessed with a relatively large rice crop. However, much of this was damaged early in the season, resulting in tight supplies of good quality rice. By the Grace of Allah, our technical team was able to develop processes to allow us to use the available damaged rice for non-sensitive applications, thereby converting a challenge into an opportunity benefitting the Company as well as the rice farmers.

The State Bank of Pakistan's continued efforts at reducing interest rates had favorable results - although interest rates are still relatively high and are expected to be further reduced in the coming year to help revive industrial activity in the country.

We continue to face major challenges such as the global recession (which is affecting our export markets with increasing severity) and domestic inflation (adversely affecting our domestic markets as well as putting increasing pressure on our overall costs). Our efforts at mitigating these adverse conditions include diligent controls and monitoring to ensure efficient resource allocation and usage, maximizing production efficiencies, and making processes more cost effective.

Please join me in our prayers to Allah the Beneficent, the Provider to continue to Guide us and Bless our efforts with Bounties as befit His Glory. Aameen.

On behalf of the Board,

GAFFAR A. HABIB
Chairman

Karachi: 07 October 2009

OTHER NOTES

AUDITORS

The auditors M/s. Hyder Bhimji & Co. Chartered Accountants retire and have offered themselves for reappointment. The Board of Audit Committee of the Company have recommended their re-appointment for the financial year ending June 30, 2010.

STATEMENTS ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- a. The Financial Statements, Cash Flow and Changes in Equity, prepared by the management of the Company, present fairly it's state of affairs and the result of it's operations.
- b. The Company has maintained proper books of accounts.
- c. In preparation of Financial Statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgement.
- d. In preparation of Financial Statement International Accounting Standards, as applicable in Pakistan, have been followed and non-applicability, if any, has been adequately disclosed.
- e. The existing system of internal control and other procedures are been continuously reviewed by the internal auditor. The process of review will continue and any weakness in controls will have immediate attention of the management.
- f. There are no doubts about the Company's ability to continue as a going concern.
- g. The Corporate Governance Regulations, as detailed in the Listing Regulations, have been fully implemented.
- h. Key operating and financial data for the last six years in summarized form is annexed.
- i. The following is the value of investments based on-respective audited accounts as on 30 June 2009.

Provident Fund Rs. 96.93 million (2008 Rs. 86.22 million)

- j. Pattern of Share Holding of the Company is shown on the page 6.
- k. During the year (4) meetings of the Board of Directors were held. Attendance by each Director is as follows:-

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



GAFFAR A. HABIB
Chairman

Karachi: October 07, 2009

SIX YEARS AT A GLANCE

(Rupees in 000)

PARTICULARS	2009	2008	2007	2006	2005	2004
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	313,710	252,474	187,089	112,482	99,176	79,740
Total Share Holder Equity	573,710	512,474	447,089	372,482	359,176	339,740
Fixed Assets at Cost	751,538	655,004	631,861	552,341	481,507	479,674
Accumulated Depreciation	408,886	378,321	351,200	329,409	312,694	296,585
Current Assets	321,541	328,179	199,936	245,448	224,771	245,237
Non-Current Liabilities	40,490	-	-	-	-	-
Current Liabilities	70,205	169,190	52,779	101,940	105,176	151,179
INCOME						
Consolidated Sales (Net)	1,266,208	1,119,907	614,891	474,634	422,157	437,878
Sales (Net)	1,131,768	894,693	512,081	440,032	338,229	410,122
Dividend from Subsidiary Company	84,340	146,300	98,036	32,221	80,166	25,309
Other Income	4,018	5,635	1,860	409	987	4,727
Total	1,220,126	1,046,627	611,977	472,663	419,382	440,158
Profit before Taxation	198,197	135,678	101,220	36,739	25,258	16,445
Taxation	56,961	20,293	2,613	3,433	5,822	1,402
Profit after Taxation	141,237	115,384	98,607	33,306	19,437	15,044
STATISTICS AND RATIOS						
Pre-Tax Profit to Sales %	18%	15%	20%	8%	7%	4%
Pre-Tax Profit to Capital %	99%	68%	51%	18%	13%	8%
Current Ratio	4.58	1.94	3.79	2.41	2.14	1.62
Paid-Up Value Per Share (Rs)	5	5	5	5	5	5
Earning After Tax Per Share (Rs)	3.53	2.88	2.47	0.83	0.49	0.38
Cash Dividend %	* 40%	40%	25%	12%	10%	-
Retained Earning Per Share (Rs)	9.34	7.81	6.18	4.31	3.98	3.49
Break-Up Value Per Share (Rs)	14.34	12.81	11.18	9.31	8.98	8.49

The Board of Directors in their meeting of October 07, 2009 has recommended a cash dividend in respect of the year ended June 30, 2009 @ 40% i.e Rs. 2 per share of Rs. 5 each.

**PATTERN OF SHARE HOLDING AS ON JUNE 30, 2009**

NO. OF SHARE HOLDERS	SHARE HOLDING	TOTAL SHARES HELD
637	0000001 TO 0000100	29,305
687	0000101 TO 0000500	192,567
315	0000501 TO 0001000	246,109
432	0001001 TO 0005000	1,053,541
89	0005001 TO 0010000	683,936
22	0010001 TO 0015000	279,649
23	0015001 TO 0020000	416,985
8	0020001 TO 0025000	182,929
8	0025001 TO 0030000	224,156
8	0030001 TO 0035000	259,324
2	0035001 TO 0040000	78,005
2	0040001 TO 0045000	86,828
5	0045001 TO 0055000	257,000
4	0055001 TO 0070000	250,777
7	0070001 TO 0075000	507,131
2	0075001 TO 0080000	154,200
1	0090001 TO 0095000	90,181
2	0095001 TO 0100000	200,000
2	0100001 TO 0120000	237,281
3	0120001 TO 0125000	368,399
2	0145001 TO 0155000	307,000
1	0155001 TO 0175000	172,000
2	0175001 TO 0250000	495,600
2	0250001 TO 0255000	501,780
1	0255001 TO 0280000	280,000
1	0280001 TO 0355000	352,700
1	0400001 TO 0450000	407,900
1	0750001 TO 0850000	801,000
1	0905001 TO 0910000	908,670
1	1000001 TO 1200000	1,109,966
1	1200001 TO 1350000	1,315,000
1	1900001 TO 1935000	1,905,500
1	2015001 TO 2020000	2,017,500
1	2020001 TO 3200000	2,085,342
2	3200001 TO 3350000	6,695,070
1	3820001 TO 3825000	3,820,036
1	3825001 TO 3830000	3,826,633
1	7195001 TO 7200000	7,200,000
2281		40,000,000

S.NO.	CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE OF ISSUED CAPITAL
1	INDIVIDUALS	2,227	30,025,996	75.06%
2	JOINT STOCK COMPANIES	35	8,926,993	22.32%
3	INSURANCE COMPANIES	5	633,900	1.58%
4	FINANCIAL INSTITUTIONS	9	267,615	0.67%
5	CHARITABLE & OTHER TRUSTS	5	145,496	0.36%
	TOTAL	2,281	40,000,000	100%

LIST OF JOINT STOCK COMPANIES INCLUDING ASSOCIATED COMPANIES

S.NO.	CATEGORY OF SHAREHOLDERS AS ON JUNE 30, 2009	NO. OF SHARES
	JOINT STOCK COMPANIES	
1	M/s. ADM International Limited	7,200,000
2	M/s. Abbas Builders (Pvt) Limited	1,315,000
3	M/s. Polypropylene Products Limited	250,000
4	M/s. Escorts Investment Bank Limited	55,000
5	M/s. NH Securities (Pvt) Limited	30,082
6	M/s. Hyderi Boring & Piling (Pvt) Limited	18,000
7	M/s. Zafar Securities (Pvt) Limited	11,785
8	M/s. M.R. Securities (Pvt) Limited	7,500
9	M/s. Live Securities (Pvt) Limited	6,727
10	M/s. Ace Securities (Pvt) Limited	5,000
11	M/s. B.F. Modaraba	5,000
12	M/s. Time Securities (Pvt) Limited	4,000
13	M/s. B & B Securities (Pvt) Limited	4,000
14	M/s. Valika Properties (Pvt) Limited	4,000
15	M/s. Durvesh Securities (Pvt) Limited	2,328
16	M/s. Crescent Corporation (Pvt) Limited	1,523
17	M/s. Abbas Builders (Pvt) Limited	1,373
18	M/s. Gulrez Securities (Pvt) Limited	1,348
19	M/s. Pak Libya Holding Company Limited	795
20	M/s. NH Securities (Pvt) Limited	439
21	M/s. AWJ Securities (SMC - Pvt) Limited	400
22	M/s. Prudential Securities Limited	333
23	M/s. Y.S. Securities & Services (Pvt) Limited	333
24	M/s. Baba Equities (Pvt) Limited	316
25	M/s. Murree Brewery Company Limited	300
26	M/s. Harvest Smarterend Securities (Pvt) Limited	250
27	M/s. Excel Securites (Pvt) Limited	222
28	M/s. Indus Oil Expellers (Pvt) Limited	200
29	M/s. Husaini Agencies (Pvt) Limited	200
30	M/s. Al-Asar Securities (Pvt) Limited	185
31	M/s. Naeems Securities (Pvt) Limited	161
32	M/s. Al - Haq Securities (Pvt) Limited	111
33	M/s. HK Securities (Pvt) Limited	44
34	M/s. Sarfarz Mahmood (Pvt) Limited	27
35	M/S. S.H. Bukhari Securities (Pvt) Limited	11
	TOTAL	8,926,993

S.NO.	CATEGORY OF SHAREHOLDERS AS ON JUNE 30, 2009	NO. OF SHARES
<u>INSURANCE COMPANIES</u>		
1	M/s. State Life Insurance Corporation of Pakistan	352,700
2	M/s. Habib Insurance Company Limited	280,000
3	M/s. State Life Insurance Corporation of Pakistan	600
4	M/s. The Premier Insurance Company of Pakistan	300
5	M/s. Habib Insurance Company Limited	300
		633,900
<u>FINANCIAL INSTITUTIONS</u>		
1	M/s. NBP Trustee - NI(UT) (LOC) Fund	122,599
2	M/s. National Bank of Pakistan - Trustee Department	119,017
3	M/s. The Muslim Commercial Bank Limited	12,433
4	M/s. Bank Al Falah Limited	9,000
5	M/s. Investment Corporation of Pakistan	1,600
6	M/s. National Bank of Pakistan	1,400
7	M/s. Pakistan Industrial Credit	1,300
8	M/s. National Industrial Co oP	200
9	M/s. National Development Finance Company	66
		267,615
<u>CHARITABLE & OTHER TRUSTS</u>		
1	M/s. The Habib Foundation	67,500
2	M/s. Habib Ismail Benevolent Trust	33,748
3	M/s. Khoja Girls Orphanage Trust	33,748
4	Trustee Nestle Pakistan Limited Managerial Staff Pension Fund	10,000
5	M/s. Trustee - Hafiz Foundation	500
		145,496

DIRECTORS AND C.E.O., INCLUDING SPOUSES

S.NO.	CATEGORY OF SHAREHOLDERS AS ON JUNE 30, 2009	NO. OF SHARES
<u>DIRECTORS :</u>		
1	Mr. Gaffar A. Habib	3,820,036
2	Mr. Owais G. Habib	3,826,633
3	Mr. Yusuf A. Habib	1,523
4	Mr. Tufail Y. Habib	2,085,342
5	Ms. Fatemah G. Habib	3,347,851
6	Dr. Salma Habib	3,347,219
<u>DIRECTOR'S SPOUSES :</u>		
1	Mrs. Nishat G. Habib W/o. Mr. Gaffar A. Habib	422,648
2	Mrs. Mumtaz Yusuf W/o. Mr. Yusuf A. Habib	20,243
TOTAL		16,871,495

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE Year Ended June 30, 2009

This statement is being presented to comply with the code of Corporate Governance contained in Regulation No. 37 (Chapter XI) of Listing Regulations of Karachi Stock Exchange (Guarantee) Ltd. and Clause 40 (Chapter-XIII) of the Listing Regulations of Lahore Stock Exchange (Guarantee) Limited, for the purpose of establishing a framework of good governance, whereby a Listed Company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent and Non-Executive Directors on its Board of Directors. At present the Board includes three Non-Executive Directors.
2. The Directors have confirmed that none of them is serving as a Director in more than ten Listed Companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, DFI or an NBFIs. None of the Directors are members of any Stock Exchange in Pakistan.
4. No Casual vacancies occurred in the Board of Directors during the financial year ended 30 June 2009.
5. Statement of Ethics and Business Practices has been approved and signed by the Directors and has been communicated amongst the employees of the Company.
6. The Board has developed a vision and mission statement and an overall corporate strategy and significant policies of the Company.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and terms and conditions of employment of the Chief Executive Officer (CEO) and other Executive Directors, wherever necessary, have been taken by the Board. The CEO and the Executive Directors are remunerated for their services by the Company.
8. The meetings of the Board were preside over by the Chairman, and in his absence, by a Director elected by the Board for this purpose. The Board met at least once in every quarter during the year. Written notices of the Board Meetings, along with agenda and working papers, were circulated at least seven days before the Meetings. The Minutes of Meetings were appropriately recorded and circulated.
9. The Board arranges orientation course for its Directors as and when needed to appraise them with their duties & responsibilities. The incoming directors are also provided with appropriate briefing and orientation material to enable them first hand knowledge on the working of the Company.
10. The Directors' Report has been prepared in compliance with the requirements of the Code and describes the salient matters required to be disclosed.
11. The Financial Statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
13. The Company has complied with all the corporate and financial reporting requirements of the Code.
14. The Board has formed an Audit Committee comprising of three members, of which two, including the Audit Committee Chairman, are Non-Executive Directors. The meetings of the Audit Committee were held once every quarter prior to approval of the interim and final results of the Company as required by the Code. The terms of references of the committee have been formed and advised to the committee for compliance.

15. The Board has set up an effective Internal Audit functional who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and are involved in the internal audit function as a full time basis.
16. The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under quality control review programmed of the institute of Chartered Accountants 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 ethic as adopted by Institute of Chartered Accountants of Pakistan.
17. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the Auditors have confirmed that they observed IFAC guidelines in this regard.
18. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board of Directors



Chief Executive Officer

Karachi: October 07, 2009

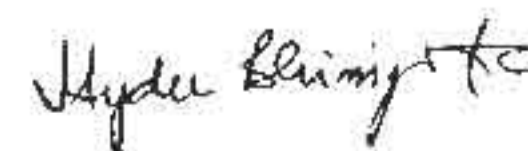
REVIEW REPORT TO THE MEMEBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2009 prepared by the Board of Directors of Habib-ADM Limited (the Company) to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange and Chapter - XIII of the Lahore Stock Exchange, where the Company is listed.

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

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

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



HYDER BHIMJI & CO.
Chartered Accountants

Karachi: October 07, 2009



Table of Contents and Subcommittees

Selected Report of Statements
of the Committee on Finance, Jan 19 2003



Hapib-ADM Ltd. and Subsidiaries

**Consolidated Financial Statements
For The Year Ended June 30, 2009**



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have examined the annexed Consolidated Financial Statements comprising Consolidated Balance Sheet of HABIB - ADM LIMITED (the Holding Company) and its Subsidiary Company HABIB MICROFINE (PVT) LIMITED as at June 30, 2009 and the related Consolidated Profit & Loss Account, Consolidated Cash Flows Statement and Consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the unconsolidated Financial Statements of HABIB - ADM LIMITED and HABIB MICROFINE (PVT) LIMITED. The Financial Statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

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

In our opinion, the Consolidated Financial Statements present fairly the financial position of the Holding Company and its Subsidiary as at June 30, 2009 and the results of their operations for the year then ended.

HYDER BHIMJI & CO.
Chartered Accountants

Karachi: October 07, 2009



CONSOLIDATED BALANCE SHEET

	NOTE	2009 RUPEES	2008 RUPEES
AUTHORISED SHARE CAPITAL			
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			
40,000,000 Ordinary Shares of Rs. 5 each	4	200,000,000	200,000,000
RESERVES AND SURPLUS			
Capital Reserve	5	10,000,000	10,000,000
Revenue Reserve - General	6	50,000,000	50,000,000
Unappropriated Profit		313,710,357	252,473,656
		573,710,357	512,473,656
Deferred Taxation - Net	7	40,490,000	-
CURRENT LIABILITIES			
Trade and Other Payables	8	70,279,222	64,659,740
Accrued Mark up	9	1,891	3,886,860
Short Term Borrowings (Secured)	10	-	82,048,162
		70,281,113	150,594,762
CONTINGENCIES & COMMITMENTS			
	11		
		<u>684,481,470</u>	<u>663,068,418</u>

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

Karachi: October 07, 2009



AS AT JUNE 30, 2009

	NOTE	2009 RUPEES	2008 RUPEES
NON-CURRENT ASSETS			
FIXED ASSETS			
Property, Plant and Equipment	12	359,941,723	345,043,595
Long Term Deposits	13	3,342,501	3,313,501
Deferred Taxation - Net	14	-	5,705,000
		363,284,224	354,062,096
CURRENT ASSETS			
Stores, Spare Parts and Loose Tools	15	43,201,440	36,601,195
Stock in Trade	16	139,742,243	179,303,557
Trade Debts - Unsecured Considered Good	17	70,878,254	69,786,419
Advances - Unsecured	18	3,821,729	1,305,979
Deposits and Pre-Payments	19	4,264,091	4,332,385
Other Receivables	20	217,500	3,287,383
Accrued Interest	21	728,286	-
Income Tax Refundable Net of Provision	22	6,275,281	3,417,068
Cash and Bank Balances	23	52,068,422	10,972,336
		321,197,246	309,006,322
		<u>684,481,470</u>	<u>663,068,418</u>

OWAIS G. HABIB
Chief Executive

GAFFAR A. HABIB
Chairman



Habib-ADM Ltd. and Subsidiaries

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2009

	NOTE	2009 RUPEES	2008 RUPEES
SALES			
Gross Sales		1,349,164,421	1,187,531,837
Less: Sales tax		82,956,135	67,625,269
Net Sales	24	1,266,208,286	1,119,906,568
Cost of Goods Sold	25	872,233,574	797,558,468
Gross Profit		393,974,712	322,348,100
LESS:			
Selling & Distribution Expenses	26	120,468,864	125,707,279
Administrative Expenses	27	58,841,825	43,305,847
		179,310,689	169,013,126
Operating Profit		214,664,023	153,334,974
LESS:			
Finance Cost	28	3,267,415	9,868,398
Other Operating Charges	29	13,505,001	8,935,119
		16,772,416	18,803,517
		197,891,607	134,531,457
ADD:			
Other Operating Income			
Financial Assets			
Interest Income		976,505	-
Non Financial Assets			
Gain on Sale of Property, Plant & Equipment	12.2	686,862	1,758,281
Reversal of Excess Provision of W,W.F		-	110,261
Exchange Gain		1,148,166	2,628,416
		1,835,028	4,496,958
Total other operating income		2,811,533	4,496,958
Net Profit Before Taxation		200,703,140	139,028,415
Provision for Taxation			
- Current		13,271,439	21,644,187
- Deferred		46,195,000	2,000,000
	30	59,466,439	23,644,187
Net Profit For The Year		141,236,701	115,384,228
Earning per Share of Rs. 5 each	31	3.53	2.88

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

OWAIS G. HABIB
Chief Executive

GAFFAR A. HABIB
Chairman

Karachi: October 07, 2009



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2009

	NOTE	2009 RUPEES	2008 RUPEES
Cash Flows from Operating Activities			
Cash Generated from Operations	33	189,490,194	159,125,135
Finance Cost Paid		(7,152,384)	(8,084,847)
Taxes Paid		(16,129,652)	(22,137,837)
Net Cash (used in)/Generated From Operating Activities		166,208,158	128,902,451
Cash Flows from Investing Activities			
Capital Expenditure		(46,520,572)	(85,060,814)
Sale Proceeds from Disposal of Property, Plant & Equipment		1,437,500	2,819,616
Long Term Deposits		(29,000)	221,500
Net Cash used in Investing Activities		(45,112,072)	(82,019,698)
Net Cash Flows available from Operating and Investing Activities		121,096,086	46,882,753
Cash Flows from Financing Activities			
Dividend Paid		(80,000,000)	(50,000,000)
Net Cash (used in)/Generated From Financing Activities		(80,000,000)	(50,000,000)
Net Increase /(Decrease) in Cash and Bank Balances		41,096,086	(3,117,247)
Cash and Bank Balances at beginning of the Year		10,972,336	14,089,583
Cash and Bank Balances at the end of the Year		52,068,422	10,972,336

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

OWAIS G. HABIB
Chief Executive

GAFFAR A. HABIB
Chairman

Karachi: October 07, 2009



Habib-ADM Ltd. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2009

PARTICULARS	SHARE CAPITAL	CAPITAL RESERVE	REVENUE RESERVE GENERAL	UNAPPROPRIATED PROFIT	TOTAL
Balance as at June 30, 2007	200,000,000	10,000,000	50,000,000	187,089,428	447,089,428
Final Cash Dividend for the year ended June 30, 2007 @ 25% i.e. Rs.1.25 per share of Rs. 5 each	-	-	-	(50,000,000)	(50,000,000)
Net Profit for the year ended June 30, 2008	-	-	-	115,384,228	115,384,228
Balance as at June 30, 2008	200,000,000	10,000,000	50,000,000	252,473,656	512,473,656
Final Cash Dividend for the year ended June 30, 2008 @ 40% i.e. Rs. 2 per share of Rs. 5 each	-	-	-	(80,000,000)	(80,000,000)
Net Profit for the year ended June 30, 2009	-	-	-	141,236,701	141,236,701
Balance as at June 30, 2009	200,000,000	10,000,000	50,000,000	313,710,357	573,710,357

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

OWAIS G. HABIB
Chief Executive

GAFFAR A. HABIB
Chairman

Karachi: October 07, 2009



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1 LEGAL STATUS AND OPERATIONS

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

Habib-ADM Limited
Habib Microfine (Pvt) Limited

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

The Registered Office of the Company is situated at 2nd Floor, UBL Building, I.I.Chundrigar Road, Karachi. The principal activity of the Company is to produce rice based Starch Sugars and Proteins. The Parent Company is engaged primarily in the production of rice based starch sugars, proteins and derivatives.

The principal activity of Habib Microfine (Pvt) Limited is the production of microfine processed products. The Registered Office of the Company is situated at 2nd Floor, UBL Building, I.I.Chundrigar Road, Karachi.

1.2 BASIS OF CONSOLIDATION

All business combinations are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair values of the holding company's share of identifiable net assets acquired is recorded as good will.

The consolidated financial statements include the financial statements of the holding company and its subsidiary- "the Group".

Subsidiary company are consolidated from the date on which more than 50% voting rights are transferred to the holding company or power to govern the financial and operating policies over the subsidiary is established and is excluded from consolidation from the date of disposal of cessation of control.

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

The assets and liabilities of the subsidiary have been consolidated on a line by line basis and the carrying value of investment held by the holding company is eliminated against the subsidiary's share capital in the consolidated financial statements.

Material intra group balances and transactions are eliminated.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These Financial Statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards, (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provision of directives of the Companies Ordinance, 1984 shall prevail.

2.2 Significant Accounting Judgments and Estimates:

The preparation of Financial Statements in conformity with approved accounting standards requires the use of certain critical accounting estimates.



It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimate is recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgment which are significant to the Financial Statements.

Property, Plant and Equipment :

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

Income Taxes :

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

Future Estimation of Export Sales :

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

Provisions of Obsolescence :

Provisions of Obsolescence and slow moving spares is based on parameters set out by management.

Contingencies:

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

Stock in Trade:

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

2.3 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

a) Standard effective in 2008-2009

In the current year, IFRS 7, Financial Instruments:disclosure was required to be followed by the company. Application of this standard only impacts the format and extent of disclosures as presented in the financial statements.

b) Standards, amendments and interpretations issued but not yet effective :

		Effective for periods beginning on or after
IFRS 1	First time adoption of IFRS (Revised)	July 1, 2009
IFRS 2	Share-based payment (Amendments)	January 1, 2009
IFRS 2	Group Cash Settled Share-based payment	January 1, 2010
IFRS 3	Business combinations (Revised)	July 1, 2009
IFRS 4	Insurance contracts (Amendments)	January 1, 2009
IFRS 5	Non-current assets held-for-sale and discontinued operations (Amendments)	January 1, 2009
IFRS 7	Financial instruments : Disclosure (Amendments)	January 1, 2009
IFRS 8	Operating segments	January 1, 2009



IAS 1	Presentation of financial statements (Revised)	January 1, 2009
IAS 7	Statement of cash flows (Amendments)	January 1, 2009
IAS 12	Income taxes (Amendments)	January 1, 2009
IAS 16	Property, plant and equipment (Amendments)	January 1, 2009
IAS 18	Revenue (Amendments)	January 1, 2009
IAS 19	Employee benefits (Amendments)	January 1, 2009
IAS 20	Government grants and disclosure of government assistance	January 1, 2009
IAS 21	The effects of changes in foreign exchange rates (Amendments)	January 1, 2009
IAS 23	Borrowing costs (Revised)	January 1, 2009
IAS 27	Consolidated and separate financial statements (Amendments)	July 1, 2009
IAS 28	Investments in associates (Amendments)	January 1, 2009
IAS 31	Interest in joint ventures (Amendments)	January 1, 2009
IAS 32	Financial Instruments : Presentation (Amendments)	January 1, 2009
IAS 33	Earnings per share (Amendments)	January 1, 2009
IAS 34	Interim financial reporting (Amendments)	January 1, 2009
IAS 36	Impairment of assets (Amendments)	January 1, 2009
IAS 38	Intangible assets (Amendments)	January 1, 2009
IAS 39	Financial Instruments : Recognition and measurement (Amendments)	January 1, 2009
IAS 40	Investment property (Amendments)	January 1, 2009
IAS 41	Agriculture (Amendments)	January 1, 2009
IFRIC 1	Changes in existing decommissioning, restoration and similar liabilities (Amendments)	January 1, 2009
IFRIC 2	Member's share in corporate entities and similar liabilities (Amendments)	January 1, 2009
IFRIC 4	Determining whether an Arrangement contains a lease	July 1, 2009
IFRIC 12	Service Concession Arrangements	July 1, 2009
IFRIC 14	The limit on defined benefit asset, minimum funding requirements and their interaction (Amendments)	January 1, 2009
IFRIC 15	Agreements for the construction of real estate	January 1, 2009
IFRIC 16	Hedges of a net investment in a foreign operation.	October 1, 2009
IFRIC 17	Distribution of non-cash assets to owners	July 1, 2009
IFRIC 18	Transfer of Assets from Customer	July 1, 2009

The management anticipates that adoption of above standards, amendments and interpretations in future periods will have no material impact on the Company's financial statements except for additional disclosures.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting Convention

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

3.2 Property, Plant and Equipment

These are stated at cost less accumulated depreciation, except lease-hold land and capital work-in-progress, which are stated at cost. No amortization is provided on lease hold land since the leases are renewable at the option of lessee at nominal cost and their realizable values are expected to be higher than respective carrying values.



Depreciation is charged to income applying the Reducing Balance Method, whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation is charged including on additions on quarterly basis, whereas no depreciation is charged on the assets disposed off during the quarter. Asset's residual values and useful lives are reviewed, and adjusted, if appropriate at each balance sheet date.

Maintenance and normal repairs are charged to profit & loss account as and when incurred.

Gains or losses on disposal of assets are included in income currently.

3.3 Investments

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

3.4 Stores, Spares Parts and Loose Tools.

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

Loose Tools Stated at actuals

3.5 Stock in Trade

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

Work-in-Process Valued at weighted average cost of raw material plus a portion of the manufacturing expenses.

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

Raw Material in Transit Stated at actuals

3.6 Trade Debts

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

3.7 Cash and Cash Equivalents

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

3.8 Borrowing Cost

Interest, mark up and other charges on long term loans, if any, are capitalized upto the date of commissioning of fixed assets if acquired out of proceeds of such long term loans. All other interest, markup and other charges are charged to the Profit & Loss Account.

3.9 Taxation

Current :

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



Deferred :

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

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

3.10 Impairment

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

3.11 Offsetting of Financial Assets and Liabilities

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

3.12 Provisions

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

3.13 Staff Retirement Benefits

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

3.14 Compensated Unavailed leaves

The Company accounts for its estimated liability towards unavailed leaves accumulated by employees on accrual basis.

3.15 Revenue Recognition

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



3.16 Accounting for Lease.

Lease Expenses represent lease rental for assets under operating lease agreements with various leasing Companies and charged to profit & loss account.

3.17 Dividend & Appropriation to reserves

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

3.18 Foreign Currency Translations

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

3.19 Functional and Presentation Currency

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

	2009 RUPEES	2008 RUPEES
4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
15,000,000 Ordinary Shares of Rs. 5 each allotted for consideration paid in Cash.	75,000,000	75,000,000
25,000,000 Ordinary Shares of Rs. 5 each allotted as Fully Paid Bonus Shares.	<u>125,000,000</u>	<u>125,000,000</u>
	<u>200,000,000</u>	<u>200,000,000</u>
5 CAPITAL RESERVE		
Share Premium on 5,000,000 Right Shares @ Rs. 2 per share issued in the year 1995-96	<u>10,000,000</u>	<u>10,000,000</u>
6 REVENUE RESERVE - General	<u>50,000,000</u>	<u>50,000,000</u>
This reserve is created out of appropriation in past year and retained to meet future exigencies		
7 DEFERRED TAXATION - NET		
Deferred Tax Liability arising due to : Accelerated Depreciation Allowance	45,790,000	-
Deferred Tax Asset arising due to :		
- Carry forward of taxable loss	(2,730,000)	-
- Provision for Obsolescence of Stores & Spare Parts & Stock in Trade	(2,570,000)	-
	<u>40,490,000</u>	<u>-</u>



	2009 RUPEES	2008 RUPEES
8 TRADE & OTHER PAYABLES		
Creditors	23,053,735	11,601,710
Accrued Expenses	27,856,269	26,613,680
Advance from Customers	-	12,325,284
Advance from Subsidiary Company	1,164,915	-
Security Deposits from Customers (Refundable on Cessation of Business Dealings Free of Interest)	853,774	808,774
Unclaimed Cheques For Right and Bonus Share Fraction	3,515	3,515
Unclaimed Dividend	4,942,206	3,658,801
Workers' Profits Participation Fund - Note 8.1	4,457,759	5,624,623
Workers' Welfare Fund	2,742,343	195,101
Income Tax Deducted at Source	100,564	46,786
Sales Tax Payable	5,104,142	3,781,466
	<u>70,279,222</u>	<u>64,659,740</u>
8.1 WORKERS' PROFITS PARTICIPATION FUND		
Opening Balance	5,624,623	1,622,831
Add: Interest on funds utilized for Company's business	168,995	16,673
	<u>5,793,618</u>	<u>1,639,504</u>
Add: Allocation for the year	10,457,759	7,135,119
	<u>16,251,377</u>	<u>8,774,623</u>
Less: Amount paid to trustees	11,793,618	3,150,000
Closing Balance	<u>4,457,759</u>	<u>5,624,623</u>
9 ACCRUED MARK - UP		
Accrued mark - up on secured short term borrowings.	<u>1,891</u>	<u>3,886,860</u>
10 SHORT TERM BORROWING (Secured)		

The above finance facilities are secured against hypothecation of Stock in trade, Stores, Spares and Receivables ranking pari passu. The markup on these facilities is linked with kibar plus the spread ranging from 2% to 2.5% per annum. The short term facility of each bank is for one year which is renewable after expiry of the term or on revolving basis. Further more, the Company has also provided collateral security to a Bank being an equitable mortgage over plant & machinery and land & building. The sanctioned limit of short term borrowings aggregates Rs. 250 million (2008 Rs. 160 million) and unavailed facility at the Balance Sheet amount to Rs. 250 million (2008 Rs. 77 million).

11 CONTINGENCIES & COMMITMENTS

11.1 The Company has filed an appeal before the sales tax appellate tribunal against the order passed by the collector of custom & sales tax involving a demand of Rs. 11.5 million as sales tax. The case has been heard and the decision is awaited. The Company has not acknowledged the demand as it is confident that the same is not likely to crystallize.



Habib-ADM Ltd. and Subsidiaries

11.2 Commitments for rentals under operating lease as at June 30, 2009 amount is Nil detail as under:-

	Note	2009 RUPEES	2008 RUPEES
Payable within one year		-	2,150,599
Payable more than one year but within five years		-	207,835
		-	2,358,434

11.3 Guarantees have been issued by Bank Al Habib on behalf of the Company for utilities in the normal course of the business for utilities aggregating to Rs. 36.465 - million (2008 : Rs 23.965 million)

12 PROPERTY, PLANT & EQUIPMENT

Operating Assets - Tangible	12.1	344,070,911	278,260,066
Capital Work -in- Progress	12.3	15,870,812	66,783,529
		<u>359,941,723</u>	<u>345,043,595</u>

12.1 Operating Assets - Tangible

Particulars of Assets	2009									
	C O S T				D E P R E C I A T I O N					
	As at 1.7.2008	Addition during the year	Disposals/ adjustment during the year	Total As at 30.06.2009	Rate %	Upto 01.07.2008	For the Year	On Disposals And Adjustments	Total Upto 30.06.2009	Written Down Value As At 30.06.2009
Land (Lease hold) at Hub & Karachi	16,147,595	-	-	16,147,595	-	-	-	-	-	16,147,595
On Lease Hold Land	-	-	-	-	-	-	-	-	-	-
Factory Building	69,289,415	25,728,397	-	95,017,812	10	46,976,429	2,872,847	-	49,848,276	45,169,536
Office at Factory	497,807	-	-	497,807	5	297,912	9,994	-	307,906	189,901
Payment and Ponds	9,303,700	-	-	9,303,700	5	2,642,979	333,035	-	2,976,014	6,327,686
Larkana Office Premises	759,358	-	-	759,358	5	324,422	21,746	-	346,168	413,190
Plant & Machinery	538,508,480	68,012,540	-	606,521,020	10	331,221,694	22,424,334	-	353,646,028	252,874,992
Tube Well	175,000	-	-	175,000	10	112,992	6,201	-	119,193	55,807
Office & Electrical Equipment	4,855,936	2,700	-	4,858,636	10	3,009,190	184,943	-	3,194,133	1,664,503
Computers	1,341,531	521,916	-	1,863,447	30	719,976	282,104	-	1,002,080	861,367
Laboratory Equipment	3,274,935	-	-	3,274,935	10	2,623,080	65,185	-	2,688,265	586,670
Furniture & Fixtures	3,219,790	70,000	-	3,289,790	10	2,057,895	117,934	-	2,175,829	1,113,961
Vehicles	29,415,534	3,097,736	899,003	31,614,267	20	8,830,372	4,521,612	148,355	13,203,619	18,410,648
Boat	415,000	-	-	415,000	20	298,170	23,366	-	321,536	93,464
Godown at Karachi	218,996	-	-	218,996	5	48,900	8,505	-	57,405	161,591
Total June 30, 2009	677,423,077	97,433,289	899,003	773,957,363		399,163,011	30,871,806	148,355	429,886,452	344,070,911

Particulars of Assets	2008									
	C O S T				D E P R E C I A T I O N					
	As at 1.7.2007	Addition during the year	Disposals/ adjustment during the year	Total As at 30.06.2008	Rate %	Upto 01.07.2007	For the Year	On Disposals And Adjustments	Total Upto 30.06.2008	Written Down Value As At 30.06.2008
Land (Lease hold) at Hub & Karachi	16,147,595	-	-	16,147,595	-	-	-	-	-	16,147,595
On Lease Hold Land	-	-	-	-	-	-	-	-	-	-
Factory Building	68,173,480	1,115,935	-	69,289,415	10	44,678,820	2,296,609	-	46,975,429	22,013,866
Office at Factory	497,807	-	-	497,807	5	287,566	10,344	-	297,910	189,905
Payment and Ponds	8,956,888	346,812	-	9,303,700	5	2,311,897	331,265	-	2,643,162	6,660,538
Larkana Office Premises	759,358	-	-	759,358	5	307,915	22,507	-	330,422	401,936
Plant & Machinery	525,385,557	13,122,923	-	538,508,480	10	310,071,075	21,150,619	-	331,221,694	207,259,786
Tube Well	175,000	-	-	175,000	10	106,365	6,621	-	112,986	62,003
Office & Electrical Equipment	4,848,936	7,000	-	4,855,936	10	2,811,792	197,396	-	2,999,188	1,848,748
Computers	1,042,696	298,835	-	1,341,531	30	568,289	161,687	-	729,976	621,554
Laboratory Equipment	3,274,935	-	-	3,274,935	10	2,653,406	63,614	-	2,717,020	607,655
Furniture & Fixtures	2,985,497	234,293	-	3,219,790	10	1,951,809	108,036	-	2,059,845	1,161,695
Vehicles	21,398,539	10,182,713	2,165,715	29,415,534	20	8,928,041	4,008,114	1,104,355	14,040,510	20,394,162
Boat	415,000	-	-	415,000	20	271,481	28,889	-	300,370	118,630
Godown at Karachi	218,996	-	-	218,996	5	40,098	8,602	-	48,700	161,296
Total June 30, 2008	654,260,284	29,306,511	2,165,715	677,423,077		371,873,010	30,871,806	148,355	429,886,452	278,260,066

Note:

Depreciation has been allocated and charged as under :

	2009 RUPEES	2008 RUPEES
Cost of Sales	28,442,079	26,101,792
Administrative Expenses	2,429,727	2,292,586
	<u>30,871,806</u>	<u>28,394,378</u>



Carrying Value of Property, Plant & Equipment

Particulars of Assets	2009				Carrying value of Assets As at 30.06.2009
	Carrying value at the beginning of the year	Additions during the year	disposals during the year	Depreciation for the year	
Land (Lease hold) at Hub & Karachi	16,147,595	-	-	-	16,147,595
On Lease Hold Land					
Factory Building	22,313,986	25,728,397	-	2,872,847	45,169,536
Office at Factory	199,895	-	-	9,994	189,901
Pavement and Ponds	6,660,721	-	-	333,035	6,327,686
Larkana Office Premises	434,936	-	-	21,746	413,190
Plant & Machinery	207,286,786	68,012,540	-	22,424,334	252,874,992
Tube Well	62,008	-	-	6,201	55,807
Office & Electrical Equipment	1,846,746	2,700	-	184,943	1,664,503
Computers	621,555	521,916	-	282,104	861,367
Laboratory Equipment	651,855	-	-	65,185	586,670
Furniture & Fixtures	1,161,895	70,000	-	117,934	1,113,961
Vehicles	20,585,162	3,097,736	750,638	4,521,612	18,410,648
Boat	116,830	-	-	23,366	93,464
Godown at Karachi	170,096	-	-	8,505	161,591
Total June 30, 2009	278,260,066	97,433,289	750,638	30,871,806	344,070,911

Particulars of Assets	2008				Carrying value of Assets As at 30.06.2008
	Carrying value at the beginning of the year	Additions during the year	disposals during the year	Depreciation for the year	
Land (Lease hold) at Hub & Karachi	16,147,595	-	-	-	16,147,595
On Lease Hold Land					
Factory Building	23,494,660	1,115,935	-	2,296,609	22,313,986
Office at Factory	210,239	-	-	10,344	199,895
Pavement and Ponds	6,645,191	346,812	-	331,282	6,660,721
Larkana Office Premises	457,443	-	-	22,507	434,936
Plant & Machinery	215,314,482	13,122,923	-	21,150,619	207,286,786
Tube Well	68,635	-	-	6,627	62,008
Office & Electrical Equipment	2,037,144	7,000	-	197,398	1,846,746
Computers	484,407	298,835	-	161,687	621,555
Laboratory Equipment	721,529	-	-	69,674	651,855
Furniture & Fixtures	1,033,628	234,293	-	106,026	1,161,895
Vehicles	15,469,898	10,182,713	1,061,335	4,006,114	20,585,162
Boat	143,519	-	-	26,689	116,830
Godown at Karachi	178,898	-	-	8,802	170,096
Total June 30, 2008	282,407,268	25,308,511	1,061,335	28,394,378	278,260,066



Habib-ADM Ltd. and Subsidiaries

12.2 The following is the statement of Property, Plant & Equipment sold during the year.

Particulars of Assets	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain	Mode Of Sale	Sold to
SUZUKI ALTO Reg # AQX-804 Model 2008	562,950	54,888	508,062	526,500	13,438	BY TENDER	MR. ALI RAZA KAZMI R/O HOUSE # SU 82. ASKARI IV RASHID MINHAS ROAD KARACHI
HONDA CITY Reg # ACQ-129 Model 2000	133,500	93,477	40,023	376,000	335,977	BY TENDER	MR. ABDULLAH AHMED FLAT NO 5. 1ST FLOOR BAITUL AMNA APPT. GARDEN EAST KARACHI
SUZUKI CULTUS Reg # AMD-275 Model 2006	202,553	-	202,553	535,000	332,447	BY TENDER	MR. NOMAN HASSAN A-908. BLOCK 12. GULBERG ANCHOLI F.B. AREA KARACHI
Total June 30, 2009	899,003	148,365	750,638	1,437,500	686,862		
Total June 30, 2008	2,165,718	1,104,383	1,061,335	2,819,616	1,758,281		

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

Building & Civil Works
Plant & Machinery & Other Assets
Advance to Supplier & Contractors

2009			
Opening Balance	Additions (Adjustment)	Transferred to Operating Fixed Assets	Closing Balance 2009
15,085,780	16,497,169	25,728,397	5,854,552
45,828,361	32,200,439	68,012,540	10,016,260
5,869,388	(5,869,388)	-	-
66,783,529	42,828,220	93,740,937	15,870,812

Building & Civil Works
Plant & Machinery & Other Assets
Advance to Supplier & Contractors

2008			
Opening Balance	Additions (Adjustment)	Transferred to Operating Fixed Assets	Closing Balance 2008
3,944,639	11,141,141	1,115,935	13,969,845
1,974,856	57,991,763	13,022,323	46,944,296
1,111,731	4,757,657	-	5,869,388
7,031,226	73,890,561	14,138,258	66,783,529

2009
RUPEES

2008
RUPEES

13 LONG TERM DEPOSITS

Deposit - Security

3,342,501

3,313,501



	2009 RUPEES	2008 RUPEES
14 DEFERRED TAXATION - NET		
Deferred Tax Liability arising due to : Accelerated Depreciation Allowance	-	(37,010,000)
Deferred Tax Asset arising due to :		
- Carry forward of taxable loss	-	40,510,000
- Provision for Obsolescence of Stores & Spare Parts & Stock in Trade	-	2,205,000
	<u>-</u>	<u>5,705,000</u>
15 STORES, SPARE PARTS & LOOSE TOOLS		
Stores	20,137,776	19,475,027
Spare Parts	21,263,902	20,564,092
Loose Tools	376,246	376,246
Stores in Transit	6,923,516	685,830
	<u>48,701,440</u>	<u>41,101,195</u>
Less: Provision for Obsolescence Stores & Spare Parts - Note 15.1	5,500,000	4,500,000
	<u>43,201,440</u>	<u>36,601,195</u>
15.1 RECONCILIATION OF PROVISION FOR OBSOLESCENCE STORES & SPARES PARTS		
Opening Balance	4,500,000	1,500,000
Provision during the Year	1,000,000	3,000,000
Closing Balance	<u>5,500,000</u>	<u>4,500,000</u>
16 STOCK IN TRADE		
Raw & Packing Material	80,284,806	134,123,944
Work-in-Process	-	1,048,340
Finished Goods	61,639,970	45,360,729
Raw Material-in-Transit	117,467	570,544
	<u>142,042,243</u>	<u>181,103,557</u>
Less: Provision for Obsolescence of Raw & Packing Material - Note 16.1	2,300,000	1,800,000
	<u>139,742,243</u>	<u>179,303,557</u>
16.1 RECONCILIATION OF PROVISION FOR OBSOLESCENCE RAW & PACKING MATERIAL		
Opening Balance	1,800,000	-
Provision during the Year	500,000	1,800,000
Closing Balance	<u>2,300,000</u>	<u>1,800,000</u>
17 TRADE DEBTS - Unsecured, Considered Good		
Trade Debts - Local	63,012,173	47,328,179
Trade Debts - Foreign	7,866,081	22,458,240
	<u>70,878,254</u>	<u>69,786,419</u>



Habib-ADM Ltd. and Subsidiaries

	2009 RUPEES	2008 RUPEES
18 ADVANCES (Unsecured)		
To Employee other than Directors,CEO and Executives	26,961	114,948
Against - Purchases & Supplies	3,794,768	1,191,031
	<u>3,821,729</u>	<u>1,305,979</u>
19 DEPOSITS AND PREPAYMENTS		
Security Deposits	340,000	787,600
Prepayments	3,924,091	3,544,785
	<u>4,264,091</u>	<u>4,332,385</u>
20 OTHER RECEIVABLES		
Export Rebate	-	3,069,883
Insurance Claim	217,500	217,500
	<u>217,500</u>	<u>3,287,383</u>
21 ACCRUED INTEREST		
Interest accrued on call deposit account with Bank Al Habib.	<u>728,286</u>	<u>-</u>
22 INCOME TAX REFUNDABLE NET OF PROVISION		
Opening Balance	3,417,068	2,923,418
Add: Tax Paid during the year	16,129,652	22,137,837
	<u>19,546,720</u>	<u>25,061,255</u>
Less: Provision for current year	13,271,439	21,642,652
Tax for prior year	-	1,535
Net Refundable	<u>6,275,281</u>	<u>3,417,068</u>
23 CASH & BANK BALANCES		
Cash in Hand	630,712	2,151,739
Balances with Banks:		
Local Currency :		
In Current Account	11,437,710	8,820,597
In Call Deposit Account - Note 23.1	40,000,000	-
	<u>52,068,422</u>	<u>10,972,336</u>

23.1 It carried mark up ranging from 10.5% to 11.5% p.a

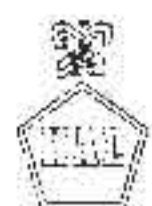


	2009 RUPEES	2008 RUPEES
24 SALES		
Local	879,951,565	706,036,365
Export Sales	469,014,780	480,397,149
Add: Rebate	198,076	1,098,323
	<u>1,349,164,421</u>	<u>1,187,531,837</u>
Less: Sales Tax	82,956,135	67,625,269
Net Sales	<u>1,266,208,286</u>	<u>1,119,906,568</u>
25 COST OF GOODS SOLD		
Raw & Packing Material Consumed - Note 25.1	645,749,777	606,759,160
Repair Maintenance & Stores Consumed	23,212,464	22,205,475
Utilities (Fuel, Power & Water)	107,041,632	90,697,610
Salaries, Wages, including Bonus, Contribution to Provident Funds & Staff Welfare Fund - Note 32	68,821,191	57,048,995
Vehicle Running Expense	3,217,377	2,862,056
Insurance	6,591,813	5,881,644
Obsolescence of Stores & Spare Parts	1,000,000	3,000,000
Other Manufacturing Expenses - Note 25.2	3,565,705	4,070,608
Depreciation	28,264,516	26,101,791
	<u>887,464,475</u>	<u>818,627,339</u>
Add: Opening Stock of Work-in-Process	1,048,340	-
	<u>888,512,815</u>	<u>818,627,339</u>
Less: Closing Stock of Work-in-Process	-	1,048,340
Cost Of Goods Produced	<u>888,512,815</u>	<u>817,578,999</u>
Add: Opening Stock of Finished Goods	45,360,729	25,340,198
	<u>933,873,544</u>	<u>842,919,197</u>
Less: Closing Stock of Finished Goods	61,639,970	45,360,729
Cost Of Goods Sold	<u>872,233,574</u>	<u>797,558,468</u>
25.1 RAW & PACKING MATERIAL CONSUMED		
Opening Stock	134,123,944	42,021,638
Add: Purchases	591,910,639	698,861,466
Available for Manufacturing	<u>726,034,583</u>	<u>740,883,104</u>
Less: Closing Stock	80,284,806	134,123,944
	<u>645,749,777</u>	<u>606,759,160</u>
25.2 OTHER MANUFACTURING EXPENSES		
Traveling	75,670	108,104
Cartage	54,034	249,096
Printing & Stationery	126,479	322,870
Postage and Telephone	306,628	296,869
Rent, Rates & Taxes	236,460	210,478
Conveyance	21,217	37,153
Entertainment	569,890	449,017
Legal & Professional	10,000	14,000
Advertisement	20,654	-
Independent Laboratory Testing Expenses	583,449	1,184,415
Lease Rentals	872,627	911,995
Others	688,597	286,611
	<u>3,565,705</u>	<u>4,070,608</u>



Habib-ADM Ltd. and Subsidiaries

	2009 RUPEES	2008 RUPEES
26 SELLING & DISTRIBUTION EXPENSES		
Salaries, Wages, including Bonus, Contribution to Provident Funds & Welfare Fund - Note 32	11,317,141	8,380,636
Rent, Rates and Taxes	158,600	218,400
Vehicle Running Expense	1,906,234	534,231
Repair & Maintenance	16,472	7,515
Traveling	56,859	69,306
Utilities (Fuel, Powers & Water)	1,410	1,250
Postage and Telephone	501,817	384,488
Printing & Stationery	92,790	118,802
Advertisement	152,178	1,441,476
Insurance	108,259	191,770
Samples	9,948	-
Conveyance	484,209	406,692
Entertainment	94,774	81,885
Lease Rentals	686,842	634,008
ISO & HACCP Certification Expenses	61,500	431,568
Kosher Certification Expenses	837,707	684,063
Organic Certification Expenses	685,528	1,176,543
Selling Expenses	-	2,000
Freight, Commission	103,259,808	110,363,062
Bad Debts Written Off	-	537,330
Others	36,788	42,254
	<u>120,468,864</u>	<u>125,707,279</u>
27 ADMINISTRATIVE EXPENSES		
Salaries, Wages, including Bonus, Contribution to Provident Funds & Welfare Fund - Note 32	29,828,529	21,014,367
Rent, Rates and Taxes	3,120	10,227
Vehicle Running Expense	1,776,203	2,061,661
Repair & Maintenance	452,515	41,815
Traveling	15,582,336	11,494,118
Utilities (Fuel, Powers & Water)	151,260	150,400
Postage and Telephone	1,155,599	1,390,459
Printing & Stationery	1,358,995	964,254
Advertisement	402,956	88,688
Legal & Professional	746,462	556,755
Insurance	732,383	473,766
Conveyance	404,834	332,253
Entertainment	605,806	542,883
Directors' Fee	35,000	25,000
Audit Fee - Note 27.1	420,000	210,000
Lease Rentals	492,040	650,219
Charity, Donations and Community Welfare - Note 27.2	1,423,466	572,157
Depreciation	2,607,290	2,292,586
Paper & Periodicals	6,495	27,508
Others	656,536	405,831
	<u>58,841,825</u>	<u>43,305,847</u>



	2009 RUPEES	2008 RUPEES
27.1 Audit Fee		
Annual Audit Fee	345,000	160,000
Review of Half Yearly Accounts / Other Report	30,000	30,000
Fee for Consolidation of Habib ADM & Subsidiary Company	20,000	-
Code of Corporate Governance	5,000	-
Out of Pocket Expenses	20,000	20,000
	<u>420,000</u>	<u>210,000</u>
27.2 None of the Directors or their spouses had any interest in the donee's fund.		
28 FINANCE COST		
Mark Up On Short Term Borrowings	1,915,502	8,772,108
Interest On Workers' Profit Participation Fund	168,995	16,673
Interest On HAL Provident Fund	177,096	-
Bank Charges	1,005,822	1,079,617
	<u>3,267,415</u>	<u>9,868,398</u>
29 OTHER OPERATING EXPENSES		
Workers' Profit Participation Fund	10,457,759	7,135,119
Workers' Welfare Fund - Current	2,547,242	-
Provision for Obsolescence in Raw & Packing Material	500,000	1,800,000
	<u>13,505,001</u>	<u>8,935,119</u>
30 PROVISION FOR INCOME TAX		
Income Tax - Current Year	13,271,439	21,642,652
- Prior Year	-	1,535
Deferred Tax	46,195,000	2,000,000
	<u>59,466,439</u>	<u>23,644,187</u>
30.1 Relationship Between Tax Expense Accounting Profit		
Net Profit as per Profit and Loss Account	200,703,140	139,028,415
Tax @ 35%	70,246,099	48,659,945
Tax Effect on		
On Export Sales	(10,160,978)	(715,625)
Dividend Income attracting Lower Tax	(21,087,577)	(34,545,712)
Losses recognized during the Year	15,559,312	-
Minimum Tax on Turnover	-	3,031,636
Others (Including loss ignored)	4,909,583	7,213,943
	<u>59,466,439</u>	<u>23,644,187</u>
31 EARNING PER SHARE - BASIC AND DILUTED		
Net Profit after taxation	141,236,701	115,384,228
Weighted average number of ordinary shares of Rs. 5 each	40,000,000	40,000,000
Earning per share	3.53	2.88

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



32 DEFINED CONTRIBUTION SCHEME

An amount of Rs. 5.48 million (2008 Rs. 4.61 million) has been charged during the year in respect of contributory Provident Fund scheme maintained by the Company which has been included in Salaries, Wages including Bonus, Contribution to Provident Fund & Staff Welfare Fund. Allocation is as under:

	2009 RUPEES	2008 RUPEES
Cost of Goods Sold - Note 25	3,241,387	2,786,712
Selling & Distribution - Note 26	653,852	521,219
Administration - Note 27	1,582,900	1,303,089
	<u>5,478,139</u>	<u>4,611,020</u>

33 CASH GENERATED FROM OPERATIONS

Profit Before Taxation	200,703,140	139,028,415
Adjustments for Non Cash Charges and Other Items:		
Depreciation	30,871,806	28,394,378
(Profit) on Disposal of Fixed Assets	(686,862)	(1,758,281)
Provision for Obsolescence	1,500,000	4,800,000
Financial Cost	3,267,415	9,868,398
Working Capital Changes - Note 33.1	(46,165,305)	(21,207,775)
	<u>189,490,194</u>	<u>159,125,135</u>

33.1 WORKING CAPITAL CHANGES

(Increase) / Decrease in Current Assets		
Stores, Spares Parts & Loose Tools	(7,600,245)	(7,053,113)
Stock in Trade	39,061,314	(110,801,893)
Trade Debts	(1,091,835)	10,732,663
Advances - Unsecured	(2,515,750)	442,706
Deposits and Pre-Payments	68,294	(195,478)
Other Receivables	3,069,883	(1,107,522)
Accrued Interest	(728,286)	-
	<u>30,263,375</u>	<u>(107,982,637)</u>
Increase /(Decrease) in Current Liabilities		
Trade and Other Payables	5,619,482	35,642,597
Short Term Borrowings	(82,048,162)	51,132,265
	<u>(76,428,680)</u>	<u>86,774,862</u>
Working Capital Changes	<u>(46,165,305)</u>	<u>(21,207,775)</u>



34. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES:

PARTICULARS	Directors	Chief Executive	Executives	TOTAL 30-06-2009
Meeting Fee - 2 Directors (2008 - Rs. 25,000)	35,000	-	-	35,000
Managerial Remuneration	10,412,158	6,319,583	13,605,148	30,336,889
Contribution to Provident Fund	649,326	367,778	873,373	1,890,477
Rupees 2009	11,096,484	6,687,361	14,478,521	32,262,366
Rupees 2008	8,385,000	3,850,000	7,985,000	20,220,000
Number of persons 2009	3	1	10	14
Number of persons 2008	3	1	6	10

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

35 Financial Instruments and related disclosure.

35.1 Financial Assets and Liabilities 2009

Particulars	INTEREST/MARKUP BEARING			NON-INTEREST/MARKUP BEARING			TOTAL 2009
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	
Financial Assets :							
Deposits	-	-	-	340,000	3,342,501	3,682,501	3,682,501
Trade Debts	-	-	-	70,878,254	-	70,878,254	70,878,254
Advances to Staff	-	-	-	26,961	-	26,961	26,961
Other Receivables	-	-	-	217,500	-	217,500	217,500
Accrued Interest	-	-	-	728,286	-	728,286	728,286
Cash & Bank Balances	40,000,000	-	40,000,000	12,068,422	-	12,068,422	52,068,422
Total Financial Assets 2009	40,000,000	-	40,000,000	84,259,423	3,342,501	87,601,924	127,601,924
Financial Liabilities :							
Trade & Other Payables	-	-	-	70,279,222	-	70,279,222	70,279,222
Accrued Mark Up	-	-	-	1,891	-	1,891	1,891
Total Financial Liabilities 2009	-	-	-	70,281,113	-	70,281,113	70,281,113

Financial Assets and Liabilities 2008

Particulars	INTEREST/MARKUP BEARING			NON-INTEREST/MARKUP BEARING			TOTAL 2008
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	
Financial Assets :							
Deposits	-	-	-	787,600	3,313,501	4,101,101	4,101,101
Trade Debts	-	-	-	69,786,419	-	69,786,419	69,786,419
Advances to Staff	-	-	-	114,948	-	114,948	114,948
Other Receivables	-	-	-	3,287,383	-	3,287,383	3,287,383
Cash & Bank Balances	-	-	-	10,972,336	-	10,972,336	10,972,336
Total Financial Assets 2008	-	-	-	84,948,686	3,313,501	88,262,187	88,262,187
Financial Liabilities :							
Short Term Borrowings	82,048,162	-	82,048,162	-	-	-	82,048,162
Trade & Other Payables	-	-	-	64,659,740	-	64,659,740	64,659,740
Accrued Mark up	-	-	-	3,886,860	-	3,886,860	3,886,860
Total Financial Liabilities 2008	82,048,162	-	82,048,162	68,546,600	-	68,546,600	150,594,762



35.2 Financial Risk Management

The Company's activities expose it to a variety of financial risks; market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programs focuses on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk Management is carried out under policies and principles approved by the Board. All Treasury related transactions are carried out within the parameters of these policies and principles.

The management of the Company is carrying out the Risk Management Activities covering all Specific Areas and transaction with in the general parameters of these adopted policies.

35.2.1 Market Risk:

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

a) Foreign Exchange Risk Management

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

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

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

If the functional currencies, at the year end date fluctuate by 5% against the US\$ & Euro with all other variable held constant, the impact on profit after taxation for the year would have been higher by Rs. 24.12 Million , mainly as a result of exchange gains/losses on translation of foreign exchange denominated trade receivable.

b) Price Risk

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

c) Interest/Markup Rate Risk Management

Interest/Markup rate risk management arises from the possibility of changes in interest / Markup rates which may affect the value of financial instruments. The Company has no short term borrowing at Balance Sheet date.

Financial Assets

The Company has 1 month call deposits of Rs.40 million with Bank Al Habib Ltd.



Financial Liability

There is a financial liability of Rs. 1,891 as on Balance Sheet date.

The management closely monitor the fluctuation and acts accordingly.

35.2.2 Credit Risk

Credit Risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Company manages credit risk interalia by setting out credit limits in relation to individual customers and / or by obtaining advance against sales / or through letter of credits and/or by making providing for against doubtful debts. Also the Company doesn't have significant exposure in relation to individual customer. Consequently the Company believes that it is not exposed to any major concentration of credit risk.

- a) There are no financial assets that are neither past due not impaired.
- b) There are no financial assets that are past due but not impaired.
- c) There are financial assets that are past due or impaired.

There is increased in provision for obsolescence by Rs.1 million in store & spare parts and Rs. 0.5 million in raw & packing material during the year.

35.2.3 Trade debts

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

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

35.2.4 Bank Balances

The Company limits its exposure to credit risk by investigating in liquid securities and maintaining bank accounts only with counterparties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

35.2.5 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligation associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

At June 30,2009, the Company had Rs. 250 million available borrowing limits from various Financial Institutions and Rs.52.07 Million cash & bank balances. Based on the above, the Management of the Company believes that the liquidity risk at present is with in easily manageable position.

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



35.3 Fair value of Financial Assets and Liabilities

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

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

36 CAPITAL RISK MANAGEMENT

The primary objective of the Company when managing capital is to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for the other stakeholders and to maintain an optimal capital structure.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders or issue new shares.

The Company finances its operations through equity, borrowings and management with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

37 TRANSACTION WITH RELATED PARTIES

There are no transactions with key management personnel other than under the terms of employment as disclosed in Note 34.

38 PRODUCTION CAPACITY

	2009	2008
Capacity Utilized Habib-ADM Limited	63.82%	62.98%

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

39 DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements were authorized for issue on October 07, 2009 by the Board of Directors of the Company.

40 NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on October 07, 2009 has proposed a cash dividend in respect of the year ended June 30, 2009 at the rate of 40% i.e. Rs. 2 per Share of Rs. 5 each, which is subject to the approval of the forthcoming Annual General Meeting. The Financial Statements for the year ended June 30, 2009 do not include the effect of this appropriation which will be accounted for in the Financial Statements for the year ending June 30, 2010.

41 GENERAL

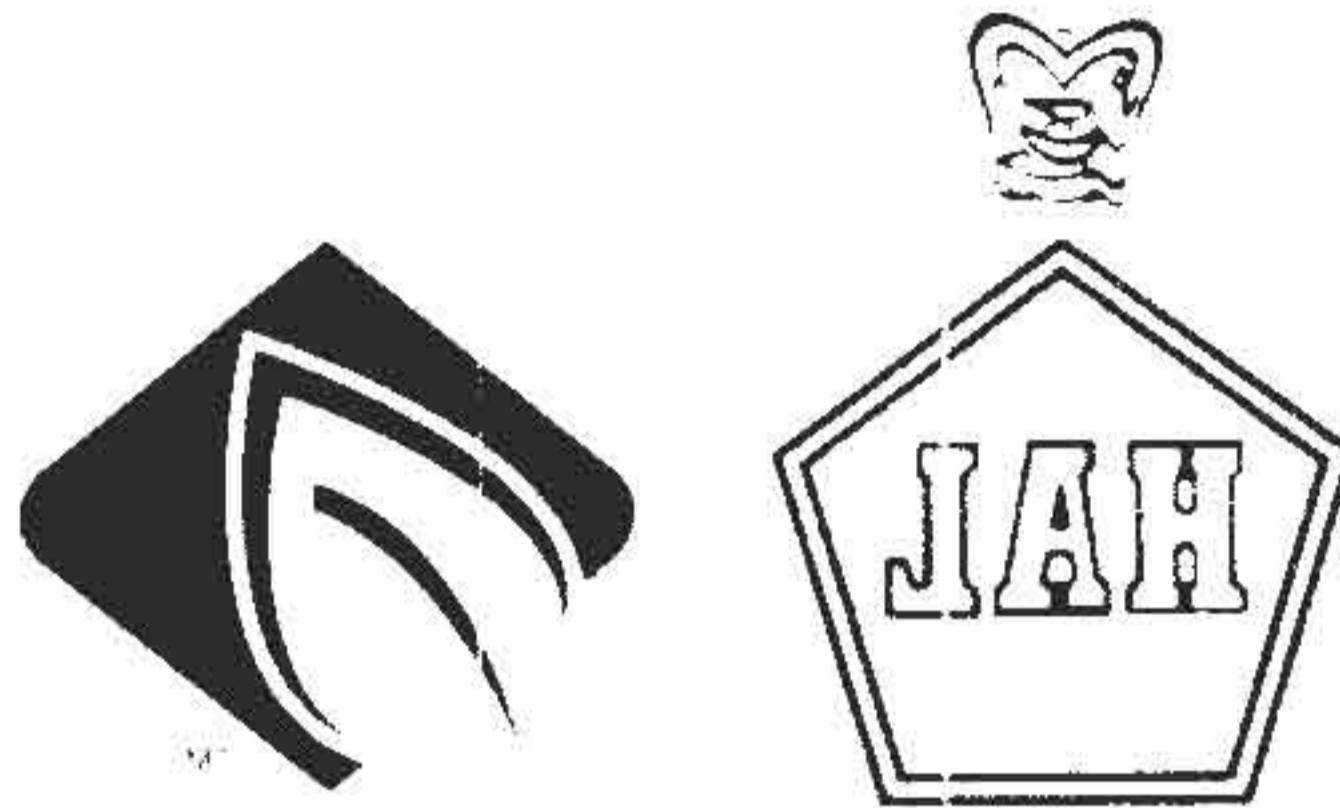
a) Corresponding Figures

The figure of Out of pocket expenses has been splitted from legal and professional expenses stated in Note 27 and taken into Note No 27.1 to reflect the same in auditors remuneration

b) Figures have been rounded off to the nearest rupee

Table Admin

Table Admin is a tool for managing tables in a database. It provides a user interface for creating, editing, and deleting tables. The tool is designed to be easy to use and efficient.



MDA-JAH Ltd.

**Unconsolidated Financial Statements
For The Year Ended June 30, 2009**

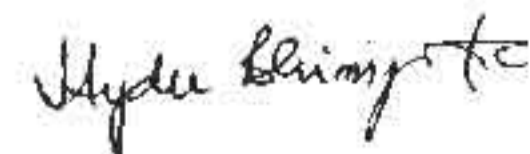
AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated Balance Sheet of HABIB -ADM LIMITED as at June 30, 2009 and the related unconsolidated Profit & Loss Account, unconsolidated Cash Flow Statement and unconsolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) In our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984.
- (b) in our opinion
 - i) the unconsolidated Balance Sheet and unconsolidated Profit & Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
 - ii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the Company.
- (c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no zakat deductible at source under the Zakat and Ushr Ordinance, 1980.



HYDER BHIMJI & CO.
Chartered Accountants

Karachi: October 07, 2009

**UNCONSOLIDATED BALANCE SHEET**

	NOTE	2009 RUPEES	2008 RUPEES
AUTHORISED SHARE CAPITAL			
60,000,000 Ordinary Shares of Rs. 5 each		300,000,000	300,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL	4	200,000,000	200,000,000
40,000,000 Ordinary Shares of Rs. 5 each			
RESERVES AND SURPLUS			
Capital Reserve	5	10,000,000	10,000,000
Revenue Reserve - General	6	50,000,000	50,000,000
Unappropriated Profit		313,710,357	252,473,656
		573,710,357	512,473,656
Deferred Taxation - Net	7	40,490,000	-
CURRENT LIABILITIES			
Trade and Other Payables	8	70,203,219	83,255,126
Accrued Mark up	9	1,891	3,886,860
Short Term Borrowings (Secured)	10	-	82,048,162
		70,205,110	169,190,148
CONTINGENCIES & COMMITMENTS	11		
		684,405,467	681,663,804

The annexed notes 1 to 42 form an integral part of these financial statements.

Karachi: October 07, 2009

AS AT JUNE 30, 2009

	NOTE	2009 RUPEES	2008 RUPEES
NON-CURRENT ASSETS			
FIXED ASSETS			
Property, Plant and Equipment	12	358,522,235	343,466,387
Long Term Investment in Share Capital of Subsidiary Company	13	1,000,000	1,000,000
Deferred Taxation - Net	14	-	5,705,000
Long Term Deposits	15	3,342,501	3,313,501
		362,864,736	353,484,888
CURRENT ASSETS			
Stores, Spares Parts and Loose Tools	16	43,201,440	36,601,195
Stock in Trade	17	139,742,243	179,303,557
Trade Debts - Unsecured Considered Good	18	71,632,885	69,786,419
Advances - Unsecured	19	3,821,729	1,305,979
Deposits and Pre-Payments	20	4,264,091	4,332,385
Other Receivables	21	217,500	23,172,684
Accrued Interest	22	728,286	-
Income Tax Refundable Net of Provision	23	6,275,281	3,142,664
Cash and Bank Balances	24	51,657,276	10,534,033
		321,540,731	328,178,916
		<u>684,405,467</u>	<u>681,663,804</u>



OWAIS G. HABIB
Chief Executive



GAFFAR A. HABIB
Chairman

UNCONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2009

	NOTE	2009 RUPEES	2008 RUPEES
SALES			
Gross Sales		1,214,724,221	962,317,793
Less: Sales tax		82,956,135	67,625,269
Net Sales	25	1,131,768,086	894,692,524
Cost of Goods Sold	26	869,676,362	794,728,745
Gross Profit		262,091,724	99,963,779
Selling & Distribution Expenses	27	77,184,207	54,856,436
Administrative Expenses	28	58,607,190	43,108,646
		135,791,397	97,965,082
Operating Profit		126,300,327	1,998,697
Less:			
Finance Cost	29	2,956,300	9,320,599
Other Operating Charges	30	13,505,001	8,935,119
		16,461,301	18,255,718
		109,839,026	(16,257,021)
Add: Other Operating Income			
Financial Assets			
Dividend Income from Subsidiary Company		84,340,311	146,299,756
Interest Income		976,505	-
		85,316,816	146,299,756
Non Financial Assets			
Rent Income from Subsidiary Company		12,000	12,000
Reversal of Excess Provision of W.W.F		-	110,261
Exchange Gain		2,342,711	3,754,251
Gain on Sale of Property Plant & Equipment	12.1	686,862	1,758,281
		3,041,573	5,634,793
Total Other Operating Income		88,358,389	151,934,549
Net Profit Before Taxation		198,197,415	135,677,528
Provision for Taxation			
- Current		10,765,714	18,293,300
- Deferred		46,195,000	2,000,000
	31	56,960,714	20,293,300
Net Profit for the Year		141,236,701	115,384,228
Earning per Share of Rs. 5 each	32	3.53	2.88

The annexed notes 1 to 42 form an integral part of these financial statements.



OWAIS G. HABIB
Chief Executive



GAFFAR A. HABIB
Chairman

Karachi: October 07, 2009

**UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009**

	NOTE	2009 RUPEES	2008 RUPEES
Cash Flows from Operating Activities			
Cash Generated from Operations	34	186,974,915	157,862,627
Finance Cost Paid		(6,841,269)	(7,537,048)
Taxes Paid		(13,898,331)	(18,248,419)
Net Cash (used in)/Generated From Operating Activities		166,235,315	132,077,160
Cash Flows from Investing Activities			
Capital Expenditure		(46,520,572)	(85,060,814)
Sale Proceeds from Disposal of Property, Plant & Equipment		1,437,500	2,819,616
Long Term Deposits		(29,000)	221,500
Net Cash (used in) Investing Activities		(45,112,072)	(82,019,698)
Net Cash Flows available from Operating and Investing Activities		121,123,243	50,057,462
Cash Flows from Financing Activities			
Dividend Paid		(80,000,000)	(50,000,000)
Net Cash (used in)/Generated From Financing Activities		(80,000,000)	(50,000,000)
Net Increase /(Decrease) in Cash and Bank Balances		41,123,243	57,462
Cash and Bank Balances at beginning of the Year		10,534,033	10,476,571
Cash and Bank Balances at the end of the Year		51,657,276	10,534,033

The annexed notes 1 to 42 form an integral part of these financial statements.

OWAIS G. HABIB
Chief Executive

Karachi: October 07, 2009

GAFFAR A. HABIB
Chairman



Habib-ADM Ltd.

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2009

PARTICULARS	SHARE CAPITAL	CAPITAL RESERVE	REVENUE RESERVE GENERAL	UNAPPRO- PRIATED PROFIT	TOTAL
Balance as at June 30, 2007	200,000,000	10,000,000	50,000,000	187,089,428	447,089,428
Final Cash Dividend for the year ended June 30, 2007 @ 25% i.e. Rs. 1.25 per share of Rs. 5 each	-	-	-	(50,000,000)	(50,000,000)
Net Profit for the year ended June 30, 2008	-	-	-	115,384,228	115,384,228
Balance as at June 30, 2008	200,000,000	10,000,000	50,000,000	252,473,656	512,473,656
Final Cash Dividend for the year ended June 30, 2008 @ 40% i.e. Rs. 2 per share of Rs. 5 each	-	-	-	(80,000,000)	(80,000,000)
Net Profit for the year ended June 30, 2009	-	-	-	141,236,701	141,236,701
Balance as at June 30, 2009	200,000,000	10,000,000	50,000,000	313,710,357	573,710,357

The annexed notes 1 to 42 form an integral part of these financial statements.

OWAIS G. HABIB
Chief Executive

GAFFAR A. HABIB
Chairman

Karachi: October 07, 2009

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1 LEGAL STATUS AND OPERATIONS

Habib-ADM Limited was incorporated in Pakistan on 10th July, 1980 as a Public Limited Company and its shares are quoted on the Karachi & Lahore Stock Exchanges.

The Registered Office of the Company is situated at 2nd Floor, UBL Building I.I.Chundrigar Road Karachi. The principal activity of the Company is to produce rice based Starch Sugars and Proteins. The Company's primary production facilities are located at its industrial complex in Hub. The Company has also set up a specialized production facility at Quetta .

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These Financial Statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards, (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provision of directives of the Companies Ordinance, 1984 shall prevail.

2.2 Significant Accounting Judgements and Estimates:

The preparation of Financial Statements in conformity with approved accounting standards requires the use of certain critical accounting estimates.

It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimate is recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgement which are significant to the Financial Statements.

Property, Plant and Equipment :

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

Income Taxes :

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

Future Estimation of Export Sales :

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

Provisions of Obsolescence :

Provisions of Obsolescence and slow moving spares is based on parameters set out by management.

Contingencies:

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

Stock in Trade:

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

2.3 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

a) Standard effective in 2008-2009

In the current year, IFRS 7, Financial Instruments: disclosure was required to be followed by the company. Application of this standard only impacts the format and extent of disclosures as presented in the financial statements.

b) Standards, amendments and interpretations issued but not yet effective :

Effective for periods beginning on or after

IFRS 1	First time adoption of IFRS (Revised)	July 1, 2009
IFRS 2	Share-based payment (Amendments)	January 1, 2009
IFRS 2	Group Cash Settled Share-based payment	January 1, 2010
IFRS 3	Business combinations (Revised)	July 1, 2009
IFRS 4	Insurance contracts (Amendments)	January 1, 2009
IFRS 5	Non-current assets held-for-sale and discontinued operations (Amendments)	January 1, 2009
IFRS 7	Financial instruments : Disclosure (Amendments)	January 1, 2009
IFRS 8	Operating segments	January 1, 2009
IAS 1	Presentation of financial statements (Revised)	January 1, 2009
IAS 7	Statement of cash flows (Amendments)	January 1, 2009
IAS 12	Income taxes (Amendments)	January 1, 2009
IAS 16	Property, plant and equipment (Amendments)	January 1, 2009
IAS 18	Revenue (Amendments)	January 1, 2009
IAS 19	Employee benefits (Amendments)	January 1, 2009
IAS 20	Government grants and disclosure of government assistance	January 1, 2009
IAS 21	The effects of changes in foreign exchange rates (Amendments)	January 1, 2009
IAS 23	Borrowing costs (Revised)	January 1, 2009
IAS 27	Consolidated and separate financial statements (Amendments)	July 1, 2009
IAS 28	Investments in associates (Amendments)	January 1, 2009
IAS 31	Interest in joint ventures (Amendments)	January 1, 2009
IAS 32	Financial Instruments : Presentation (Amendments)	January 1, 2009



IAS 33	Earnings per share (Amendments)	January 1, 2009
IAS 34	Interim financial reporting (Amendments)	January 1, 2009
IAS 36	Impairment of assets (Amendments)	January 1, 2009
IAS 38	Intangible assets (Amendments)	January 1, 2009
IAS 39	Financial Instruments : Recognition and measurement (Amendments)	January 1, 2009
IAS 40	Investment property (Amendments)	January 1, 2009
IAS 41	Agriculture (Amendments)	January 1, 2009
IFRIC 1	Changes in existing decommissioning, restoration and similar liabilities (Amendments)	January 1, 2009
IFRIC 2	Member's share in corporate entities and similar liabilities (Amendments)	January 1, 2009
IFRIC 4	Determining whether an Arrangement contains a lease	July 1, 2009
IFRIC 12	Service Concession Arrangements	July 1, 2009
IFRIC 14	The limit on defined benefit asset, minimum funding requirements and their interaction (Amendments)	January 1, 2009
IFRIC 15	Agreements for the construction of real estate	January 1, 2009
IFRIC 16	Hedges of a net investment in a foreign operation.	October 1, 2009
IFRIC 17	Distribution of non-cash assets to owners	July 1, 2009
IFRIC 18	Transfer of Assets from Customer	July 1, 2009

The management anticipates that adoption of above standards, amendments and interpretations in future periods will have no material impact on the Company's financial statements except for additional disclosures.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting Convention

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

3.2 Property, Plant and Equipment

These are stated at cost less accumulated depreciation, except lease-hold land and capital work-in-progress, which are stated at cost. No amortization is provided on lease hold land since the leases are renewable at the option of lessee at nominal cost and their realizable values are expected to be higher than respective carrying values.

Depreciation is charged to income applying the Reducing Balance Method, whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation is charged including on additions on quarterly basis, whereas no depreciation is charged on the assets disposed off during the quarter. Asset's residual values and useful lives are reviewed, and adjusted, if appropriate at each balance sheet date.

Maintenance and normal repairs are charged to profit & loss account as and when incurred.

Gains or losses on disposal of assets are included in income currently.

3.3 Investments

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



3.4 Stores, Spares Parts and Loose Tools.

Stores and Spares Parts	Valued at moving average cost except for items in transit which are valued at actual cost
Loose Tools	Stated at actuals

3.5 Stock in Trade

Raw & Packing Material and net realizable value.	Valued at lower of weighted average cost
Work-in-Process	Valued at weighted average cost of raw material plus a portion of the manufacturing expenses.
Finished Goods	Valued at lower of weighted average manufacturing cost and net realizable value.
Raw Material in Transit	Stated at actuals

3.6 Trade Debts

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

3.7 Cash and Cash Equivalents

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

3.8 Borrowing Cost

Interest, mark up and other charges on long term loans, if any, are capitalized upto the date of commissioning of fixed assets if acquired out of proceeds of such long term loans. All other interest, markup and other charges are charged to the Profit & Loss Account.

3.9 Taxation

Current :

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

Deferred :

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

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

3.10 Impairment

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

3.11 Offsetting of Financial Assets and Liabilities

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

3.12 Provisions

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

3.13 Staff Retirement Benefits

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

3.14 Compensated Unavailed leaves

The Company accounts for its estimated liability towards unavailed leaves accumulated by employees on accrual basis.

3.15 Revenue Recognition

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

3.16 Accounting for Lease.

Lease Expenses represent lease rental for assets under operating lease agreements with various leasing Companies and charged to profit & loss account.

3.17 Dividend & Appropriation to reserves

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

3.18 Foreign Currency Translations

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

3.19 Functional and Presentation Currency

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

	2009 RUPEES	2008 RUPEES
4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
15,000,000 Ordinary Shares of Rs. 5 each allotted for consideration paid in Cash.	75,000,000	75,000,000
25,000,000 Ordinary Shares of Rs. 5 each allotted as Fully Paid Bonus Shares.	<u>125,000,000</u>	<u>125,000,000</u>
	<u>200,000,000</u>	<u>200,000,000</u>
5 CAPITAL RESERVE		
Share Premium on 5,000,000 Right Shares @ Rs. 2 per share issued in the year 1995-96	<u>10,000,000</u>	<u>10,000,000</u>
6 REVENUE RESERVE - General	<u>50,000,000</u>	<u>50,000,000</u>
This reserve is created out of appropriation in past year and retained to meet future exigencies		
7 DEFERRED TAXATION - NET		
Deferred Tax Liability arising due to : Accelerated Depreciation Allowance	45,790,000	-
Deferred Tax Asset arising due to :		
- Carry forward of taxable loss	(2,730,000)	-
- Provision for Obsolescence of Stores & Spare Parts & Stock in Trade	(2,570,000)	-
	<u>40,490,000</u>	-



	2009 RUPEES	2008 RUPEES
8 TRADE AND OTHER PAYABLES		
Creditors	23,003,735	11,601,710
Accrued Expenses	27,830,266	11,647,467
Advance from Customers		
- Subsidiary Company	-	44,073,706
- Others	1,164,915	1,813,177
	<u>1,164,915</u>	<u>45,886,883</u>
Security Deposit from Customers (Refundable on Cessation of Business Dealings Free of Interest)	853,774	808,774
Unclaimed Cheques For Right and Bonus Share Fraction	3,515	3,515
Unclaimed Dividend	4,942,206	3,658,801
Workers' Profit Participation Fund - Note 8.1	4,457,759	5,624,623
Workers' Welfare Fund	2,742,343	195,101
Income Tax Deducted at Source	100,564	46,786
Sales Tax Payable	5,104,142	3,781,466
	<u>70,203,219</u>	<u>83,255,126</u>
8.1 WORKERS' PROFIT PARTICIPATION FUND		
Opening Balance	5,624,623	1,622,831
Add: Interest on funds utilized for Company's business	168,995	16,673
	<u>5,793,618</u>	<u>1,639,504</u>
Add: Allocation for the year	10,457,759	7,135,119
	<u>16,251,377</u>	<u>8,774,623</u>
Less: Amount paid to trustees	11,793,618	3,150,000
Closing Balance	<u>4,457,759</u>	<u>5,624,623</u>
9 ACCRUED MARK UP		
Accrued mark-up on secured Short Term Borrowings.	<u>1,891</u>	<u>3,886,860</u>

10 SHORT TERM BORROWINGS (Secured)

The above finance facilities are secured against hypothecation of Stock in trade, Stores, Spares and Receivables ranking pari passu. The markup on these facilities is linked with kibar plus the spread ranging from 2% to 2.5% per annum. The short term facility of each bank is for one year which is renewable after expiry of the term or on revolving basis. Further more, the Company has also provided collateral security to a Bank being an equitable mortgage over plant & machinery and land & building. The sanctioned limit of short term borrowings aggregates Rs. 250 million (2008 Rs. 160 million) and unavailed facility at the Balance Sheet amount to Rs. 250 million (2008 Rs. 77 million).

11 CONTINGENCIES & COMMITMENTS

11.1 The Company has filed an appeal before the Sales Tax Appellate Tribunal against the order passed by the Collector of Custom & Sales Tax involving a sales tax demand of Rs. 11.5 million as sales tax. The case has been heard and the decision is awaited. The Company has not acknowledged the demand as it is confident that the same is not likely to crystallize.



11.2 Commitments for rentals under operating lease as at June 30, 2009 amount Rs. Nil payable as under:-

	Note	2009 RUPEES	2008 RUPEES
Payable within one year		-	2,150,599
Payable more than one year but within five years		-	207,835
		-	<u>2,358,434</u>

11.3 Guarantees have been issued by Bank Al Habib on behalf of the Company for utilities in the normal course of the business aggregating to Rs. 36.465 - million (2008 : Rs 23.965 million).

12. PROPERTY, PLANT & EQUIPMENT

Operating Assets - Tangible	12.1	342,651,423	276,682,858
Capital Work - in - Progress	12.3	15,870,812	66,783,529
		<u>358,522,235</u>	<u>343,466,387</u>

12.1 Operating Assets - Tangible

Particulars of Assets	2009									
	C O S T				D E P R E C I A T I O N					
	As at 1.7.2008	Addition during the year	Disposals/ adjustment during the year	Total As at 30.06.2009	Rate %	Upto 01.07.2008	For the Year	On Disposals And Adjustments	Total Upto 30.06.2009	Written Down Value As At 30.06.2009
Land (Lease hold) at Hub & Karachi	16,147,595	-	-	16,147,595	0	-	-	-	-	16,147,595
On Lease Hold Land	-	-	-	-	-	-	-	-	-	-
Factory Building	68,033,221	25,728,397	-	93,761,618	10	45,719,235	2,872,847	-	48,592,082	45,169,536
Office at Factory	497,807	-	-	497,807	5	297,912	9,994	-	307,906	189,901
Pavement and Ponds	9,303,700	-	-	9,303,700	5	2,642,979	333,035	-	2,976,014	6,327,686
Larkana Office Premises	759,358	-	-	759,358	5	324,422	21,746	-	346,168	413,190
Plant & Machinery	517,673,987	68,012,540	-	585,686,527	10	311,957,500	22,267,304	-	334,224,804	251,461,723
Tube Well	175,000	-	-	175,000	10	112,992	6,201	-	119,193	55,807
Office & Electrical Equipment	4,834,261	2,700	-	4,836,961	10	2,994,424	184,253	-	3,178,677	1,658,284
Computers	1,341,531	521,916	-	1,863,447	30	719,976	282,104	-	1,002,080	861,367
Laboratory Equipment	3,274,935	-	-	3,274,935	10	2,623,080	65,185	-	2,688,265	586,670
Furniture & Fixtures	3,219,790	70,000	-	3,289,790	10	2,057,895	117,934	-	2,175,829	1,113,961
Vehicles	29,108,359	3,097,736	899,003	31,307,092	20	8,523,197	4,521,612	148,365	12,896,444	18,410,648
Boat	415,000	-	-	415,000	20	298,170	23,366	-	321,536	93,464
Godown at Karachi	218,996	-	-	218,996	5	48,900	8,505	-	57,405	161,591
Total as on June 30, 2009	655,003,540	97,433,289	899,003	751,537,826		378,320,682	30,714,086	148,365	408,886,403	342,651,423

Particulars of Assets	2008									
	C O S T				D E P R E C I A T I O N					
	As at 1.7.2007	Addition during the year	Disposals/ adjustment during the year	Total As at 30.06.2008	Rate %	Upto 01.07.2007	For the Year	On Disposals And Adjustments	Total Upto 30.06.2008	Written Down Value As At 30.06.2008
Land (Lease hold) at Hub & Karachi	16,147,595	-	-	16,147,595	0	-	-	-	-	16,147,595
On Lease Hold Land	-	-	-	-	-	-	-	-	-	-
Factory Building	68,917,286	1,115,935	-	69,033,221	10	43,422,626	2,296,609	-	45,719,235	22,313,986
Office at Factory	497,807	-	-	497,807	5	287,568	10,344	-	297,912	199,896
Pavement and Ponds	8,956,888	346,812	-	9,303,700	5	2,311,697	331,282	-	2,642,979	6,660,721
Larkana Office Premises	759,358	-	-	759,358	5	301,915	22,507	-	324,422	434,930
Plant & Machinery	504,551,064	13,122,923	-	517,673,987	10	290,976,215	20,992,285	-	311,957,500	208,716,487
Tube Well	175,000	-	-	175,000	10	106,365	6,637	-	112,992	68,008
Office & Electrical Equipment	4,827,261	7,000	-	4,834,261	10	2,797,767	136,697	-	2,994,424	1,839,837
Computers	1,042,696	298,835	-	1,341,531	30	558,289	161,667	-	719,976	621,535
Laboratory Equipment	3,274,935	-	-	3,274,935	10	2,553,436	69,674	-	2,623,080	651,655
Furniture & Fixtures	2,985,497	234,293	-	3,219,790	10	1,951,569	106,029	-	2,057,895	1,167,895
Vehicles	21,091,364	10,182,713	2,165,718	20,108,359	20	5,621,466	4,006,114	1,001,389	8,523,197	20,596,162
Boat	415,000	-	-	415,000	20	271,481	26,685	-	298,170	116,820
Godown at Karachi	218,996	-	-	218,996	5	40,098	8,505	-	48,603	170,393
Total as on June 30, 2008	631,563,747	25,308,511	2,165,718	655,003,540		361,199,762	28,275,303	1,001,389	378,320,682	276,682,858

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Note:

Depreciation has been allocated and charged as under :

Cost of Sales	28,106,796	25,932,717
Administrative Expenses	2,607,290	2,292,586
	<u>30,714,086</u>	<u>28,225,303</u>

Carrying Value of Property, Plant & Equipment

Particulars of Assets	2009				Carrying value of Assets As at 30.06.2009
	Carrying value at the beginning of the year	Additions during the year	disposals during the year	Depreciation for the year	
Land (Lease hold) at Hub & Karachi	16,147,595	-	-	-	16,147,595
On Lease Hold Land					
Factory Building	22,313,986	25,728,397	-	2,872,847	45,169,536
Office at Factory	199,895	-	-	9,994	189,901
Pavement and Ponds	6,660,721	-	-	333,035	6,327,686
Larkana Office Premises	434,936	-	-	21,746	413,190
Plant & Machinery	205,716,487	68,012,540	-	22,267,304	251,461,723
Tube Well	62,008	-	-	6,201	55,807
Office & Electrical Equipment	1,839,837	2,700	-	184,253	1,658,284
Computers	621,555	521,916	-	282,104	861,367
Laboratory Equipment	651,855	-	-	65,185	586,670
Furniture & Fixtures	1,161,895	70,000	-	117,934	1,113,961
Vehicles	20,585,162	3,097,736	750,638	4,521,612	18,410,648
Boat	116,830	-	-	23,366	93,464
Godown at Karachi	170,096	-	-	8,505	161,591
Total as on June 30, 2009	276,682,858	97,433,289	750,638	30,714,086	342,651,423

Particulars of Assets	2008				Carrying value of Assets As at 30.06.2008
	Carrying value at the beginning of the year	Additions during the year	disposals during the year	Depreciation for the year	
Land (Lease hold) at Hub & Karachi	16,147,595	-	-	-	16,147,595
On Lease Hold Land					
Factory Building	23,494,660	1,115,935	-	2,296,609	22,313,986
Office at Factory	210,239	-	-	10,344	199,895
Pavement and Ponds	6,645,191	346,812	-	331,282	6,660,721
Larkana Office Premises	457,443	-	-	22,507	434,936
Plant & Machinery	213,575,849	13,122,923	-	20,982,285	205,716,487
Tube Well	68,635	-	-	6,627	62,008
Office & Electrical Equipment	2,029,494	7,000	-	196,657	1,839,837
Computers	454,407	298,835	-	161,687	621,555
Laboratory Equipment	721,529	-	-	69,674	651,855
Furniture & Fixtures	1,033,628	234,293	-	106,026	1,161,895
Vehicles	15,469,898	10,182,713	1,061,335	4,006,114	20,585,162
Boat	143,519	-	-	26,689	116,830
Godown at Karachi	178,898	-	-	8,802	170,096
Total as on June 30, 2008	280,660,985	25,338,511	1,061,335	28,225,303	276,682,858



12.2 The following is the statement of Property Plant & Equipments sold during the year.

Particulars of Assets	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain	Mode Of Sale	Sold to
SUZUKI ALTO Reg # AQX-804 Model 2008 KARACHI	562,950	54,888	508,062	526,500	18,438	BY TENDER	MR. ALI RAZA KAZMI R/O HOUSE # SU 82, ASKARI IV RASHID MINHAS ROAD
HONDA CITY Reg # ACQ-129 Model 2000 KARACHI	133,500	93,477	40,023	376,000	335,977	BY TENDER	MR. ABDULLAH AHMED FLAT NO 5, 1ST FLOOR BAITUL AMNA APPT. GARDEN EAST
SUZUKI CULTUS Reg # AMD-275 Model 2006 KARACHI	202,553	-	202,553	535,000	332,447	BY TENDER	MR. NOMAN HASSAN A-908, BLOCK 12, GULBERG ANCHOLI F.B.AREA
Total as on June 30, 2009	899,003	148,365	750,638	1,437,500	686,862		
Total as on June 30, 2008	2,165,718	1,104,383	1,061,335	2,819,616	1,758,281		

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

Building & Civil Works
Plant & Machinery & Other Assets
Advance to Supplier & Contractors

2009			
Opening Balance	Additions (Adjustment)	Transferred to Operating Fixed Assets	Closing Balance 2009
13,969,845	16,497,169	25,728,397	4,738,617
46,944,296	32,200,439	68,012,540	11,132,195
5,869,388	(5,869,388)	-	-
66,783,529	42,828,220	93,740,937	15,870,812

Building & Civil Works
Plant & Machinery & Other Assets
Advance to Supplier & Contractors

2008			
Opening Balance	Additions	Transferred to Operating Fixed Assets	Closing Balance 2008
3,944,639	11,141,141	1,115,935	13,969,845
1,974,856	57,991,763	13,022,323	46,944,296
1,111,731	4,757,657	-	5,869,388
7,031,226	73,890,561	14,138,258	66,783,529

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13 LONG TERM INVESTMENT IN SUBSIDIARY COMPANY

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

100,000 ordinary shares of Rupees 10 each.

1,000,000

1,000,000

	2009 RUPEES	2008 RUPEES
14 DEFERRED TAXATION - NET		
Deferred Tax Liability arising due to : Accelerated Depreciation Allowance	-	(37,010,000)
Deferred Tax Asset arising due to :		
- Carry forward of taxable loss	-	40,510,000
- Provision for Obsolescence of Stores & Spare Parts & Stock in Trade	-	2,205,000
	<u>-</u>	<u>5,705,000</u>
15 LONG TERM DEPOSITS		
Deposits - Security	<u>3,342,501</u>	<u>3,313,501</u>
16 STORES, SPARES PARTS & LOOSE TOOLS		
Stores	20,137,776	19,475,027
Spares Parts	21,263,902	20,564,092
Loose Tools	376,246	376,246
Stores in Transit	<u>6,923,516</u>	<u>685,830</u>
	48,701,440	41,101,195
Less: Provision for Obsolescence of Stores & Spares Parts - Note 16.1	<u>5,500,000</u>	<u>4,500,000</u>
	<u>43,201,440</u>	<u>36,601,195</u>
16.1 RECONCILIATION OF PROVISION FOR OBSOLESCENCE STORES & SPARES PARTS		
Opening Balance	4,500,000	1,500,000
Provision during the Year	<u>1,000,000</u>	<u>3,000,000</u>
Closing Balance	<u>5,500,000</u>	<u>4,500,000</u>
17 STOCK IN TRADE		
Raw & Packing Material	80,284,806	134,123,944
Work-in-Process	-	1,048,340
Finished Goods	61,639,970	45,360,729
Raw Material-in-Transit	<u>117,467</u>	<u>570,544</u>
	142,042,243	181,103,557
Less: Provision for Obsolescence of Raw & Packing Material- Note 17.1	<u>2,300,000</u>	<u>1,800,000</u>
	<u>139,742,243</u>	<u>179,303,557</u>
17.1 RECONCILIATION OF PROVISION FOR OBSOLESCENCE RAW & PACKING MATERIAL		
Opening Balance	1,800,000	-
Provision during the Year	<u>500,000</u>	<u>1,800,000</u>
Closing Balance	<u>2,300,000</u>	<u>1,800,000</u>

	2009 RUPEES	2008 RUPEES
18 TRADE DEBTS - Unsecured, Considered Good		
Subsidiary Company- Habib Microfine (Pvt) Ltd	1,997,919	-
Others - Local	63,012,173	47,328,179
- Foreign	6,622,793	22,458,240
	<u>71,632,885</u>	<u>69,786,419</u>
Maximum amount due from subsidiary Company any month end was Rs. 3.30 million (2008 Rs. 23.25 million)		
19 ADVANCES - Unsecured		
To Employee other than Directors, CEO and Executives	26,961	114,948
Against - Purchases & Supplies	3,794,768	1,191,031
	<u>3,821,729</u>	<u>1,305,979</u>
20 DEPOSITS AND PREPAYMENTS		
Security Deposits	340,000	787,600
Prepayments	3,924,091	3,544,785
	<u>4,264,091</u>	<u>4,332,385</u>
21 OTHER RECEIVABLE		
Dividend from Subsidiary Company	-	21,762,176
Export Rebate	-	1,193,008
Insurance Claim	217,500	217,500
	<u>217,500</u>	<u>23,172,684</u>
22 ACCRUED INTEREST		
Interest accrued on call deposit account with Bank Al Habib.	<u>728,286</u>	-
23 INCOME TAX REFUNDABLE NET OF PROVISION		
Opening Balance	3,142,664	3,187,545
Add: Tax Paid during the year	13,898,331	18,248,419
	<u>17,040,995</u>	<u>21,435,964</u>
Less: Provision for current year	10,765,714	18,291,765
Tax for prior years	-	1,535
Net Refundable	<u>6,275,281</u>	<u>3,142,664</u>

	2009 RUPEES	2008 RUPEES
24 CASH & BANK BALANCES		
Cash in Hand	630,712	2,151,739
Balances with Banks:		
Local Currency :		
In Current Account	11,026,564	8,382,294
In Call Deposit Account - Note 24.1	40,000,000	-
	<u>51,657,276</u>	<u>10,534,033</u>
24.1 It carried mark up ranging from 10.5% to 11.5% p.a		
25 SALES		
Local Sales	981,615,889	817,800,633
Export Sales	233,006,768	144,182,690
Add: Rebate	101,564	334,470
	<u>1,214,724,221</u>	<u>962,317,793</u>
Less: Sales Tax	82,956,135	67,625,269
Net Sales	<u>1,131,768,086</u>	<u>894,692,524</u>
26 COST OF GOODS SOLD		
Raw & Packing Material Consumed - Note 26.1	643,908,032	604,859,544
Repair Maintenance & Stores Consumed	23,212,464	22,205,475
Utilities (Fuel, Power & Water)	106,829,832	90,289,978
Salaries, Wages including Bonus, Contribution to Provident Funds and Staff Welfare Fund - Note 33	68,606,844	56,882,204
Vehicle Running Expenses	3,217,377	2,862,056
Insurance	6,559,853	5,849,684
Obsolescence of Stores & Spare Parts	1,000,000	3,000,000
Other Manufacturing Expenses - Note 26.2	3,466,065	3,915,958
Depreciation	28,106,796	25,932,717
	<u>884,907,263</u>	<u>815,797,616</u>
Add: Opening Stock of Work-in-Process	1,048,340	-
	<u>885,955,603</u>	<u>815,797,616</u>
Less: Closing Stock of Work-in-Process	-	1,048,340
Cost Of Goods Produced	<u>885,955,603</u>	<u>814,749,276</u>
Add: Opening Stock of Finished Goods	45,360,729	25,340,198
	<u>931,316,332</u>	<u>840,089,474</u>
Less: Closing Stock of Finished Goods	61,639,970	45,360,729
Cost Of Goods Sold	<u>869,676,362</u>	<u>794,728,745</u>
26.1 RAW & PACKING MATERIAL CONSUMED		
Opening Stock	134,123,944	42,021,638
Add: Purchases	590,068,894	696,961,850
Available for Manufacturing	<u>724,192,838</u>	<u>738,983,488</u>
Less: Closing Stock	80,284,806	134,123,944
	<u>643,908,032</u>	<u>604,859,544</u>

	2009 RUPEES	2008 RUPEES
26.2 OTHER MANUFACTURING EXPENSES		
Traveling	75,670	108,104
Cartage	54,034	249,096
Printing & Stationery	26,839	168,220
Postage & Telephone	306,628	296,869
Rent, Rates & Taxes	236,460	210,478
Conveyance	21,217	37,153
Entertainment	569,890	449,017
Legal & Professional	10,000	14,000
Advertisement	20,654	-
Independent Laboratory Testing Expenses	583,449	1,184,415
Lease Rentals	872,627	911,995
Others	688,597	286,611
	<u>3,466,065</u>	<u>3,915,958</u>
27 SELLING & DISTRIBUTION EXPENSES		
Salaries, Wages including Bonus, Contribution to Provident Funds and Staff Welfare Fund - Note 33	11,317,141	8,380,636
Rent, Rates and Taxes	158,600	218,400
Vehicle Running Expense	1,906,234	534,231
Repair & Maintenance - Others	16,472	7,515
Traveling	56,859	69,306
Utilities (Fuel, Powers & Water)	1,410	1,250
Postage & Telephone	501,817	384,488
Printing & Stationery	92,790	118,802
Advertisement	152,178	1,441,476
Insurance	108,259	191,770
Sampling	9,948	-
Conveyance	484,209	406,692
Entertainment	94,774	81,885
Lease Rentals	686,842	634,008
ISO & HACCP Certification Expenses	61,500	431,568
Kosher Certification Expenses	837,707	684,063
Organic Certification Expenses	685,528	1,176,543
Selling Expenses	-	2,000
Freight & Commission	59,975,151	39,512,219
Bad Debts Written Off	-	537,330
Others	36,788	42,254
	<u>77,184,207</u>	<u>54,856,436</u>



	2009 RUPEES	2008 RUPEES
28 ADMINISTRATIVE EXPENSES		
Salaries, Wages including Bonus, Contribution to Provident Funds and Staff Welfare Fund - Note 33	29,696,044	20,904,316
Rent, Rates and Taxes	3,120	10,227
Vehicle Running Expense	1,776,203	2,061,661
Repair & Maintenance - Others	452,515	41,815
Traveling	15,582,336	11,494,118
Utilities (Fuel, Powers & Water)	151,260	150,400
Postage & Telephone	1,155,599	1,390,459
Printing & Stationery	1,358,995	964,254
Advertisement	402,956	88,688
Legal & Professional	694,312	489,605
Insurance	732,383	473,766
Conveyance	404,834	332,253
Entertainment	605,806	563,783
Directors' Fee	35,000	25,000
Audit Fee - Note 28.1	370,000	170,000
Lease Rentals	492,040	650,219
Charity, Donations and Community Welfare - Note 28.2	1,423,466	572,157
Depreciation	2,607,290	2,292,586
Paper & Periodicals	6,495	27,508
Others	656,536	405,831
	<u>58,607,190</u>	<u>43,108,646</u>
28.1 Audit Fee		
Annual Audit Fee	300,000	125,000
Review of Half Yearly Accounts	25,000	25,000
Fee for Consolidation of Habib-ADM & Subsidiary Company	20,000	-
Code of Corporate Governance	5,000	-
Out of Pocket Expenses	20,000	20,000
	<u>370,000</u>	<u>170,000</u>
28.2 None of the Directors or their spouses had any interest in the donee's fund.		
29 FINANCE COST		
Mark Up On Short Term Borrowings	1,915,502	8,772,108
Interest On Workers' Profit Participation Fund	168,995	16,673
Interest On HAL Staff Provident Fund	177,096	-
Bank Charges	694,707	531,818
	<u>2,956,300</u>	<u>9,320,599</u>
30 OTHER OPERATING CHARGES		
Workers' Profit Participation Fund	10,457,759	7,135,119
Workers' Welfare Fund - Current	2,547,242	-
Provision for Obsolescence in Raw & Packing Material	500,000	1,800,000
	<u>13,505,001</u>	<u>8,935,119</u>
31 PROVISION FOR TAXATION		
Income Tax - Current Year	10,765,714	18,291,765
- Prior Year	-	1,535
Deferred Tax	46,195,000	2,000,000
	<u>56,960,714</u>	<u>20,293,300</u>

	2009 RUPEES	2008 RUPEES
31.1 Relationship Between Tax Expense Accounting Profit		
Net Profit as per Profit and Loss Account	198,197,415	135,677,528
Tax @ 35%	69,369,095	47,487,135
Tax Effect on		
On Export Sales	(9,660,129)	(715,625)
Dividend Income attracting Lower Tax	(21,087,577)	(34,545,712)
Recognition of Tax Loss	15,559,312	-
Minimum Tax on Turnover	-	3,031,636
Others (Including loss ignored)	2,780,013	5,035,866
	<u>56,960,714</u>	<u>20,293,300</u>

32 EARNING PER SHARE - BASIC AND DILUTED

Profit After Taxation	141,236,701	115,384,228
Number of Ordinary Shares of Rs. 5 each	40,000,000	40,000,000
Earning Per Share	3.53	2.88

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

33 DEFINED CONTRIBUTION SCHEME

An amount of Rs. 5.46 million (2008 Rs. 4.61 million) has been charged during the year in respect of contributory Provident Fund scheme maintained by the Company which has been included in Salaries, Wages including Bonus, Contribution to Provident Fund & Staff Welfare Fund. Allocation is as under:

Cost of Goods Sold - Note 26	3,229,551	2,786,712
Selling & Distribution - Note 27	653,852	521,219
Administration - Note 28	1,573,736	1,303,089
	<u>5,457,139</u>	<u>4,611,020</u>

34 CASH GENERATED FROM OPERATIONS

Profit Before Taxation	198,197,415	135,677,528
Adjustments for Non Cash Charges and Other Items:		
Depreciation	30,714,086	28,225,303
(Profit) on Disposal of Fixed Assets	(686,862)	(1,758,281)
Financial Cost	2,956,300	9,320,599
Provision for Obsolescence	1,500,000	4,800,000
Working Capital Changes - Note 34.1	(45,706,024)	(18,402,522)
	<u>186,974,915</u>	<u>157,862,627</u>



	2009 RUPEES	2008 RUPEES
34.1 WORKING CAPITAL CHANGES		
(Increase) / Decrease in Current Assets		
Stores, Spare Parts & Loose Tools	(7,600,245)	(7,053,113)
Stock in Trade	39,061,314	(110,801,893)
Trade Debts	(1,846,466)	6,800,878
Advances	(2,515,750)	442,706
Deposits and Pre-Payments	68,294	(195,478)
Other Receivables	22,955,184	(22,223,650)
Accrued Interest	(728,286)	-
	<u>49,394,045</u>	<u>(133,030,550)</u>
Increase /(Decrease) in Current Liabilities		
Trade and Other Payables	(13,051,907)	63,495,763
Short Term Borrowings	(82,048,162)	51,132,265
	<u>(95,100,069)</u>	<u>114,628,028</u>
Working Capital Changes	<u>(45,706,024)</u>	<u>(18,402,522)</u>

35 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES:

PARTICULARS	Directors	Chief Executive	Executives	TOTAL 30-06-2009
Meeting Fee - 2 Directors (2008 - Rs. 25,000)	35,000	-	-	35,000
Managerial Remuneration	10,412,158	6,319,583	13,605,148	30,336,889
Contribution to Provident Fund	649,326	367,778	873,373	1,890,477
Rupees 2008-2009	11,096,484	6,687,361	14,478,521	32,262,366
Rupees 2007-2008	8,385,000	3,850,000	7,985,000	20,220,000
Number of Persons Rupees 2008-2009	3	1	10	14
Number of Persons Rupees 2007-2008	3	1	6	10

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



36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

36.1 Financial Assets and Liabilities 2009.

Particulars	INTEREST/MARKUP BEARING			NON-INTEREST/MARKUP BEARING			TOTAL 2009
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	
Financial Assets :							
Deposits	-	-	-	340,000	3,342,501	3,682,501	3,682,501
Trade Debts	-	-	-	71,632,885	-	71,632,885	71,632,885
Advances to Staff	-	-	-	26,961	-	26,961	26,961
Other Receivables	-	-	-	217,500	-	217,500	217,500
Accrued Interest	-	-	-	728,286	-	728,286	728,286
Cash & Bank Balances	40,000,000	-	40,000,000	-	-	-	-
Total Financial Assets (2009)	40,000,000	-	40,000,000	11,657,276	3,342,501	11,657,276	51,657,276
Financial Liabilities :							
Trade & Other Payables	-	-	-	70,203,219	-	70,203,219	70,203,219
Accrued Mark Up	-	-	-	1,891	-	1,891	1,891
Total Financial Liabilities (2009)	-	-	-	70,205,110	-	70,205,110	70,205,110

Financial Assets and Liabilities 2008

Particulars	INTEREST/MARKUP BEARING			NON-INTEREST/MARKUP BEARING			TOTAL 2008
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	
Financial Assets :							
Deposits	-	-	-	787,600	3,313,501	4,101,101	4,101,101
Trade Debts	-	-	-	69,786,419	-	69,786,419	69,786,419
Advances to staff	-	-	-	114,948	-	114,948	114,948
Other Receivables	-	-	-	23,172,684	-	23,172,684	23,172,684
Cash & Bank Balances	-	-	-	10,534,033	-	10,534,033	10,534,033
Total Financial Assets (2008)	-	-	-	104,395,684	3,313,501	107,709,185	107,709,185
Financial Liabilities :							
Short Term Borrowings	82,048,162	-	82,048,162	-	-	-	82,048,162
Trade & Other Payables	-	-	-	83,255,126	-	83,255,126	83,255,126
Accrued Mark Up	-	-	-	3,886,860	-	3,886,860	3,886,860
Total Financial Liabilities (2008)	82,048,162	-	82,048,162	87,141,986	-	87,141,986	169,190,148

36.2 Financial Risk Management

The Company's activities expose it to a variety of financial risks; market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programs focuses on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk Management is carried out under policies and principles approved by the Board. All Treasury related transactions are carried out within the parameters of these policies and principles.

The management of the Company is carrying out the Risk Management Activities covering all Specific Areas and transaction with in the general parameters of these adopted policies.

36.2.1 Market Risk:

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

a) Foreign Exchange Risk Management

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

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

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

If the functional currencies, at the year end date fluctuate by 5% against the US\$ & Euro with all other variable held constant, the impact on profit after taxation for the year would have been higher by Rs. 11.79 Million , mainly as a result of exchange gains/losses on translation of foreign exchange denominated trade receivable.

b) Price Risk

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

c) Interest/Markup Rate Risk Management

Interest/Markup rate risk management arises from the possibility of changes in interest / Markup rates which may affect the value of financial instruments. The Company has no short term borrowing at Balance Sheet date.

Financial Assets

The Company has 1 month call deposits of Rs.40 million with Bank Al Habib Ltd.

Financial Liability

There is a financial liability of Rs. 1,891 as on Balance Sheet date.

The management closely monitor the fluctuation and acts accordingly.

36.2.2 Credit Risk

Credit Risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Company manages credit risk interalia by setting out credit limits in relation to individual customers and / or by obtaining advance against sales / or through letter of credits and/or by making providing for against doubtful debts. Also the Company doesn't have significant exposure in relation to individual customer. Consequently the Company believes that it is not exposed to any major concentration of credit risk.

- a) There are no financial assets that are neither past due not impaired.
- b) There are no financial assets that are past due but not impaired.
- c) There are financial assets that are past due or impaired.

There is increased in provision for obsolescence by Rs.1 million in store & spare parts and Rs. 0.5 million in raw & packing material during the year.

36.2.3 Trade debts

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

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

36.2.4 Bank Balances

The Company limits its exposure to credit risk by investigating in liquid securities and maintaining bank accounts only with counterparties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

36.2.5 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligation associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

At June 30,2009, the Company had Rs. 250 million available borrowing limits from various Financial Institutions and Rs.51.66 Million cash & bank balances. Based on the above, the Management of the Company believes that the liquidity risk at present is with in easily manageable position.

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

36.3 Fair value of Financial Assets and Liabilities

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

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

37 CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders or issue new shares.

The Company finance its operations through equity, borrowings and management with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

	2009	2008
38 PRODUCTION CAPACITY		
Capacity Utilized	63.82%	62.98%

The designed capacity of the plant is 45,000 M.Tons of High Fructose Syrup. Subsequent additions and modifications to the plant have enabled production of a wider range of products including liquid glucose, maltodextrins, dextrose powder, sorbitol, etc. Market constraint has been the main factor for less than 100% capacity utilization.

	2009 RUPEES	2008 RUPEES
39 TRANSACTIONS WITH RELATED PARTIES (Subsidiary Company)		
a. Rent Received	12,000	12,000
b. Sale of Goods to Subsidiary Company	101,664,324	111,764,268
c. Packing, Utilities & Expenses reimbursed	2,053,545	2,307,248
	<u>103,729,869</u>	<u>114,083,516</u>

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

40 DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements were authorized for issue on October 07, 2009 by the Board of Directors of the Company.

41 NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on October 07, 2009 has proposed a cash dividend in respect of the year ended June 30, 2009 at the rate of 40% i.e. Rs. 2 per Share of Rs. 5 each. Which is subject to the approval of the forth coming Annual General Meeting. The Financial Statements for the year ended June 30, 2009 do not include the effect of this appropriation which will be accounted for in the Financial Statements for the year ending June 30, 2010.

42 GENERAL

- a) Corresponding Figures
The figure of Out of pocket expenses has been splitted from legal and professional expenses stated in Note 28 and taken into Note No 28.1.to reflect the same in auditors auditors remuneration
- b) Figures have been rounded of to the nearest rupee.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 29th Annual General Meeting of the members of the Company will be held on Friday, October 30, 2009 at 10:30 a.m. at HAH Muslim Gymkhana Auditorium, Aiwan-e-Sadar Road, Karachi.

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on October 25, 2008.
2. To receive and adopt the Director's Report and Audited Financial Statements of the Company for the year ended June 30, 2009.
3. To approve the Final Cash Dividend @ 40% i.e Rs. 2 per share of Rs. 5 each to members as recommended by the Board of Directors.
4. To appoint Auditors for the year ending on June 30, 2010 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: October 07, 2009.

NOTES:

- i. The share transfer books of the Company will remain closed from October 21, 2009 to October 30, 2009 (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 registered office of the company not later than 48 hours before the time of holding 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 be produced at the time of meeting.
- iv. In case of any change in the address, the shareholders are requested to communicate to the Company's Share Registrar: Secretarial Services (Pvt) Limited, 2nd Floor - UBL building, I.I.Chundrigar Road, Karachi.



PROXY FORM

I/We _____

of _____

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

Ordinary Shares as per Share Register Folio Number _____

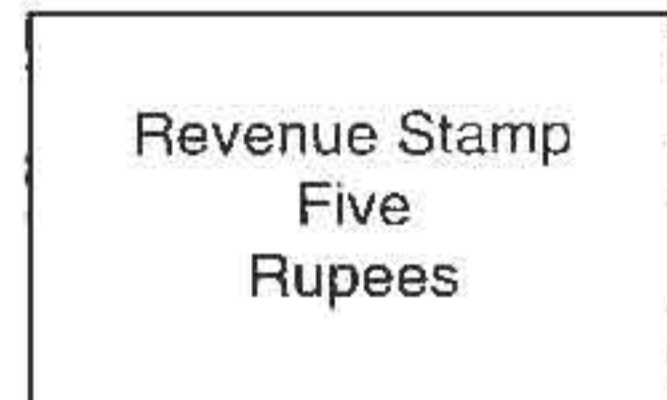
and/or CDC Account and participant's I.D. Numbers _____

hereby appoint _____ Folio No. _____ of _____

or failing him/her _____ Folio No. _____ of _____

another member of HABIB-ADM LIMITED as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 30, 2009, and at any adjournment thereof.

Signed this _____ Day of _____



SIGNATURE OF MEMBER(S)

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